

# JUST THE FACTS

## Third Party Ownership

We believe you should have the right to purchase energy from anyone you want. Third party ownership provides a way to do exactly that.

Increased competition and strengthened markets. *Third party ownership is good conservative policy.*

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### Understanding Third Party Ownership |

Third-party ownership of renewable energy through power purchase agreements (PPAs) or solar leases allows homeowners and businesses to buy power from a source other than their current electric provider. It does not eliminate your current provider or preclude you from signing similar agreements with them, if you so choose.

Third-party ownership is an established financing solution in the United States and is one of the most popular methods of solar financing for consumers to benefit from solar energy. Third-party ownership of solar energy primarily occurs through two models. A customer can:

1. Sign a traditional lease and pay for the use of a solar system. Leases typically range from 10 to 25 years
2. Sign a PPA to pay a specific rate for the electricity that is generated each month. PPAs usually eliminate most or all of the system's up-front costs.

Third party ownership is attractive to the market and customers for a variety of reasons:

1. Can reduce or eliminate upfront costs much how you finance a home or a cell phone.
2. Allows tax-exempt organizations like churches, non-profits, and governmental entities to access tax benefits because a taxable corporation owns the asset.
3. Limits risk because a third-party expert can be responsible for operations, maintenance, and system performance.

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## Frequently Asked Questions |

### Is third party ownership the same as deregulation?

No. Third party ownership keeps the existing utility regulatory system in place. It simply allows you to purchase energy from other providers, up to a limit. The limit, normally 80 megawatts per project, is high enough to allow for meaningful competition but low enough to avoid the creation of new regulated utilities.

### Why do we need third party ownership?

Alabama's current energy policy environment requires you to purchase all your energy from a state- sanctioned monopoly. This was reasonable when the system was put in place more than 100 years ago. Today, however, many providers are able to generate energy, often at a lower cost than the incumbent utility.

Because you are not allowed to purchase energy from a lower cost provider, the incumbent utility has little-to-no incentive to offer you better products and services.

Third party ownership opens a portion of the market and requires incumbent utilities to compete for your business instead of the state forcing you to give them your business.

### Is third party ownership the same as net metering?

No. Third party ownership is completely separate from compensation for excess energy. Legalizing third party ownership does **not** change how much a utility or any other party will pay for energy you may want to sell them.

### Have other states done this?

Yes. And to great effect! As of June 2019, third-party ownership is permitted in at least 28 states, including Virginia, Maryland, Pennsylvania, and Ohio. After enacting a limited third party ownership policy, solar jobs in Virginia have grown substantially. In 2015, fewer than 2,000 solar jobs existed in Virginia, with most related to installation. By 2018, a total of almost 3,900 solar jobs were found in Virginia.

### How can we make this happen in Alabama?

[Ask your legislator](#) to sponsor a bill legalizing third party ownership!