



Before You Sign a Power Purchase Agreement

HOW A POWER PURCHASE AGREEMENT WORKS

Under a Power Purchase Agreement (PPA), an operating company installs an electricity-producing system on your property. You agree to purchase electricity produced by the system for a certain period of time at a rate that is generally cheaper than what you would be charged by your electricity utility. Check your current utility bill for the cost per kilowatt-hour and compare it to the cost shown on the PPA. Look for descriptions of how the PPA costs can change in the future. At the end of your PPA contract you will not automatically own the system. You will need to purchase it from the company at “fair market value.”

You do not own the system. For that reason, you generally cannot claim government incentives such as federal or state tax credits.

- Some states have incentive programs or rebates that can help pay for renewable energy and energy efficiency upgrades. Some have special programs for low- and moderate-income households. Before you purchase or sign an agreement, you may want to contact your state’s environmental agency or energy office.
- Consider how long you expect to stay in your home. For example, if the PPA lasts for 15 years, but you hope to move in five years, explore other options such as community solar programs.

A Power Purchase Agreement is a binding legal agreement. They can be complex. If you have questions about the terms in your agreement, consult a lawyer if you can. You may also have other options available to save money on utility bills.

You can consider ways to save money on utilities and make energy-efficient improvements on your own. Take this step before you agree to a program from a business or salesperson who makes money from signing you up.

- You might be eligible for year-round help with utility bills through your local Low Income Home Energy Assistance Program (LIHEAP) office or the National Energy Assistance Referral Hotline at (866)-674-6327.
- You can hire an independent, unbiased energy assessor to come to your home and make recommendations based on your situation. Look up an assessor near you.



How to spot scams and bad business practices

High-pressure sales tactics, exaggerated promises of savings, and claims of “free” products and services are major red flags.

- Be wary of anyone who says that you can use tax credits to reduce the cost of the panels. With a PPA, you don’t own the system, so that claim is a lie.
- Be wary of statements that energy costs will skyrocket in the future, so you need the PPA now.
- Don’t believe anyone who says that the PPA is guaranteed to lead to energy savings or eliminate your energy bills.
- Don’t believe anyone who says the federal government pays for your solar power. That’s a scam.
- Get it in writing – information related to your transaction and a paper copy of your contract. If you don’t get either, it’s probably a scam.

BEFORE YOU SIGN A CONTRACT, CONSIDER:

- How long does the contract last?
- What is my monthly payment? What are all the costs and fees? Are there exit fees or early termination fees, sign-up fees, or other fees? Will the fees change or increase over time?
- The right to cancel the transaction lasts for at least three days from the date it is signed. How can I exercise my rights to cancel?
- What happens to the system if the company goes out of business, or sells it to another company?
- How does this offer compare to offers from other companies?
- Are my estimated costs and potential savings based on assumptions such as my past usage, current electric rates, or something else?
- How many kilowatt-hours per month would this system produce on average? How does that compare to my current electricity usage?
- How can I make sure that I am not leasing more solar panels than I need?
- What happens if I want to leave the contract or sell my house? Will I pay a penalty, like an early termination fee?
- What happens if the system needs repair, replacement, or removal? What recourse do I have with the company that owns the system to cease payment if it not repaired or replaced in a timely manner?
- What happens if the system is damaged by a storm, fire, or natural disaster?
- Is there an impact on my property taxes?

GET IT IN WRITING:

- Make sure you receive all documents (contracts, disclosures, etc.) in a form that you can keep.
- Be careful when you sign anything on the seller’s computer or tablet. That’s what scammers ask you to do when they’re hiding the details.

If you have lost money to a clean energy scam involving fraud, discrimination, or other unfair, deceptive, or abusive practices, federal and state agencies can help.

- If a business doesn’t make good on its promises or cheats you out of your money, the FTC wants to know: [ReportFraud.FTC.gov](https://www.ftc.gov/whats-new/2018/05/report-fraud-ftc).
- Having trouble with a financial product or service? [Submit a complaint online](https://www.consumerfinance.gov/complaint/) with the Consumer Financial Protection Bureau (CFPB) or call 1-855-411-CFPB (2372).
- Some states have their own consumer protection offices. Check what resources are available in your state: [usa.gov/state-consumer](https://www.usa.gov/state-consumer). Find your state’s utility consumer advocate at [nasuca.org/members](https://www.nasuca.org/members).
- Nonprofit legal services can help you stand up for your rights in cases of fraud, abuse, or deception: [lsc.gov/about-lsc/what-legal-aid/i-need-legal-help](https://www.lsc.gov/about-lsc/what-legal-aid/i-need-legal-help) or [lawhelp.org](https://www.lawhelp.org).

