



WHY A POWER PURCHASE AGREEMENT?

What is a PPA?

A PPA is simply an agreement that is signed between the business owner and the solar services provider and works on the basis of a rental, where the business owner only pays for the energy used at a tariff that is up to 40% cheaper than Eskom. This tariff increases annually at a fixed escalation allowing businesses to accurately predict future energy costs.

Agreement length

The agreement length of a PPA is typically 20 years however, you are only paying for the energy you use with no minimum monthly instalments required. Business owners still have the option to purchase the system from year 5 onwards, providing the choice of ownership at any time during the remaining 15 year period.

Why it's better for businesses

Just like a solar lease or solar rental, a Power Purchase Agreement (PPA) allows business owners to benefit from solar energy without the upfront cost of buying a system. PPAs are becoming a popular choice in the Commercial & Industrial space because the operations and maintenance of the system are covered by the solar services provider, and most often includes insurance and performance guarantees, with the biggest advantage being reduced electricity costs from day one.

A PPA includes the installation of a fully operating solar system but removes the hassle of having to maintain, monitor, operate and clean the system for years to come. Business owners can now enjoy solar energy and the savings it will generate without having to spend any money.

Who owns it?

Ownership of the solar system will remain with the service provider until the end of the agreement, or in some instances, the business owner will be able to purchase the system at certain increments throughout the agreement period.

Exit options

Various exit options are available should a business owner wish to end the agreement sooner due to the selling of the building. The agreement can be ceded to the new owner or the solar system can be transferred to the new premises, either way, flexible clauses such as these form part of most PPAs.

Insurance

Most often the possibility of a fire or hail and lightning storm is overlooked until the solar panels are broken and the system is out of operation. A PPA allows business owners to have the peace of mind that the solar system on their roof is always monitored and insured for this accordingly, and any damage caused to the solar system will be fully covered.

In summary

Power Purchase Agreements are a simple, stress-free way for businesses to receive all the benefits of owning a solar system without the expense or hassle of operating and maintaining one. It is a risk-free approach that enables businesses to reduce their operating costs and start saving from day one with zero CAPEX required.