

Table 1. Comparing Residential Solar PPAs, Solar Leases, & Solar Loans/Direct Purchases

	Solar Leases	Residential Solar PPAs	Solar Loans/Direct Purchase
Who buys the system?	Third-party developer	Third-party developer	Homeowner
Who owns the system?	Third-party developer	Third-party developer	Homeowner
Who takes advantage of most of the federal and state incentives available for solar?	Third-party developer	Third-party developer	Homeowner
Who is responsible for operations and maintenance of the solar system?	Usually the third-party developer	Third-party developer	Homeowner
Who incurs the risk of damage or destruction?	Third-party developer	Third-party developer	Homeowner
What happens if the homeowner sells the home where the solar system is located?	Depends on the contract	Depends on the contract	If the homeowner finances the system through a loan, the homeowner remains responsible for loan payments after the transfer unless negotiated with the buyer.
Are financing payments fixed?	Yes, payments are pre-set but may include an annual escalator, increasing payments each year.	No. Payments to the third-party developer/owner are on a per kilowatt-hour basis based on electricity generated by the solar array. Per kilowatt-hour payments may include an annual escalator.	If the homeowner finances the system through a loan, the loan payments will be fixed. If the homeowner decides to purchase a system outright, a contractor may sometimes offer several payment installments instead of one lump sum.
What contract duration terms are available?	Terms can vary.	Terms can vary, but are often in the range of about 20 years.	If the homeowner finances the system through a loan, the down payment terms can vary.
Does this type of financing arrangement require a down payment?	Not necessarily; down payment requirements vary.	Not necessarily; down payment requirements vary.	If the homeowner finances the system through a loan, downpayment requirements can vary.
Is this type of financing arrangement widely available?	Solar leasing is generally widely available in MA.	Residential solar PPAs are generally widely available in MA.	Yes. Solar and energy improvement loans are increasingly available. A homeowner can always directly cash-purchase a solar system.

Table 1. Comparing Residential Solar PPAs, Solar Leases, & Solar Loans/Direct Purchases (continued)

	Solar Leases	Residential Solar PPAs	Solar Loans/Direct Purchase
Do contracts provide minimum production guarantees?	Yes, usually. Solar lease providers commonly provide minimum production guarantees.	Yes, usually. PPA providers commonly provide minimum production guarantees.	A loan contract does not include production guarantees. However, a solar panel manufacturer or developer/installer may provide a production guarantee.
Are there escalator clauses in the contracts?	Sometimes. Check the contract for specific terms.	Sometimes. Check the contract for specific terms.	If the homeowner finances the system through a loan, interest rates may increase over time depending upon the specific terms of the loan. However, as defined herein, a loan does not typically include an “escalator.”
Is insurance coverage provided?	Yes	Yes	No. Homeowners who directly own their solar system and want to be covered will need to find coverage either through a homeowner’s existing insurance policy or through the purchase of a new or expanded policy. Homeowners may decide to forgo insurance coverage altogether and bear the risks of solar system ownership.