

Solar Power Purchase Agreement

Overview

What we do – SPPA

We provide Solar Power Purchase Agreements (SPPA's)

A Solar **Power Purchase Agreement** (SPPA) is a financial arrangement in which a third-party developer owns, operates, and maintains the photovoltaic (PV) system, and a host customer agrees to site the system on its property and purchases the system's electric output from the solar services provider for a predetermined time and rate.

With a **solar PPA**, instead of paying to “rent” the **solar** panel system, you agree to purchase the power generated by the system at a set per-kWh price.

Benefits of SPPA to Solar Customers

No or low upfront capital costs:

The developer handles the upfront costs of sizing, procuring and installing the solar PV system. Without any upfront investment, the host customer is able to adopt solar and begin saving money as soon as the system becomes operational.

Reduced energy costs:

Solar PPAs provide a fixed, predictable cost of electricity for the duration of the agreement. The fixed price plan maintains a constant price throughout the term of the PPA saving the customer more as utility prices rise over time.

Limited risk:

The developer is responsible for system performance and operating risk.

Potential increase in property value:

The long term nature of these agreements allows PPAs to be transferred with the property and thus provides customers a means to invest in their home at little or no cost.

SPPA Requirements in Western Australia

Retail licensing regulatory framework

The *Electricity Industry Act 2004* (the Act) states that any person selling electricity to customers must hold a retail licence or licence exemption.

As the retail licence regulatory framework is not considered suitable, solar PPA providers will need to hold an exemption from the requirement to hold a retail licence in order to sell electricity under a solar PPA.

CSP National have a retail licence exemption to provide SPPA's in Western Australia as contained in the *Electricity Industry Exemption Order 2005*

What are Pricing / Terms

Details	Cost / Time
Peak Pricing	\$0.165 per kWh
Peak Times	Mon – Fri (8.30am – 5.30pm)
Off Peak Pricing	\$0.165 per kWh
Off Peak Times	Mon – Fri outside Peak Times Weekends
Feed in Tariff Rate	Negotiated with Energy Provider
Estimated Usage	65% of daytime consumption
Fixed Term	15 Years

Worked Example

Details	Calculation
System Size kW	100
System Footprint sqm	200
Estimated Usage Production pa kWh	150000
Percentage Usage	
Peak	70%
Off Peak	30%
Solar Degradation Rate	0.05%
Cost of Grid Electricity per kWh	\$ 0.34
Cost of SPPA per kWh	\$ 0.15

Cost vs Savings

Cost for Purchasing Power Flat Rate:

\$762,363.92

Cost for SPPA over the same period:

\$336,337.02

Savings for the same period:

\$426,026.89

Percentage Savings over the same Period:

56%

SPPA vs Buy Outright or Lease

If you Buy Outright the equivalent Solar System:

Additional 18% Savings over the 15 years = \$76,811.86 approx/.

This does not include any additional costs of management, maintenance warranty issues.

If you Leased the equivalent Solar System:

Additional 14% Savings over the 15 years = \$61,449.49 approx/.

This does not include any additional costs of management, maintenance warranty issues.

SPPA Benefits Outright Buy Outright or Lease

- Benefits of having a managed system where it's in our interest to ensure that the system is running optimally.
- We analyze the solar array generation and bench mark performance with reports as required.
- Guaranteed peak electricity pricing at well below retail with extended contract option.
- We negotiate the electricity supply tender from all WA retailers with over 10 years' experience in this field.
- We offer payment gateway and electrical invoice generation for all tenants and reports on all common services and commercial units.

Process Steps

Eligibility Test, Authorisation to Act Form

SPPA Contract Signing

Application, Approvals and Installation

Billing and Monitoring