Kevin Prince
Manager, Federal Programs
SunPower North America

Power Purchase Agreements (PPAs)
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Agenda

- What is a Power Purchase Agreement (PPA)
- Why Do We Need a PPA
- How to Unlock the PPA market
Own, Lease or Rent?

Rent or Lease = Third Party Owner

What is a PPA

Why a PPA

Unlocking the PPA Market
Anatomy of a PPA

**SunPower Corporation, Systems**
- Sells Solar System
- O&M Contract

**PPA ProjectCo, LLC**
- Owns the Solar Panels
- PPA Revenue + Tax Benefits

**Federal Facility or Military Base**
- Solar generated electricity
- Electric Payments

**Investor**
- 100% Equity Contribution and Ownership of ProjectCo

Note: Renewable Energy Certificates or other state incentives may flow to Host or be retained by ProjectCo
Federal Renewable Energy Requirements

- EPACT05  7.5% by 2013
- EO 13423  50% from new sources
- EO 13514  20% GHG reduction by 2020
- DOD      25% by 2025
- Navy     50% by 2020
Current Solutions Won’t Get Us There

- Purchase RECs
  - Still Need to Satisfy the Onsite Requirement
  - Political Pressure to Install Systems

- Cash/Appropriations
  - Hard to Come By
  - Owning Systems is not the Mission

- PPA
  - 2922a
  - WAPA
  - 10 Year Authority
2008 - 2014 Federal Market Projections

Note: The data is based on both 3rd party numbers and SPWR estimates.
Solution: Power Purchase Agreements

- Hedge against rising electricity prices
- No ownership risk / Performance Risk (pay only for what’s produced)
- Costs nothing up front; no special appropriations needed
- Helps to achieve renewable energy goals
- Frees funds for other priorities
How to Unlock the Federal PPA Market

- Long term contracting authority (20 – 30 years)
  - Options to Extend PPA Limit to 30 Years
    - Energy Bills
    - DOD Ruling on 2922a
    - Appropriations Bill

Need support to expand 10 year contracting authority