

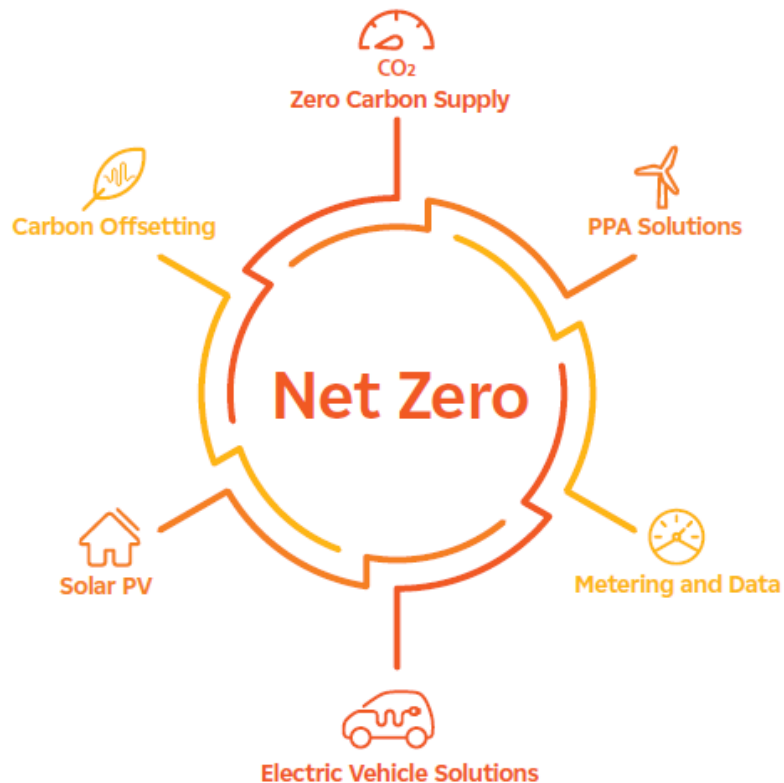
Choosing the right PPA route to market strategy, and latest trends – the offtaker perspective

Tom Abbott

Head of PPA, EDF



EDF – PPAs and the journey to Net Zero



A rapidly changing environment



Home > Money > Business tax > Electricity Generator Levy: introduction

HM Revenue
& Customs

Policy paper

Electricity Generator Levy

Published 15 March 2023

UK Inflation Rate Rises Again

CPI year-over-year inflation rates in the United Kingdom from Feb. 2013 to Feb. 2023*



* CPI=Consumer Price Index
Source: Office for National Statistics

FINANCIAL TIMES

HOME WORLD UK COMPANIES TECH MARKETS CLIMATE OPINION WORK & CAREERS LIFE & ARTS HTSI

Make sense of it all.
Become an FT subscriber. Pay annually and save 20%. [Subscribe now](#)

UK energy [+ Add to myFT](#)

Renewables groups sound alarm over UK grid connection delays

Solar, wind and battery storage developers say 13-year wait threatens investment and Britain's net zero goals

Soaring cost of capital threatens to derail expansion of renewable energy projects

March, 2023

RENEWABLES

8 July 2022 14:44

Analysis: Record-low price for UK offshore wind is nine times cheaper than gas

Trends in routes to market PPAs



The trend

The offtaker perspective

Fixed PPAs

- Wind cannibalisation risk – many offtakers pulled out
- Generators have capitalised on higher prices and fixed PPAs further out
- Fewer long-term utility PPAs for new projects – CPPAs more competitive
- Generators opting for creditworthy offtakers

- Greater risk, volatility and exposure has led to deeper price discounts, or managing exposure limits
- As prices have softened, reduced demand to fix prices through PPAs
- Potential regulatory upheaval and new paradigm of market extremes leaves market uneasy taking long term fixed risk
- Credit exposure more closely monitored in both directions

Index PPAs

- More operational generators opting for index-linked PPAs

- Lower risk on index PPAs means greater pass through of value to generators pocket
- Some generators choose an index-linked PPA in case a 'Pot Zero CfD' for operational projects enters regulation

Trends in routes to market PPAs



The trend

The offtaker perspective

Corporate PPAs

- Many more corporates seeking a CPPA
- Delays in start of project operations
- Increases in CAPEX for projects still in development resulting in price renegotiations
- Offtaker as shaping and balancing partner only

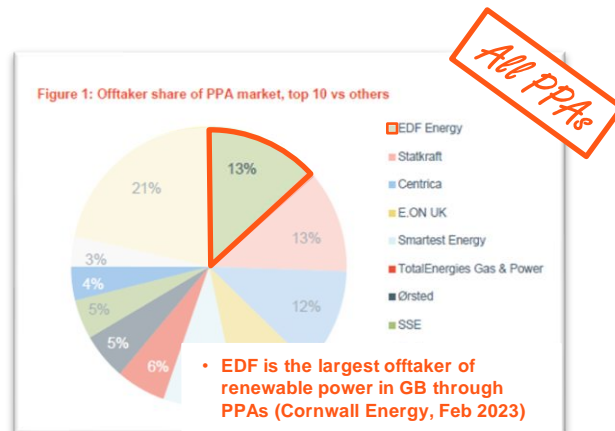
- EDF has a huge I&C supply portfolio – CPPAs in GB are becoming a 'sellers' market'
- Focus on innovative terms to manage delays, facilitate long term sleeving and mitigate risks in a satisfactory way for all
- Rise of structures where price is linked to certain supply chain variables
- With good credit lines, offtaker can sleeve to supplier

CfD PPAs

- Large projects splitting route to market

- Multiple routes to markets diversifies revenues, supports chances of taking FID and helps make projects more resilient over the long term

Some recent examples...



Questions

