



Maximize Your Renewable Energy Purchasing Options:

PURCHASE POWER AGREEMENTS

A Power Purchase Agreement (PPA), or electricity power agreement, is a contract between two parties, one who generates electricity (the seller), and the other, who is looking to purchase electricity (the buyer). The PPA defines all of the commercial terms for the sale of electricity between the two parties, including when the project will begin commercial operation, schedule for delivery of electricity, penalties for under delivery, payment terms and termination. Contractual terms of a PPA may last anywhere between 5 and 20 years, during which time the power purchaser buys energy, and sometimes also capacity and/or ancillary services, from the electricity generator.

What's important to know about PPAs is that:

- PPA terms range from 10 - 20 years.
- PPAs are sourced from specific new projects.
- PPAs are appropriate for large institutions, such as universities.
- PPA structures vary widely and PPAs are independent of retail agreements.
- Renewable Services offers a suite of management services for customers with existing PPAs.

While PPA's are flexible and have a variety of structures that can be tailored to customer's needs, due to the complexity, term and risk exposure of PPAs this form of renewable energy is recommended on a limited basis, when ongoing supports and expertise can be provided to clients. Customers can typically claim additionality from a PPA. Additionality happens when an organization's PPA has the direct effect of adding new renewable energy generation to the grid.



At MD Energy Advisors, one of our most important roles is to educate business consumers about their energy purchasing options. [Learn more.](#)