

The New Renewable Energy Potential will be Driven by PPA Contracts

Rough translation from Spanish of article by Concha Raso "La Nueva Potencia Renovable : Impulsará los Contratos 'PPA'" in "El Economista" (*≈ Spanish equivalent Australian Financial Review*) on 31 January 2019.

The bilateral agreement of buying and selling energy at large scale is a changing force in the market, commonly known as PPA, has been adapted to be a key tool for developing RE projects - especially in USA and the north of Europe - , since they avoid the risk of volatility of the "pool" and allow for the proprietors the predictability necessary for their projects. The locking in of this type of contract is used for essential requirement to obtain partly or total of the credits needed to carry out these projects.

According to the report "Corporate Energy Market Outlook" by Bloomberg New Energy Finance the first semester of 2019 will correspond to 121 companies in 21 countries having signed 13.4GW RE in PPAs in 2018. Of this 8.5GW was signed in the USA and 2.3 GW in Europe, Middle East and Africa. On the other hand, according to the European Windenergy Association (Wind Europe), the European companies added, to date, 4.7GW of windenergy through this type of contract.

One of the advantages, explains the Unef (Unión Española Fotovoltaica *≈ Spanish Photovoltaic Association*), for any business or organisation that wants to invest in RE is that "you do not have to invest directly in a generation project with the risks and expenses they entail to take out a PPA". There exists the possibility, they explain, that with a PPA "the buyer is not responsibility for finance, installation, operation or maintenance of an RE project if it does not want to and moreover if it does not have to have the initial capital for a project of such magnitude".

Each contract is a suite of measurements, so that different models of PPA exist to function for their category. Although such energy buyer's contracts have existed in Spain for some time, the AEE (Asociación Empresarial Eólica, *≈ Spanish association of wind energy companies*) affirms that "till now they have not been used to finance a new installation". In this case they explain the scenarios are ideally "the term of those contracts longer than 15 years though most cover the whole life on the installation".

Amongst the potential subscribers to a PPA are many commercial organisations, such as consumer finance, each with their own benefits. The first ones, AEE explains, "calculate with the energy suppliers that can cover the risks of exponential rises of the electricity prices", as long as the consumer converts into "a major key element for the compliance of the European objectives for the penetrations of RE, by failing to be a mere receiver of a service of service, by becoming in a subject fully informed, conscious of the necessity of planetary sustainability, and with full capacity of decision.

Large agreements in Spain

Through the development of PPA in Spain, still quite recent, everything points to that in the coming months will produce a surge in announcements of new signed contracts in our

