

1 Power Purchase Agreements – structures, markets and pricing

Learning and development objectives:

- 1 Understand why PPAs are a favoured option for many generators
- 2 An overview of the current PPA market – who’s buying?
- 3 The key parties in a PPA and their roles
- 4 An explanation of different PPA structures
- 5 An overview of the key PPA terms
- 6 PPA considerations for different types of generator and purchaser
- 7 How electricity is priced, and other cost and charge elements are dealt with

Session 1: Introduction and typical PPAs

Time	Session
10.00	<p>Introduction and welcome</p> <ul style="list-style-type: none"> • Tech check <p>Market setting and context</p> <ul style="list-style-type: none"> • GB electricity generation mix now and how it may evolve • Selling electricity – options for routes to market <ul style="list-style-type: none"> ○ Self-trading ○ Supply ○ PPAs
10.05	<ul style="list-style-type: none"> • Parties involved in PPAs <ul style="list-style-type: none"> ○ Generators ○ Licensed electricity suppliers ○ Customers <p>Case study: Cornwall Insight’s view of the PPA markets</p>
11.00	<p>Comfort break</p> <p>Typical PPA structures</p> <ul style="list-style-type: none"> • Why PPAs are favoured by many generators <ul style="list-style-type: none"> ○ Requirement for a licensed party to be involved <ul style="list-style-type: none"> ▪ Trading, balancing and settlement ▪ Networks ○ Overview of licensing (or not) for generators <p>Case study: Pros and cons of having a generation licence</p> <ul style="list-style-type: none"> • The range of PPAs and what they mean <ul style="list-style-type: none"> ○ Utility PPAs ○ Corporate PPAs/ ‘sleeving’ ○ Synthetic/ Virtual PPAs
12:00	<p>Q&A and what we will cover in session 2</p>

Session 2: PPA terms and pricing

Time	Session
10.00	Introduction and recap
10.05	<ul style="list-style-type: none"> • Typical PPA terms <ul style="list-style-type: none"> ○ Obligations, forecasting and imbalance ○ Commissioning and delivery ○ Change in law and transfer provisions ○ Pricing schedule • PPA considerations <ul style="list-style-type: none"> ○ Generation (intermittent or dispatchable) ○ Purchaser (supplier or consumer) ○ Asset (new or existing)
10.45	<p>Comfort break</p> <p>Pricing schedules</p> <ul style="list-style-type: none"> • Pricing elements <ul style="list-style-type: none"> ○ Wholesale pricing <ul style="list-style-type: none"> ▪ Options – fixed prices, variable/ floating <ul style="list-style-type: none"> • market references/ indices • hybrid/ 'fix and float' • 'captured' prices ▪ 'Shaping' risk ▪ CPPAs <ul style="list-style-type: none"> • top-up/ spill ▪ Cornwall outlook on prices ○ Subsidy revenue – ROCs, FITs, CfDs ○ Green certificates – REGOs ○ Capacity Market ○ Other considerations – electricity network charges <p>Worked examples</p>
12:00	Q&A and close