

PE4 Action: Power Purchase Agreement for Renewables

9 Points

14 Points

17 Points

19 Points

20 Points

A. Why is this action important?

Becoming a host site and entering into a long-term power purchase agreement (PPA) offers a way to invest in renewable energy without dealing with the financing, ownership, operation, and maintenance of a solar, PV, wind or other type of renewable energy system. Under a PPA, a third party, or the local utility, becomes the provider, and the local government agrees to purchase electricity from the provider. A PPA can expedite the installation process and reduces the risks and costs for the government around the implementation, operation, and maintenance of the system. Using renewable energy through a PPA also helps to increase the demand for renewable energy and supports the growth of local green jobs.

B. How to implement this action

Prior to entering into a PPA, local governments should perform a feasibility study to determine which type of renewable energy is appropriate for the proposed site(s) and within the financial and policy constraints of the jurisdiction. If the government determines that a PPA is feasible, the local government in conjunction with the provider should determine the size of the system, location, and costs. Local governments may elect to host the installation on a new or existing building, and should consider installing the technology in a prominent location, such as city hall to utilize the installation as an educational opportunity.

Local governments should take the following factors into consideration when establishing a power purchase agreement:

- Length of agreement
- Pricing escalation rate
- Maintenance and repair costs
- Estimated output
- Production guarantees
- Insurance
- Public trust requirements

Points for this Climate Smart Communities (CSC) action are available for executing a PPA and providing public property for the renewable energy system. The renewable energy system must be actively in use to receive points for this action. Local governments can receive points for solar, wind, geothermal, small hydro, and wood pellet renewable energy, purchased through a power purchase agreement.

C. Time frame, project costs, and resource needs

The time frame, project costs, and resource needs depend on whether the solar, PV, or wind system is implemented in a new or existing facility, and the size or output of the system.

D. Which local governments implement this action? Which departments within the local government are most likely to have responsibility for this?

Applicable to any local government empowered to enter into long-term agreements with a power provider and owning property appropriate for hosting a renewable energy installation. Environmental departments, or departments of facilities or public works would likely implement this action.

E. How to obtain points for this action

Points for this action are tiered based on the number of PPAs and renewable energy installations on property owned by the local government.

	POSSIBLE POINTS
Enter into a PPA and provide public property for 1 renewable energy system installation	9
Enter into PPA(s) and provide public property for 2 renewable energy system installations	14
Enter into PPA(s) and provide public property for 3 renewable energy system installations	17
Enter into PPA(s) and provide public property for 4 renewable energy system installations	19
Enter into PPA(s) and provide public property for 5 renewable energy system installations	20

F. What to submit

Local governments should submit a copy of the power purchase agreements that outlines the duration of the contract, energy load and location of the system, and other relevant details. Show that the energy installation(s) are actively in use.

All CSC action documentation is available for public viewing after an action is approved. Action submittals should not include any information or documents that are not intended to be viewed by the public.

G. Links to additional resources or best practices

- [US DOE NREL Power Purchase Agreement Checklist for State and Local Governments](#)
- [US DOE Solar Photovoltaic Financing: Deployment on Public Property by State and Local Governments](#)
- [US DOE SunShot Initiative](#)
- [US EPA Collaborative Procurement Initiative](#)

H. Recertification requirements

The recertification requirements are the same as the initial certification requirements.