

SUNPOWER™



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

What is a PPA

Why a PPA

Unlocking the PPA Market

Own, Lease or Rent?



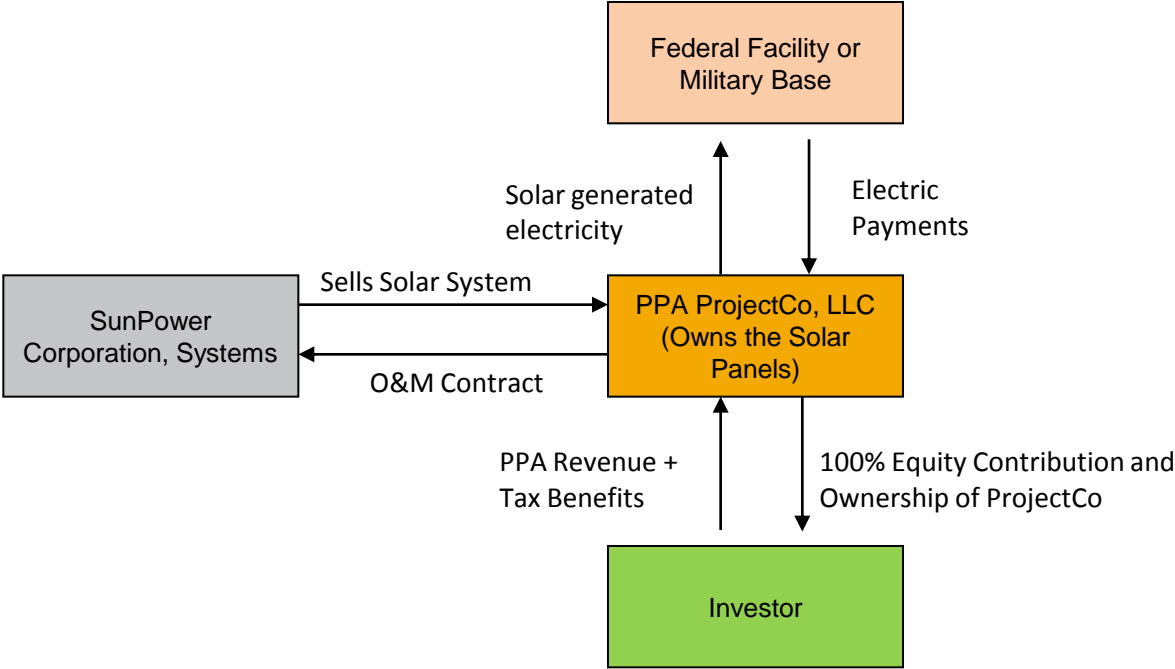
Rent or Lease = Third Party Owner

What is a PPA

Why a PPA

Unlocking the PPA Market

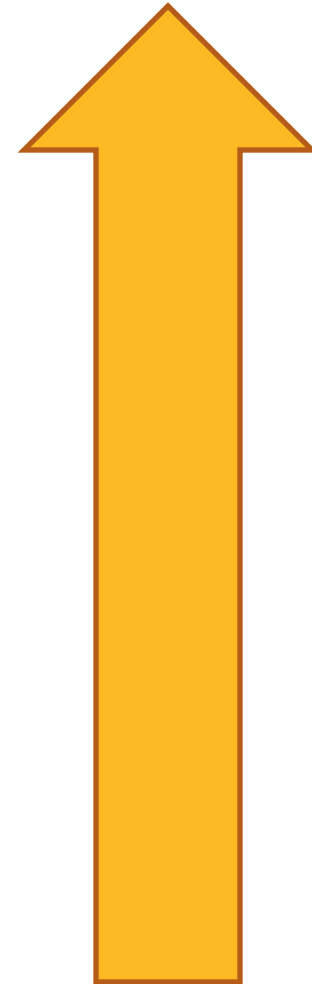
Anatomy of a PPA



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



What is a PPA

Why a PPA

Unlocking the PPA Market

Current Solutions Won't Get Us There

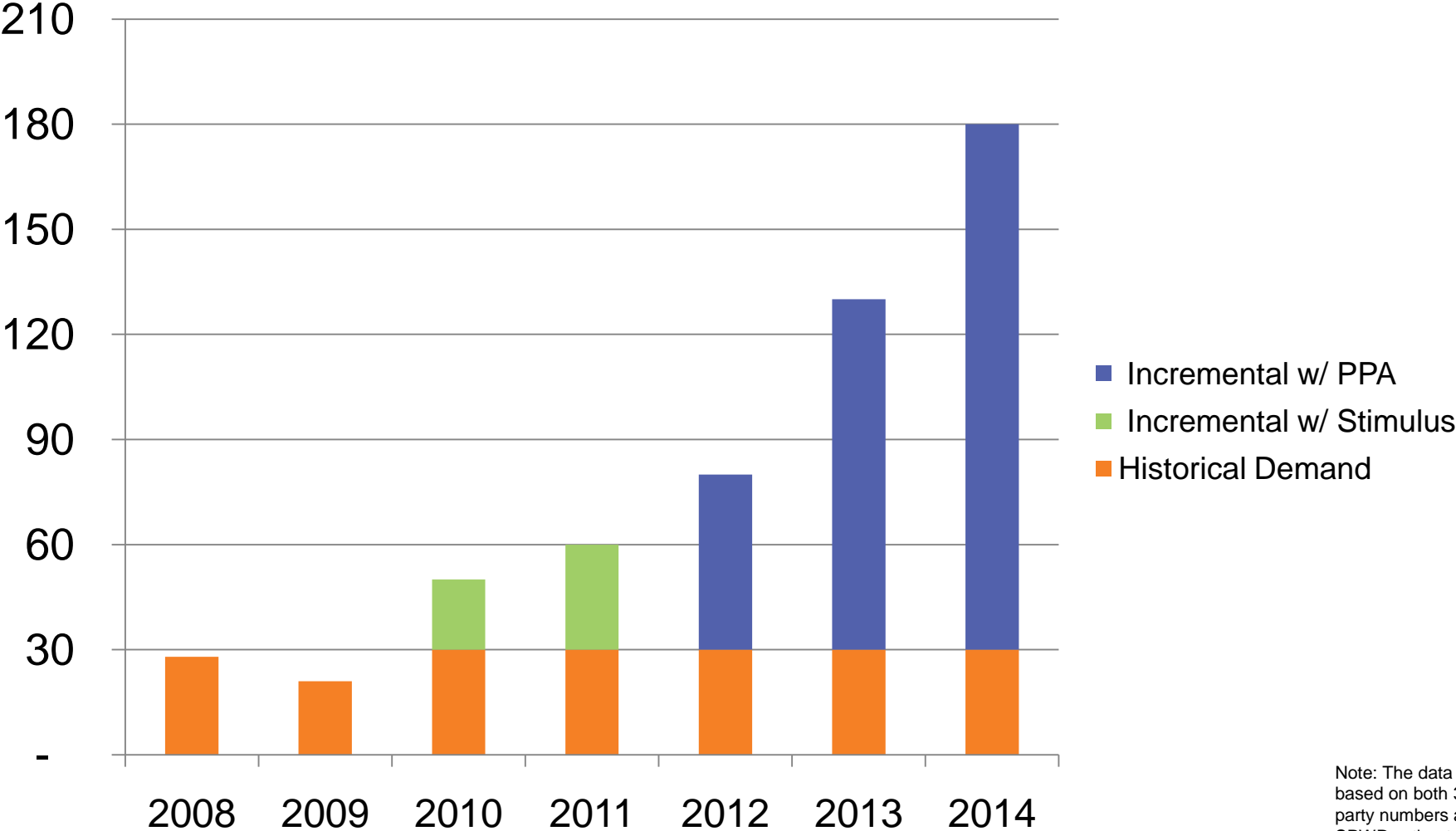
- Purchase RECs
 - Still Need to Satisfy the Onsite Requirement
 - Political Pressure to Install Systems
- Cash/Appropriations
 - Hard to Come By
 - Owning Systems is not the Mission
- PPA
 - 2922a
 - WAPA
 - 10 Year Authority

What is a PPA

Why a PPA

Unlocking the PPA Market

2008 - 2014 Federal Market Projections



Note: The data is based on both 3rd party numbers and SPWR estimates

What is a PPA

Why a PPA

Unlocking the PPA Market

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

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