

# Powering West Virginia's energy freedom with Power Purchase Agreements

---

Power Purchase Agreements (PPAs) are a widely available method to finance distributed energy generation projects. They are legal in at least 28 states, including Virginia, Ohio, Pennsylvania, Maryland, and Georgia, but are **NOT** currently available in West Virginia. This document explains why making PPAs legal will benefit West Virginia.

## How do Power Purchase Agreements work?

- Tax-paying third-party developer installs, owns, and operates a distributed energy system on a customer's property
- Customer purchases the system's electric output at a fixed rate – generally lower than that of the local electric utility – for a predetermined time period, usually 15-25 years
- Eligible energy resources include but are not limited to solar, wind, run-of-river hydropower, geothermal, biomass, natural gas, and combined heat and power (CHP)

## Who can utilize a PPA?

- Commercial businesses and manufacturers (*57% of all installed non-residential U.S. solar capacity in 2017 was third-party owned.*<sup>1</sup>)
- Municipalities and governments
- Tax-exempt entities like schools, churches, hospitals, and nonprofits (*Nearly 90% of all solar installed on American schools since 2014 has been financed via PPAs.*<sup>2</sup>)
- Farms
- Homeowners

## How do PPAs benefit customers?

- PPAs allow customers to benefit from distributed energy with low to zero upfront cost while enabling electric bill savings from day one
- PPAs allow customers to lock in their energy rates, so they can stabilize monthly budget expenditures and protect themselves against utility rate increases (*West Virginia had the fastest growth rate in electricity prices in the nation between 2008 and 2017.*<sup>3</sup>)
- PPAs allow tax-exempt customers to benefit from tax credits through the project's developer

## How can PPAs benefit West Virginia?

- Broaden access to affordable energy (*States that allow third-party PPAs account for 93% of the increase in American solar capacity since 2015.*<sup>4</sup>)
- Expand economic development (*More than 800,000 American workers are employed in renewable energy industries.*<sup>5</sup>)
- Create good local jobs in rapidly growing energy sectors (*Solar PV installer and wind turbine technician are the #1 and #2 fastest-growing occupations in the nation.*<sup>6</sup>)
- Attract employers to locate and invest in West Virginia (*More than 150 major global corporations have made corporate commitments to use 100% renewable energy.*<sup>7</sup>)

---

<sup>1</sup> Source: [Solar Energy Industries Association](https://bit.ly/2Sh3Hkm) - <https://bit.ly/2Sh3Hkm>

<sup>2</sup> Source: [Solar Builder Magazine](https://bit.ly/2Q3bCW3) - <https://bit.ly/2Q3bCW3>

<sup>3</sup> Source: [WVU College of Business and Economics Bureau of Business & Economic Research](https://bit.ly/2UcRMWv) - <https://bit.ly/2UcRMWv>

<sup>4</sup> Sources: U.S. Energy Information Administration [Electric Power Monthly](https://bit.ly/2QrRufn) - <https://bit.ly/2QrRufn>; [Customer First Renewables](https://bit.ly/2FR3VNX) - <https://bit.ly/2FR3VNX>; [DSIRE](https://bit.ly/2P8aXNC) - <https://bit.ly/2P8aXNC>

<sup>5</sup> Source: [International Renewable Energy Agency Renewable Energy and Jobs Annual Review 2017](https://bit.ly/2qViXhb) - <https://bit.ly/2qViXhb>

<sup>6</sup> Source: [Bureau of Labor Statistics Occupational Outlook Handbook](https://bit.ly/2o3YMrh) - <https://bit.ly/2o3YMrh>

<sup>7</sup> Source: [Re100](https://bit.ly/1KpYywo) - <https://bit.ly/1KpYywo>