

# CONSULTATION RESPONSE



## Energy Traders Europe response to ACER consultation on PPA standardisation

Brussels, 17<sup>th</sup> of July 2024

As Energy Traders Europe, we believe that the PPA market is in no need of standardisation of contracts or new template developed by the regulator.

There are several templates developed by market participants already in use and they serve as the basis for further negotiations, as PPAs are flexible and tailored according to the needs of both counterparties.

Current challenges of the PPA market are not connected to the number or unavailability of templates but to other issues such as differences in national market designs, financing, and guarantees for long-term contracts.

The best way forward for ACER is to organize workshops, masterclasses, and other knowledge-building exercises to enhance the utilisation of PPA templates, already developed by the market.

### Key messages

- 1. Challenges faced by the PPA market will not be resolved by adding another template since they are connected to different issues (financing, different national market designs).**
- 2. PPAs are difficult to standardise, given their flexibility and differing needs of counterparties and need for tailoring. Current templates serve as a basis for market participants and were developed according to their needs and experience.**
- 3. A useful way forward would be to organise webinars, masterclasses, and other knowledge-building efforts to enhance the utilisation of the templates already in use.**

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## Consultation questions – Module B

**1. If there were more availability of, or adaptations of existing voluntary template PPA contracts, it would be easier for market participants to sign a PPA contract:**

Disagree.

**2. Existing voluntary template PPA contracts reduce market participants' costs for signing PPA contracts (e.g. legal-wise, commercial-wise, business-wise, etc.):**

Agree.

**3. Existing voluntary template PPA contracts suit all market participants willing to sign a PPA contract:**

Neutral.

**4. It is possible to develop a single template contract which suits the needs of all potential parties of a PPA:**

Strongly Disagree.

**5. Existing voluntary template PPA contracts are sufficiently kept up to date to represent the evolution of electricity markets:**

Agree.

**Based on your experience with the existing voluntary template(s), what do you believe is the most critical issue/difficulty and what mitigation strategy would you suggest to address it?**

PPAs are very tailor-made contracts. There is not or ever will be, a template suiting all market participants or covering all the needs of very different development projects.

Difficulties relating to further standardisation:

(1) local regulation, language and market design, and project-driven specificities, require adaptation; and (2) commercial aspects, especially associated risk allocation, are heavily negotiated and customised.

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We believe that existing voluntary templates offer comprehensive coverage for the primary challenges faced by market participants, within the limitations that any standardised document has. They contribute to reducing contracting time and costs, though this remains negligible compared to the overall cost of a PPA.

## Consultation questions - Module C

**Is it possible to put in place a template contract which would enable easier trade of PPAs – in pursuit of better electricity market functioning and a smooth and rapid energy transition?**

Yes, but this should always be voluntary because bespoke negotiated PPAs must always be an option for market participants.

**Is the lack of suitable current voluntary template PPA contracts on the market today a major barrier for further unlocking the PPA market?**

No.

**Since you believe that the status of existing voluntary templates does not constitute a barrier for further unlocking the PPA market, would you find it beneficial to have other actions, such as:**

Periodic workshops for knowledge-sharing purposes, jointly organized with key-stakeholders (e.g.EFET)

Other template(s) related suggestions, please specify: There are other blocking factors that need addressing: a list of national requirements for PPAs for example, would lower entry barriers, raise awareness, and address regulatory fragmentation.

## General Comment

We don't believe that a lack of standardisation is a blocking factor for the uptake of PPAs. Financing projects, finding guarantees for 10+ year contracts, or navigating the limits of national market designs are far greater barriers to PPAs contracting.

We developed a voluntary PPA template in 2019 with the RE-Source Platform. It took 3 years to develop, building on our 25-year experience in the standardisation of energy trading

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contracts. Our template has been tested by market participants and is often used as a benchmark for highly tailored PPA contracts, as explained in Module B.

We challenge the need for yet another template, and we doubt that the elements in the Regulation – e.g. price formula – can be standardised at all. In any case, we believe that templates and standards are best created by market participants, to reflect their needs and experience, rather than through a centralised and regulated process.

As a way forward, we volunteer to organise workshops, masterclasses, and other knowledge-building efforts to enhance the utilisation of existing voluntary templates. We are also open to sharing with ACER our expertise in standardising contractual documents and keeping such standards up to date.

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