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Solar Industry Terms

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As your company develops its solar roofing products you will invariably do more research into the solar industry and come across many new terms and concepts. I will list some of the more common terms and provide an explanation for each. If you have any questions on these items, or any items not covered here, please feel free to contact me to discuss.

PPA (Power Purchase Agreement) – An investment company purchases, installs, and maintains a solar system on a second party's facility, selling the power generated by the system back to the facility at a reduced rate. The facility benefits from lower electricity costs and can promote their "green" roof. The PPA benefits from their investment when the system hits breakeven.

RPS (Renewable Portfolio Standard) – An RPS is a regulatory policy that requires electrical providers to produce a certain percentage of their electricity from renewable sources such as solar, wind, or geo-thermal. Many states have, or will have soon, an RPS policy.

REC (Renewable Energy Certificate) – A REC is a tradable environmental commodity. Providers of "green" energy are given REC's based on the power output of their systems. The electricity is fed into the grid and the REC's can be traded on the open market. RPS standards create non-voluntary markets for RECs that are more stable than current voluntary REC markets.

Carbon Offsets – Similar to REC's, carbon offsets are purchased by companies in order for them to comply with the amount of carbon dioxide they are allowed to emit. They are generated by renewable energy sources.