

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

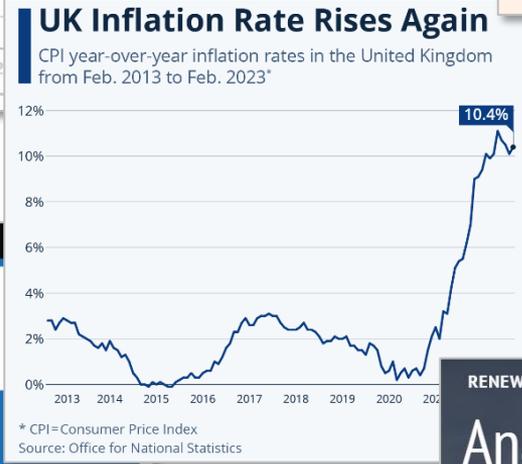
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Head of PPA, EDF

# EDF – PPAs and the journey to Net Zero



# A rapidly changing environment



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## 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

GOV.UK

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

HM Revenue & Customs

## Policy paper Electricity Generator Levy

Published 15 March 2023

## 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

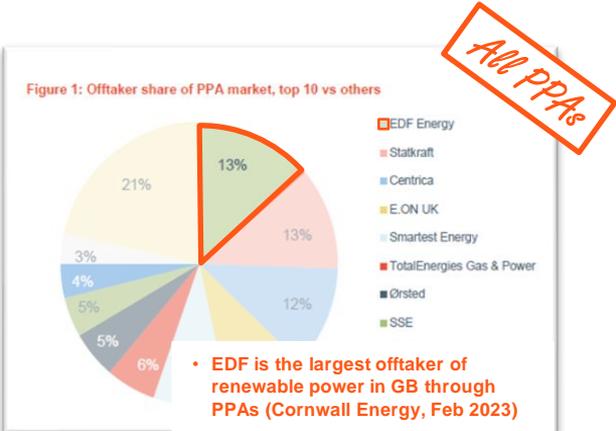
- Multiple routes to markets diversifies revenues, supports chances of taking FID and helps make projects more resilient over the long term

# Some recent examples...



**CfD PPA**

- 15 year CfD PPA with RWE for Sofia
- EDF will offtake all of the 6.5 TWh of renewable wind energy that Sofia will produce each year.




**CPPA**

- A CPPA will provide 49 MW of power to NatWest from a new solar site
- Power balancing and shaping services provided by EDF, despite not being NatWest's supplier



**CPPA**

- A multi-counterparty CPPA with projects from 5x developers
- Will deliver solar and wind power to Tesco from 9x new sites



**CPPA**

- A CPPA for solar project, battery optimisation providing nearly half the electricity Nestle will use for 15 years

# Questions

