A Buyer Guide to

Prepaid Power Purchase Agreement

How to understand and vet prepaid solar financing offers with your solar installer before you sign.

SolarInsure
www.solarinsure.com

Paying for solar is changing fast.

With the expiration of the 25D residential tax credit at the end of 2025, the market is shifting quickly to find its next financing option. Prepaid PPAs, which allow homeowners to capture savings from commercial 48E tax credits and have a pathway to ownership, are among the fastest-growing options on the table.

One industry report projects that prepaids will reach roughly 44% of the third-party ownership market share by the end of 2026, up from about 5%. That growth has outpaced understanding, and confusion is where bad deals hide.

This guide won't tell you which company to choose, but it will give you the vocabulary, comparisons, and a checklist to help you choose well.

INSIDE THIS GUIDE

In the field, installers consistently report three friction points when prepaids come up at the kitchen table:

53%

of homeowners find prepaids confusing

43%

find prepaid providers hard to vet or trust

25%

find prepaids hard to access in their market

What is a Prepaid PPA?

01

A prepaid PPA (power purchase agreement) lets a homeowner pay the full cost of a PPA up front, while a third party, the lessor, legally owns the system for an initial period, commonly 5 to 6 years. Because that owner can monetize the 48E commercial tax credit and depreciation that individuals no longer can, the lessor can pass a portion of that benefit back to homeowners in the form of a lower upfront price.

20-40%

Potential Cost Reduction

Prepaid structures can lower the effective system cost versus a traditional cash purchase. The exact figure varies by provider, equipment, and market. FEOC-compliant materials can affect eligibility.

"Prepaid" ≠ owned

The most common misread

"Prepaid" refers to payment, not title. Paying in full up front does not mean you own the system yet — the lessor holds ownership until a defined transfer.

The trade-off is complexity. A prepaid agreement is a legal ownership contract, not just a financing form. It defines ownership rights, servicing responsibilities, insurance, transfer provisions, buyout options, and the eventual transfer of title. That's why the paperwork is longer than a loan and why knowing what to look for matters.

PREPAID PPA VS. LEASE VS. CASH / LOAN

	Cash/Loan	Prepaid PPA	Traditional Lease
Who owns it at install	Buyer	Third-party (initial term)	Third-party (full term)
Path to ownership	Immediate	Typically 5-7 years, buyout may be required	Optional/end of term
Payment shape	Up front or monthly loan	One up-front payment	Monthly, often escalating
Tax-credit benefit	None	48E, can be passed through by owner	48E, kept by owner

What Happens at Year 6?

02

Ownership transfer is the single most misunderstood feature of prepaid products — and there is no universal answer. Each provider sets its own timeline, mechanism, and cost.

Pin down all three in writing before signing.

01

Timing

A fixed year, the end of the lease term, or an option you can exercise throughout. Get the year or trigger in writing.

02

Mechanism

Automatic transfer, or a buyout you must initiate? Fair-market value (FMV), or a near-zero / pre-structured amount?

03

Cost

Embedded and near-zero, a nominal fee, or a variable FMV figure. If it's FMV, ask for the calculation formula.

SELLING YOUR HOME BEFORE THE TRANSFER

You generally have options — but which ones apply depends entirely on the contract. Confirm them before you sign, not when your house is on the market:

Transfer it

Pass the agreement to the buyer, subject to their qualification.

Buy it out

Purchase the system before the sale, if the agreement allows.

Settle it

Pay off any remaining contractual obligations at closing.

5 Questions Every Buyer Should Ask

03

A strong solar company can answer each of these clearly, in plain language, and in writing.

1. **How is the system discounted, and who owns it while it's "prepaid"?**

   The lessor owns the asset and monetizes commercial tax credits and depreciation, passing part of that benefit to you. Clarifying this up front eliminates the most common misunderstanding.

2. **Why is the contract so long?**

   It is an ownership contract, not just a financing form — it defines servicing, insurance, transfer, and buyout. Understand the major milestones before signing.

3. **What happens if I sell my house?**

   Generally you can transfer the agreement, buy out the system, or settle remaining obligations at sale — but the specifics differ by provider. Confirm which apply to you.

4. **How and when does the system transfer to me?**

   The most misunderstood term. Each lessor sets its own timeline and conditions — a fixed year, the end of term, or a purchase option. Get the specific provisions in writing.

5. **Who services my system — before and after transfer?**

   It may be the installer, a contracted O&M provider, the financing company, or a combination — and it can change at transfer. Know your single point of contact for the life of the system.

Prepaid Provider Checklist

04

Work through these before you sign. A provider worth trusting answers every question clearly and puts the answer in the contract. Vague, verbal, or "we'll sort it out later" answers are themselves an answer.

Ownership & transfer

- ☐ Is the transfer timeline stated in writing (a specific year or trigger)?
- ☐ Is transfer automatic, or must I initiate a buyout?
- ☐ Is any buyout near-zero / structured, or fair-market value?
- ☐ If FMV applies, is the calculation method disclosed with a formula?
- ☐ What is the default if I do nothing — ownership, or a continuing lease?

Cost & Fees

- ☐ Are there dealer fees, and are they disclosed in the price?
- ☐ Are there payment escalators? (Prepaid structures typically have none.)
- ☐ What, if anything, will I pay during the third-party period?
- ☐ Is insurance during the term the owner's responsibility or mine?
- ☐ Is the full cost breakdown transparent and in writing?

Servicing & maintenance

- ☐ Who is my single point of contact when something breaks?
- ☐ Who handles routine maintenance vs. major repairs?
- ☐ Is monitoring included, and who watches it?
- ☐ How does servicing change after ownership transfers?
- ☐ Are there nominal service-call fees, and when do they apply?

Provider strength & availability

- ☐ Does the provider operate in my state, for my product (solar / battery / both)?
- ☐ How long has the provider been originating these contracts?
- ☐ Is the equipment AVL / FEOC compliant?
- ☐ What happens to my system and coverage if the provider becomes insolvent?
- ☐ Who are the provider's capital sources / asset off-takers?

Comparing Providers

05

As of early 2026, four prepaid lessors are approved for use with Solar Insure's 30-Year Warranty products. While each offers a prepaid ownership option, they differ in areas that matter most to homeowners, including company maturity, transferability, and long-term service.

Use this comparison as a starting point for evaluating your options. Because lessor programs and contract terms may change, always verify current details with your solar company and review the latest agreement before making a decision.

	HDM Capital Prepaid PPA	**Thirve Energy** Prepaid PPA	**Participate Energy** Prepaid PPA	**Concert Propel** Prepaid PPA Enphase aligned
Path to ownership	5-6 year term, then transfer	Term-based transfer	Term-based transfer	Term-based transfer
Transfer track record	Only lessor on record to have transferred systems back to owners	Not yet demonstrated	Not yet demonstrated	Not yet demonstrated
Service & O&M model	Provider-managed	Unknown	Provider-managed	Sol Source (Enphase O&M) as maintainer
Notable markets	CA; ramping in Puerto Rico	Expanding (active Q2)	Mountain West, Utah, Puerto Rico	CA, via Enphase
Solar Insure warranty applicable	Approved vendor	Conditional	Approved vendor	Via signed addendum at point of sale

Reflects approved-lessor status as of early 2026. Specifics vary by contract and change over time — verify current terms with each lessor and your Solar Insure account manager. Not an endorsement.

Service & Cost Responsibilities

06

During the third-party period, responsibility for service — and for paying for it — can sit with the installer, a contracted O&M provider, the financing company, or a mix. These are the common patterns.

WHO SERVICES THE SYSTEM

Service model	How it works	Your point of contact
Fully managed	One entity manages maintenance, insurance, and monitoring through a standardized network until transfer. Most turnkey, most consistent.	The provider, directly
Dual-layer	A contracted O&M provider is the official maintainer; the local installer handles day-to-day work and escalates major issues. Monitoring usually included.	Installer first, O&M escalates
Mixed/regional	Installer handles routine maintenance; the capital partner handles escalations. Less standardized — experience depends on installer and region.	Installer, then provider
Administrative oversight	Installer partner provides repairs; provider handles warranty/admin tasks. Highly variable by state, utility, or CCA — can feel fragmented.	Possibly both

WHO PAYS FOR SERVICE IN YEARS 0–5/6

Usually Included

In turnkey and dual-layer models, the prepaid price typically covers day-to-day servicing and major warranty repairs. The homeowner pays nothing extra during the third-party term.

Sometimes Passed Through

In less standardized models, certain service calls or non-warranty maintenance can carry nominal fees, or be billed by the installer. Confirm exactly what's included in your contract.

Red Flags to Watch For

07

- X No written transfer timeline, or a verbal “we’ll figure it out later.”
- X Transfer described as “automatic,” but the contract says FMV buyout.
- X Undisclosed dealer fees, or pricing that can’t be itemized.
- X No clear single point of contact for service over the life of the system.
- X Pressure to sign at the table before you’ve read the ownership and transfer sections.
- X No clear answer on what happens to your coverage if the provider becomes insolvent.
- X “Prepaid” pitched as “you own it now.” You don’t — not until transfer.
- X No third-party equipment-and-labor warranty, or one that lapses if the installer changes.

Green-flag

A trustworthy prepaid deal reads the opposite way: a written transfer year, a disclosed cost, a named service contact, an itemized price, AVL-compliant equipment, and a third-party warranty that follows the system — reviewed before anyone signs.

The SI-Warranty Constant

08

Timelines, transfer mechanics, fees, and service models all shift from provider to provider. The one variable a homeowner can hold constant is long-term protection.

A Solar Insure 30-Year Limited Warranty keeps the same terms and conditions whether a system is bought with cash, a loan, or a prepaid PPA — when installed by an approved Certified Provider using approved equipment. It covers components and labor, and it follows the system through a change of installer or lessor.

Solar Insure SI-30 Warranties

✧ Same T&Cs as a cash or loan purchase

✧ 30-year component and labor coverage

✧ Survives a change of installer or lessor

✧ Subject to lessor vetting approval

That consistency is exactly what dissolves the uncertainty buyers feel about prepaids: regardless of how the financing is structured, the equipment protection remains the same.

“The financing structure may be different. Your peace of mind should be the same.”

Vet first.
Sign second.

Prepaid financing can be a genuinely good deal when the contract is clear and the provider is sound. Use this guide's checklist, ask the five questions, and get the answers in writing.

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