



Solar purchase vs lease ppa

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Solar leases and PPAs are very similar, but with a solar lease, you will pay a fixed amount of money per month, while with a PPA, you'll pay per kilowatt-hour. Here's what you should know about both. Find out what solar panels cost in your area in 2024

A solar lease and a solar power purchase agreement are both ways to get solar panels on your property without up-front payment. The difference is in the monthly payment.

Like a lease, a solar power purchase agreement enables energy savings without requiring system ownership. While monthly lease payments are fixed, in a PPA, you pay for the amount of solar energy produced.

As subject matter experts, we provide only objective information. We design every article to provide you with deeply-researched, factual, useful information so that you can make informed home electrification and financial decisions. We have:

Incorporated third-party data and information from primary sources, government agencies, educational institutions, peer-reviewed research, or well-researched nonprofit organizations.

We won't charge you anything to get quotes through our marketplace. Instead, installers and other service providers pay us a small fee to participate after we vet them for reliability and suitability. To learn more, read about how we make money, our Dispute Resolution Service, and our Editorial Guidelines.

Many solar installers advertise solar leases or power purchase agreements (PPAs) as an easy way to reduce your electricity bill. And they're not wrong; if you're interested in a simple, low-maintenance way to install a solar panel system for your home, leasing solar panels can be a good option.

But you'll save a lot less over time with these types of third-party ownership financing arrangements compared to a solar loan or paying upfront. Solar leases and PPAs are very similar, but with a solar lease, you will pay a fixed amount of money per month, while with a PPA, you'll pay per kilowatt-hour.

During this time, you pay the solar leasing company for the benefits of the solar panel system (i.e., the solar electricity powering your home). However, because the solar leasing company owns the equipment, they are responsible for maintenance. They are also entitled to all the rebates, tax breaks, and performance-based incentives available for solar in your area.

For a while, renting a solar panel system with a short-term contract was possible through Tesla's subscription model, launched in 2019. For a set monthly fee, Tesla would install and maintain the system and remove the panels if you decided solar wasn't for you. However, Tesla discontinued this program in 2021.



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With a solar lease, you agree to pay a fixed monthly lease (e.g., \$150 a month). Your leasing company determines this amount based on the estimated annual production of your solar panel system.

However, with a solar PPA, you agree to purchase the power generated by the system at a set price per kilowatt-hour (kWh) (e.g., \$0.15 per kWh) instead of paying a fixed monthly amount. Because solar panels typically produce more electricity during the summer than during the winter, most people with a PPA have higher solar bills in the summer (and more bill savings) during the summer months.

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