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Lease vs. PPA Comparison

This information is for discussion purposes only.

	Loan	Lease	PPA
System Owner:	Customer	Lessor	Investor
Term:	<10 years	10 years	20 years
Accounting Treatment:	On balance sheet	Normally off balance sheet	Always off balance sheet
Construction Financing:	N/A	Yes	Yes
Credit Consideration:	Most customers	Most wind customers	Longer term means better credits
Pricing:	Fixed/floating for term	Fixed payment for term	Fixed rate based upon per kWh produced
Payment Inflation Rates:	N/A	N/A	5%
Payment:	Monthly	Monthly	Monthly
Federal Energy Tax Credit:	Customer's account	Lessor's account	Investor's account
Federal Depreciation:	Customer's account	Lessor's account	Investor's account
State Depreciation:	Customer's account	Lessor's account	Investor's account
State Incentives:	Customer's account	Lessor's account	Investor's account
Renewable Energy Credit:	Customer's account	Lessor's account	Investor's account
Carbon Credits:	Customer's account	Lessor's account	Investor's account
Expenses:	Customer's account	Lessor's account	Investor's account
Insurance Liability:	Customer's account	Lessor's account	Customer's account
Insurance Casualty:	Customer's account	Lessor's account	Customer's account
Operation & Maintenance:	Customer's account	Lessor's account	Investor's account
Purchase Option:	N/A	Fixed \$1.00 purchase price	Fair market value
Renewal Option:	N/A	Fixed	Fair market value
Return Option:	N/A	Not available	As per the PPA