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REGULATORY
ASSISTANCE PROJECT

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Renewables contracting: European regulatory framework & political context

Webinar EnergyCities

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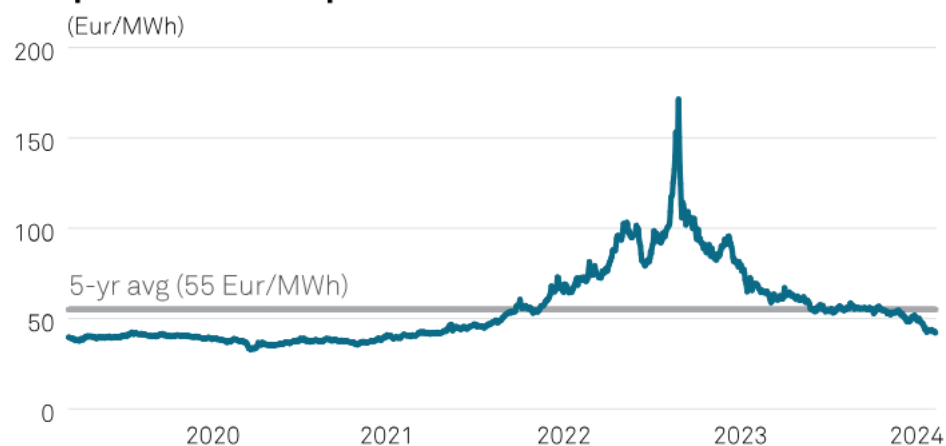
[@bramclaey.bsky.net](https://www.bsky.net)

What is a PPA?

- **Power Purchase Agreement**
 - Commercial **contract** between (renewable) electricity producer and offtaker, often facilitated by a third party
 - Shares risk, lowers financing and therefore electricity cost
- Different from **Contract for Difference (CfD)**: counterparty is public entity
 - These are considered renewable energy support schemes

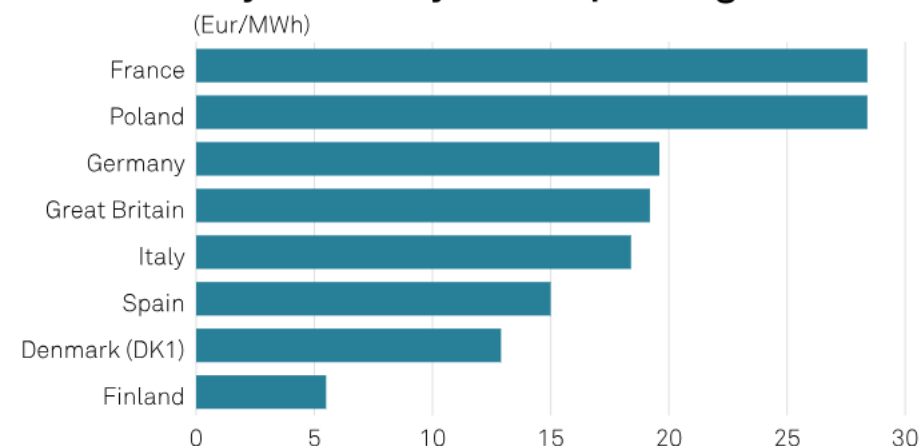
Long term contracts in times of volatility

Pexapark Euro Composite PPA Index Back at 2019 levels



Source: Pexapark

Premium of 5-year vs 10-year PPA price signals



Source: Pexapark (PexaQuote PPA prices as of November 2023)

<https://www.spglobal.com>

Electricity market reform 2023

- Enhance stability and predictability of the cost of energy contributing to the competitiveness of the EU economy
- Better protect and empower consumers

=> **Long-term contracts.** Healthy mix of PPAs and (smart) CfDs

Regulation facilitating PPAs



Promote uptake of PPAs, incl. **remove barriers, charges**



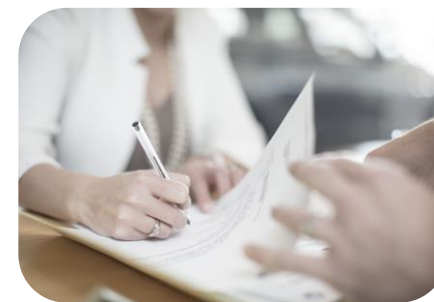
Check viability of EU **market platforms** for PPAs



Provide **guarantee schemes** for (non-fossil) PPAs for customers facing entry barriers



Can **combine PPA and CfD** for different parts of output



ACER to assess PPA market and standard voluntary **PPA contracts**

Final text: https://www.europarl.europa.eu/meetdocs/2014_2019/plmrep/COMMITTEES/ITRE/AG/2024/01-15/1293668EN.pdf



About RAP

Regulatory Assistance Project (RAP)[®] is an independent, global NGO advancing policy innovation and thought leadership within the energy community.

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