

Solar for non-profits? Churches lead the way with Power Purchase Agreements (PPAs)

September 27, 2012 - Green Buildings

While many businesses are eligible for state, federal and local financial incentives available to them if they deploy solar photovoltaic (PV) solutions, non-profit organizations could be seen as the odd man out because of their ineligibility for those incentives, which are tax based. However, solar PV systems can still make economic and “green” sense for municipalities, educational institutions and non-profits through Power Purchase Agreements (PPAs). The concept of PPAs is simple: Organizations that do not have the ability to finance a system can let the solar provider use their roof and, in exchange, receive significantly reduced electrical rates, cutting their electrical bill and making it predictable at the same time. There are no upfront costs, so the nonprofit sees immediate return on its “investment.” For many organizations, that savings can add up to thousands of dollars each year, allowing them up to apply their capital dollars toward other improvements and use their energy savings to fund other projects. This PPA structure allows the organization to achieve all of the benefits of a professionally managed solar PV system with neither capital costs nor ongoing administrative and maintenance requirements. After a set period of time -- negotiated with the solar company -- the non-profit can own the system outright, based on a buyout schedule, or sometimes the systems are simply donated to the non-profit. Churches are one group of non-profits being very forward-thinking when it comes to deploying solar. With no upfront costs, and long-term electrical savings, solar PPAs are freeing up churches to use their savings to fund new programs and missions or invest in other capital improvements. Two examples are Faith Community Church of Hopkinton (FCCH) and Bethany Community Church in Mendon, who have each worked with Solect Energy Development of Hopkinton to install solar PV solutions on their roofs. These systems are large – 160 KW at FCCH and 180 KW at Bethany – allowing the churches to produce significant electricity, which they purchase from Solect at rates well below what they were paying their utility. Can other types of non-profits take advantage? Absolutely, PPAs make perfect sense if an organization is interested in greening its global footprint, but cannot take advantage of the incentives that make solar so attractive to for-profit businesses, or does not have the ability or desire to make the initial capital spend. In short: If their roof meets the criteria for a good solar installation, every non-profit can benefit from solar PPAs. Jim Dumas is principal of Solect Energy Development LLC, Hopkinton, Mass. and is a monthly contributing Solar Development author for the New England Real Estate Journal’s Green Building section.