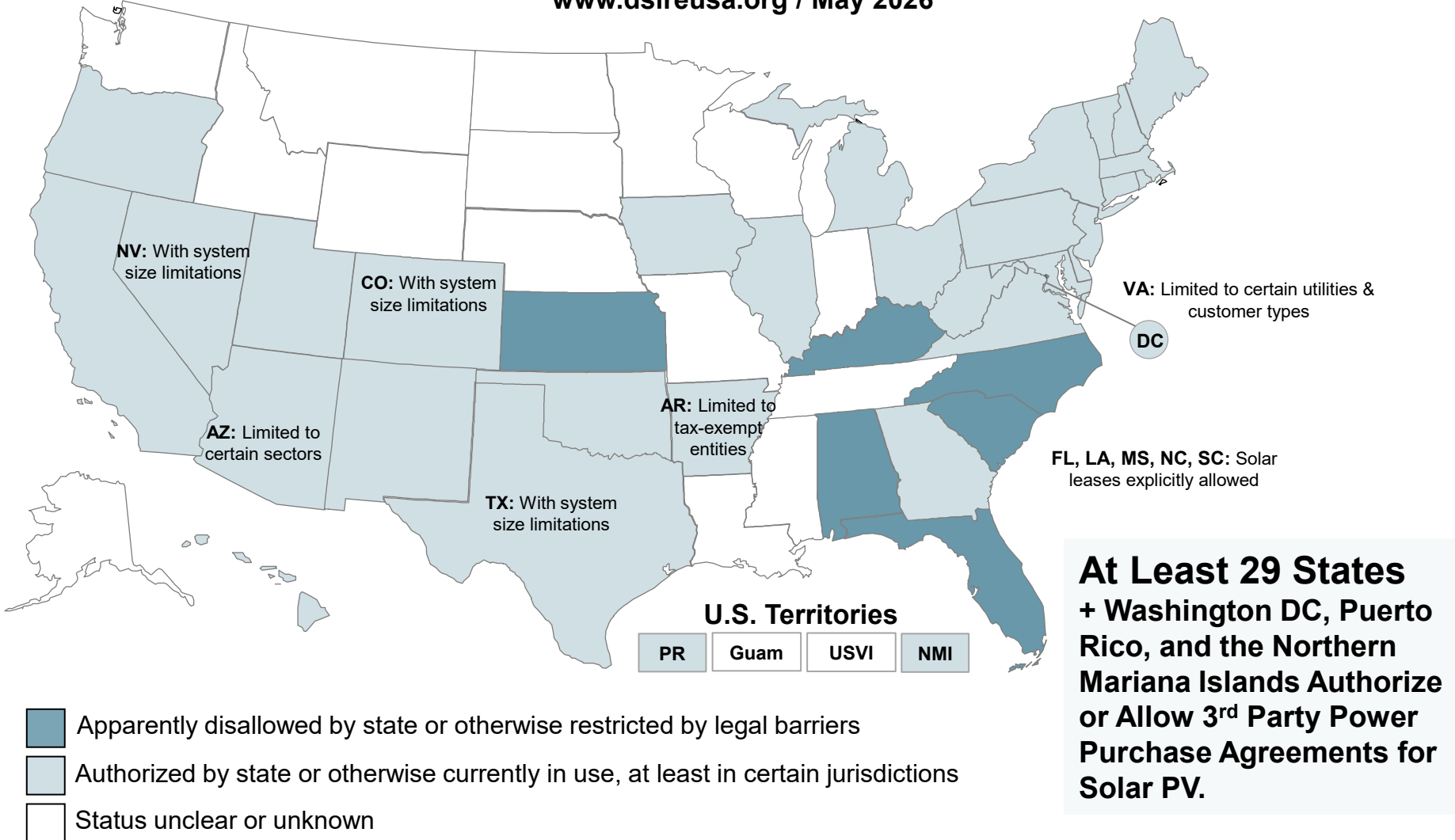


# 3<sup>rd</sup> Party Solar PV Power Purchase Agreement (PPA)

[www.dsireusa.org](http://www.dsireusa.org) / May 2026



## ***Important Information Regarding 3<sup>rd</sup>-Party Solar PPAs***

State authorization of 3<sup>rd</sup>-party solar PV PPAs allows residential customers to purchase electricity generated by solar panels on their roof (usually at a price lower than the retail rate of electricity) from a third party that owns the PV system. Some states that limit or prohibit 3<sup>rd</sup>-party solar PV PPAs explicitly allow for residential solar leasing arrangements.

Legal authorization for residential 3<sup>rd</sup>-party solar PV PPA arrangements usually lies in the definition of a “utility” in state statutes, regulations or case law; in state regulatory commission decisions or orders; and/or in rules and guidelines for state incentive programs.

States that have authorized the use of 3<sup>rd</sup>-party PPAs may not have done so in every jurisdiction. For example, municipal utilities may not allow 3<sup>rd</sup>-party PPAs in their territories even though they are allowed or in use in the state’s investor-owned utility (IOU) territories.

Though a 3<sup>rd</sup>-party PPA provider may not be subject to the same regulations as utilities, additional licensing requirements may still apply.

This map does not represent interstate 3<sup>rd</sup>-party solar PV PPA authorizations relevant to large generators. In states that limit or prohibit intrastate PPAs, interstate PPAs for wholesale electricity market sales may be allowed by federal laws in areas under the jurisdiction of regional, multi-state transmission organization authorities.

This map and information is provided as a public service and does not constitute legal advice. Seek qualified legal expertise before making binding financial decisions related to a 3<sup>rd</sup>-party PPA.

- **Alabama:** AL code § 37-14-32
- **Arizona:** ACC Decision 71795, Docket E-20690A-09-0346 (*limited to schools, governments or other non-profit entities*)
- **Arkansas:** S.B. 145 (2019) (*limited to Solar Services Agreements qualifying for safe harbor protection under 26 U.S.C. 7701(e)(3)(A) for tax-exempt entities*) and explicitly allows solar leasing.
- **California:** Cal. Pub. Util. Code § 218, § 2868
- **Colorado:** S.B. 09-051; PUC Decision C09-0990, Docket No. 08R-424E (2009) (*limited to systems generating no more than 120% of the average annual electricity consumption*)
- **Connecticut:** Connecticut Green Bank
- **D.C.:** REIP Program; PSC Order 15837 (2010)
- **Delaware:** Del. Code Title 26, Chapter 10, 1014 (d)
- **Florida:** PSC Decision: Docket 860725-EU; Order 17009 (1987); PSC declaratory rulings have permitted residential solar leasing
- **Georgia:** O.C.G.A. Title 46, Ch. 3, Art. 1, Pt. 4
- **Hawaii:** HRS §269-1(2)(M)
- **Illinois:** 220 ILCS 5/3-105, 16-102; 83 Ill. Adm. Code, Part 465
- **Iowa:** Iowa Supreme Court, No. 13-0642 (2014) (*the Iowa Supreme Court's decision overruled an earlier IUB determination that a local solar company who proposed a 3<sup>rd</sup>-party PPA would be a "public utility" under Iowa law*)
- **Kansas:** KS Department of Revenue Opinion Letter O-2016-001
- **Kentucky:** KRS 278.010 (3)
- **Louisiana:** La. R.S. 45:121
- **Maryland:** Maryland Statute Public Utilities §7-306.1
- **Maine:** Title 35-A section 3202
- **Massachusetts:** 220 CMR 18.00
- **Michigan:** 2008 Public Act 286; PSC Order Docket U-15787
- **Mississippi:** Any entity selling electricity is subject to public utility regulations stipulated in MS code § 77-3-3, but MS net metering rules explicitly allow leasing of solar equipment
- **Northern Mariana Islands:** 4 CMC § 8531
- **Nevada:** NRS 704.021 (A.B. 186, 2009); PUC Orders 07-06024 and 07-06027 (*limited to systems generating no more than 150% of the average annual electricity consumption*)
- **New Hampshire:** PUC 902.03; PUC Docket DE 10-212 (letter 1/31/12)
- **New Jersey:** N.J. Stat. 48:3-51; N.J.A.C. §14:8-4.1 et seq.
- **New Mexico:** NM Stat. §62-13-13.1
- **New York:** NY CLS Public Service § 2.13
- **North Carolina:** General Statutes § 62-3(23) prohibits 3<sup>rd</sup> Party Sales, but explicitly allows leasing of solar equipment
- **Ohio:** PUC Order 06-653-EL-ORD (11/05/2008); RC 4928.01
- **Oklahoma:** Attorney General Opinion 2018-5
- **Oregon:** PUC Order No. 08-388; O.R.S §757.005
- **Pennsylvania:** PUC Order, Docket M-2011-2249441
- **Puerto Rico:** No policy reference available; based on news reports and articles
- **Rhode Island:** R.I. Gen. Laws §39-26.4
- **South Carolina:** SC Code Section 58-27-2610(E) and Section 58-27-2630(A)(9) arising from S.B. 1189 (2014) prohibit 3<sup>rd</sup> Party Sales, but S.B. 1189 explicitly allows leasing of solar equipment
- **Texas:** Texas Utilities Code § 39.916 (a)(2) (*limited to systems generating electricity no more than the average annual electricity consumption*)
- **Utah:** Title 54 Chapter 2 (1)(19)
- **Vermont:** No policy reference available, based upon news reports and communications
- **Virginia:** VA. Code Ann. § 56-594
- **West Virginia:** W.Va. Code §24-2-1