



Power purchase agreements for school districts

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Many of our school district clients have been approached by wind and solar developers over the years about signing a power purchase agreement (PPA). Developers promise to provide electricity at a fixed or reduced cost with no up-front payment, financing, construction or maintenance burdens. Is it too good to be true, they ask? Maybe not.

Like other contracts, PPAs are a strong and viable tool when structured effectively. A PPA can enable schools to benefit from renewable energy while minimizing up-front expenditures and outsourcing operation and maintenance costs. Additionally, a PPA provides a predictable electricity cost over the term of the contract, often a period of 15 or more years.

There are many things school districts should consider when moving forward with a PPA. However, there are a few decisions that can make or break your project.

1. Provider reputation: It is not unusual for each project to be set up through a separate LLC. But the LLC's parent company, the provider, should be able to establish that they are capable, experienced and have the financial capacity to get your project completed.
2. Future energy needs: A good provider should be able to calculate, and explain to you, what system size is best and how it may be impacted by future technology developments, planned energy efficiency projects or possible infrastructure changes.
3. Site selection: This is a very long-term proposition and having a good assessment of the current condition of the project location and your future property needs is important.
4. Define responsibilities: The PPA should clearly establish the provider's responsibility to obtain all required permits and

approvals, and detail the provider's operations and maintenance obligations.

5. System performance guarantees: In part, the value-proposition of a PPA is a long-term supply of energy at a known price, so therefore it's critical that the system performance meets a certain baseline. We recommend establishing clear performance guarantees in the PPA.

Getting these items resolved as soon as possible will result in a better project and fewer headaches for your district.

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