

GME consultation on PPA trading platform

Brussels, 24 July 2025

Key messages

1. Power Purchase Agreements (PPAs) are essential instruments for accelerating renewable energy deployment, enabling market participants to hedge risks, and mitigating the impact of short-term volatility. They contribute to price stability for consumers and ensure revenue predictability for investors.
2. Major challenges for PPA uptakes – project financing, contract negotiation, price setting, and managing counterparty risk — require flexibility to address the specific needs of buyers and sellers.
3. In general, we support initiatives to encourage the development of the PPAs market as long as their design responds to actual market needs, they do not introduce burdensome obligations or costs, and they are open to all market participants while ensuring the non-mandatory nature of the mechanism. There should also be no interference with wholesale markets, and a level playing field for all tools should be maintained.
4. Although GME has the duty to proceed with the implementation of the platform as established by Ministerial Decree no. 152 of June 20th, the proposed platform for a dedicated market for the negotiation of PPAs (MPPA) raises concerns about the actual opportunities this instrument may offer for a greater diffusion of PPAs in the Italian market, partly due to regulatory constraints.
5. PPAs are highly customised and platforms, if introduced, should offer a wide range of products and delivery periods. A platform with rigid terms - for the sake of ensuring sufficient liquidity and of granting lower exposure to counter-party risk - may not adequately meet the needs of market participants. The EFET-RE-Source template PPA contract is a free solution already at the industry's disposal and is recognized as a reference by ACER.

Proposals for improvement

Despite we believe that the absence of a centralized trading platform is not a primary barrier to PPA adoption, we propose the following improvements:

1. **Clarify the entities eligible for MPPA** – Generic dispatching users (e.g. traders) should be eligible to participate in the platform, as they hold crucial role in managing the dispatch of the asset or group of assets on behalf of the owner of the asset

2. **Offer a wide range of products** - The limitation to standardized products (both base- and potentially peakload in the future) does not meet the needs of the PPA market. Pay-as-produced or at least fixed solar profile should be also considered
3. **Enable all the range of delivery periods between 5 and 10 years** - More flexibility should be given to sellers to tailor contracts to buyers' needs

Detailed messages

Q1 – Do you agree with the proposal to initially introduce only standard baseload products, in order to concentrate liquidity on MPPA, or do you believe it is preferable to introduce also peakload products?

We do not consider it appropriate for GME to offer only standard baseload products and we recommend offering the possibility of contracting both baseload and peakload products.

We understand the need for GME to introduce products as standardized as possible to be able to apply the model proposed, however too standardized products will not fully address the market participants' needs and limit the participation of non-programmable renewable energy sources (FERNP).

Therefore, we ask GME to consider the introduction of **pay-as-produced profiles** and if not possible, at least a **fixed solar profile** – possibly differentiated by geographic area. Aligning products with the actual generation would result in lower costs, reducing the auction prices and increasing buyer interest.

Q2 – Do you agree with the proposal to introduce standard contracts with delivery periods of 5 (five), 7 (seven), and 10 (ten) years, or do you believe, at least initially, trading should be limited to contracts with a single delivery period? In the latter case, which duration do you consider most appropriate?

Alternatively, do you prefer, starting from the go-live of the MPPA, to trade contracts with any duration equal to all the delivery periods from 5 to 10 years?

Although we acknowledge the goal of enhancing market liquidity, more flexibility should be given to sellers to tailor contracts to buyers' needs. Therefore, the platform should offer flexible durations for PPA contracts, allowing **all delivery periods** from 5 to 10 years.

Q3 – Do you agree with the proposal to disclose the auction starting price (among the data concerning the contract to be traded) only to those Market Participants with whom there is a mutual relationship of preference?

In addition, what level of publicity should be given to the information relating to the PPA offered by the seller on MPPA, in order to balance the need to maintain an adequate level of confidentiality regarding commercially sensitive aspects with the need to ensure a sufficient level of transparency so that interested Market Participant can establish a relationship of preference with the seller and submit a purchase offer?

We agree that prices should be disclosed only to Market Participants with whom there is a mutual relationship of preference. It is important to provide transparency to all participants on the platform regarding upcoming auctions – as currently foreseen - and give sufficient time for counterparties to request to establish relationship of preference.

Furthermore, we recommend **regular publication** (weekly, monthly, or annually) of aggregated and anonymous auction results (average prices and traded volumes) for the negotiated products.

In addition to volumes, profiles, and prices, contractual clauses also play a key role, as they impact the successful outcome of the agreement. If a standard contract draft is used, we think it is necessary to allow market participants to **include clauses they consider essential**, in order to ensure the agreement is successfully concluded.

Q4a – Do you agree with the proposal to introduce on the MPPA an auction trading mechanism with a marginal price?

We agree with the proposal to introduce on the MPPA an auction trading mechanism with a marginal price.

Q4b – Do you agree with the proposal to allow on the MPPA the registration of bilateral transactions concluded outside the market (OTC Clearing)?

We agree to allow the registration of bilateral transactions concluded outside the market on the MPPA platform.

Q4c – Do you agree to adopt a price tick for offers equal to 1MW?

We agree to adopt a price tick for offers equal to **1 MW**. For more flexibility and if technically feasible, we ask GME to consider also a minimum tick size for offers equal to **0.5 MW**.

CONSULTATION RESPONSE



Q5 – Do you agree with the proposal to provide the non-defaulting counterparty with the option to choose whether to continue the contract with GSE (residual contractual position in default in the MPPA that has not yet been subject to cascading on the MCT) or, as an alternative, to waive such contract?

We support the option granted to the counterparty “in bonis” to choose whether to continue the contract with GSE or to withdraw from it, especially in cases where the GSE’s reserve price may be significantly lower than the PPA price. It should be possible to approve the contract exit option in the event of default without GSE intervention.

Contact

Federico Barbieri

Coordinator for Southern European markets

f.barbieri@energytraderseurope.org