

Power Purchase Agreements

Meeting Performance Objectives

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Experience

- Since 2007, worked on about 15% of California public agency solar projects
- Clients include:
 - Dixon Unified School District
 - Poway Unified School District
 - Rancho California Water District
 - Padre Dam Municipal Water District
 - Valley Center Municipal Water District

Overview

- Power Purchase Agreements (“PPAs”)
- PPA Terms
- Contracting For PPAs
- Meeting Green / Efficiency Performance Objectives
- Common Pitfalls

Power Purchase Agreements (“PPAs”)

- District leases or licenses space to 3rd party Solar Company



PPAs (cont.)

- Solar Company
Constructs/Owns/Maintains Solar Project
- Solar Company receives federal tax credit,
State rebate and depreciates equipment
- Solar Company sells electricity to District
at negotiated rate (with or w/o escalator)
- 20-25 year term

PPA Terms

- Lease v. License
- PPA price /
Escalation clause /
Cap
- Letter of Credit
/Completion Bond



PPA Terms (cont.)

- Ownership of Renewable Energy Credits (“RECs”)
- Insurance
- Purchase/Removal of System



Contracting for PPAs

Government Code provides *some* flexibility in contracting for *some* solar projects (depending on project structure):

- Informal process
- Not subject to lease of surplus property laws
- Requires:
 - Board findings
 - 2 weeks notice of Board meeting

Contracting for PPAs (cont.)

- Exempt From City/County Permitting per Government Code section 53091
- Contractor license classification
- Prevailing Wages, May Be Inapplicable
- Payment Bond, Not Required
- New Division of the State Architect provisions

Meeting Performance Objectives: PPA

- Contractual Remedies
 - Monetary Penalty
 - Breach / Default
 - Remedy at Other's Cost
 - Transfer of Ownership
 - Performance Bonds

Meeting Performance Objectives: Other “Green” Contracts

- Contractual Remedies
 - Design Documents
 - LEED Certification / Commissioning Agent
- Consultant / Contractor License
- Professional Liability Insurance

Common Pitfalls



- Inexperienced Contractors / Consultants
- Overestimating energy cost savings
- CEQA
- Reaching “Deal” Too Early
- Contracts with no special remedy provisions

QUESTIONS?

Contact Information

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