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How to identify the best solar developer to work with

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With recent winter rate hikes and the Massachusetts DOER's new SREC II policy that strongly incentivizes commercial scale solar, commercial solar is booming in the commonwealth.

If you're a commercial property or landowner looking at solar, there are some key things you need to understand when selecting a solar company to work with.

In this article, I'll outline two key insights you should be aware of when looking to work with a solar developer to sign a power purchase agreement (PPA).

Number One: Solar Installer vs Solar Developer: In the solar industry, there is a large difference between a solar developer and a solar installer. If you need to be working with a solar developer and you're working with an installer, you might be exposing yourself to substantial risk.

Financing a solar project is an extremely complex mix of financial, legal, policy, and engineering tasks. A solar developer is responsible for all of the complex legal, financial, and policy items that need to be addressed to complete a project. This includes, screening property owners for their creditworthiness, getting a project into the interconnection queue, working with investors that will buy the completed projects and signing a PPA with a property owner.

A solar installer is responsible for designing the system, purchasing the equipment, installing the system and commissioning it.

Typically, and there are some exceptions, the pure solar installer doesn't understand the complexity of the legal documentation, nor the political regulations need to finance a project. Additionally, they tend to not have existing relationships with project investors that buy projects, a key element to any solar project.

If you're looking to sign a solar PPA and reduce your electric bill you need to be working with a solar developer. If end up working with a solar installer, the project could take a substantial amount of time to be built with a lot of headache, and it might never be finished due to financing problems that the solar installers doesn't have the capability to solve.

Keys For Determine a Developer From an Installer: There are a few questions you can ask prospective solar developers to tell them apart. Here are some sample questions.

1. Who is financing these? Do you arrange the financing? If they are a solar developer they should have a very specific answer for this. The answer is they work with investment funds that will purchase the projects. If you want, you can also ask to see references.

2. Can I see the template PPA or lease contracts that you use? Solar installers don't need to have PPAs or lease contracts but developers do. If they return a sample PPA quickly, they're very likely a developer. Most installers will issue a construction contract, or some other binding LOI. Then they take it to financiers. It gets "shopped about " as they seek financing. This is usually where trouble arises, for they sold the project without thoroughly understanding legal transactions costs, insurance, tax equity aspects of the deal, etc. They often have to start modifying legal agreements

that they already made with the property owners to make it work.

3. Do you have multiple sources of funding to use? You want to be working with an experience solar developer. If they are experienced, they will have multiple sources of funding to buy a project, at least three. This will ensure that you're project is likely to close.

4. Are they asking very detailed questions about your credit, the leasing situation in the building, how your electric bill is structured, the components of the roof? A solar developer will spend a significant amount of time upfront screening your credit, legal situation with any tenants, and characteristics of the roof. The reason for this is that the investors that are buying the solar project and signing a PPA have an extremely specific and long due diligence list. The project must fit all of the criteria or it can't be sold. A solar installer will not spend as much time in due diligence because they only care about the building the problem for a construction fee.

If you have any questions about how to identify a solar developer from installer, or how to identify an experience developer, please leave them in the comment section.

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