CONSULTATION RESPONSE

Response to the UK call for evidence on Corporate Power Purchasing Agreements

Brussels, 06 March 2026

Key messages

- We support looking into the barriers to Corporate Power Purchasing Agreements and the interest in developing the market. We also want to flag a more holistic view on the development of PPA markets and the multiple barriers, including virtual PPAs, utility and trader PPAs that are also equally useful for developers and industrial/commercial consumers.
- We highlight some best practices and lessons learnt from our European experiences with PPAs. We also point out interactions between PPAs and Contract for Differences to bear in mind when developing these markets.

Detailed comments

1. To what extent and in what ways are CPPAs attractive for industrial and commercial electricity consumers compared with other electricity supply arrangements?

In your answer, consider different types of CPPA and what makes each type more attractive.

We welcome the opportunity to provide feedback on the development of the Corporate Power Purchasing Agreement market. This response outlines several concise recommendations, and we would welcome the opportunity to further elaborate on these points in a dedicated stakeholder workshop, where we could provide additional insights into the barriers and risks associated with PPA deployment. As we do not represent the generators' side, our focus will be on physical corporate PPAs (sleeved and unsleeved).

Energy traders play a central role in facilitating PPAs of all types, including corporate, utility and virtual PPAs. Through risk management, aggregation, and market access, they help bridge the needs of renewable generators and electricity consumers. In doing so, they absorb price, profile, and balancing risks, transforming variable renewable generation into firm and bankable offtake arrangements. This supports project financing and enables a broader range of companies, not only the largest corporates, to participate in PPAs. Thus, it would be of interest to consider widening the scope of consultation by also having discussions about other PPA types, their development, barriers and best practices, as industrial and commercial consumers should be able to benefit from a diverse pool of sellers in the PPA market to achieve competitive prices and meet their specific requirements.

Corporate Power Purchase Agreements (CPPAs) can be an attractive option for industrial and commercial electricity consumers, particularly those seeking long-term price visibility and credible renewable electricity sourcing. By locking in a price for a portion of their electricity consumption over a longer period, CPPAs can help companies manage exposure to wholesale market volatility while supporting their decarbonisation objectives.

In general, PPAs offer up to 10 years of visibility and price stability, whereas the traded forward market does not have liquidity beyond a year or two ahead. They also provide credibility through the traceability of green power, which is ensured by the transfer of renewable guarantees of origin from producers to buyers within the contract. We observe that a large part of the new renewable volumes is being contracted through government-backed Contract for Differences, which reduces the volumes of new renewable electricity available for contracting through PPAs, potentially increasing the cost of hedging. The reason for this is that the output of renewables on CfDs is usually sold Day-Ahead, as under the current design, CfDs are settled against hourly day-ahead prices (Intermittent Market Reference Price (IMRP)).

CPPAs are particularly relevant for large energy consumers with strong credit profiles and the ability to commit to long-term contracts. In these cases, they can provide a hedge against future power price fluctuations and enable companies to demonstrate direct support for new renewable generation capacity.

CPPAs provide industrial and commercial consumers with flexible ways to secure long-term renewable electricity and manage price risk.

Sleeved CPPAs, where intermediaries handle balancing and settlement, make PPAs accessible to most companies.

Unsleeved CPPAs give larger or more sophisticated buyers greater control but require them to manage market and operational risks.

On-site CPPAs can reduce exposure to wholesale prices and network costs where generation can be located on-site, though their applicability is limited. By enabling risk management and access to renewable supply, these models complement standard procurement and broaden participation in the CPPA market.

2. To what extent can CPPAs support the development of new electricity generation capacity?

In your answer, consider different types of CPPA.

PPAs for intermittent renewable generation (CPPAs (both sleeved and unsleeved), Trader/Utility PPAs, Virtual PPAs) can play an important role in supporting the development of new electricity generation capacity by providing developers with long-term revenue visibility. A stable and predictable income stream can help improve project bankability, facilitate access to financing, and diversify routes to market for renewable projects.

We also highlight interactions between PPAs and CfDs, as iterated above, with a preference for CfDs observed, which can limit the growth of PPAs. In our view, the ambitious UK 2030 renewables targets would be best achieved via a combination of CfDs and PPAs. It would therefore be helpful if the Government could consider ways in which CfDs and PPAs can work better together to avoid cannibalisation between the two.

On the demand side, over the past decade, demand for renewable PPAs has risen considerably among businesses and industry across Europe. With the surge in corporate net zero action, growing interest of corporate and industrial buyers in hedging against price volatility, rising demand from data centres, expected development of green hydrogen production and increasing interest in 24/7 green energy purchasing, demand for PPAs can continue to grow.

3. What actions could support growth in the GB CPPA market and make CPPAs a better option for:

- **Electricity buyers?**
- **Electricity generators?**

If relevant, reference specific business level barriers your organisation has encountered when attempting to enter into a CPPA.

As Energy Traders Europe, we are an association of market participants who trade gas, power and certificates across European energy markets. As such, we do not directly engage in sourcing or selling energy.

We therefore represent the aggregate opinion of our members, giving us a unique perspective on regulatory aspects of energy trading.

Many of the challenges affecting PPAs arise from underlying market dynamics, including price volatility, risk-shaping requirements, and volume uncertainty, which cannot be fully addressed through regulation alone. Nevertheless, well-designed and targeted policy tools, alongside the removal of existing policy barriers, can help create conditions for greater PPA uptake.

Here are our recommendations for smart policy options:

General recommendations:

- Having a stable and predictable regulatory and policy environment and market design to foster market confidence, which is essential for the conclusion of long-term PPAs.
- Better integrate UK REGOs with the EU Guarantees of Origin, which could be investigated with the closer cooperation relationship being established.
- Allow organic emergence of market-based platforms for PPAs in response to demand. In the market, there are already services helping to match supply and demand for PPAs, and we do not see the need to go beyond that with centrally organised platforms, as public support can give them an unfair advantage over merchant ones. (linked document to PPA platform memo). We also would like to flag the difference in intermediary roles between traders and platforms.
- Ensure better compatibility between the CfD regime and PPAs.
- Limit price cannibalisation by facilitating the roll-out of flexible technologies to aid the integration of renewables into the system.
- Improve the availability of credit guarantees – public or private – for small and medium-sized off-takers.
- Speed up permitting processes, accelerate grid expansion, maximise the use of the existing grid, and facilitate co-location.

Buyers' side:

- PPAs are bespoke contracts whose advantage lies in flexibility; as such, they are in no need of standardisation. Widely used market-developed templates already exist and serve as a common basis for market participants. We therefore recommend knowledge-building initiatives to support and enhance their effective use.
- Public credit guarantees schemes to support and facilitate broader access to PPAs. In this light, we welcome the European Investment Bank's pilot aimed at de-risking PPA and encourage its upgrade, while adding a direct guarantee track.

Sellers' side:

- The UK Government should explore ways to ensure better compatibility between CfDs and PPAs. Where PPAs are used alongside CfDs, however, the specific

- terms of the PPA should remain for the contracting parties to negotiate.

While out of scope, we would like to have a discussion around Virtual PPAs, as we have identified some barriers to their market development. We would be happy to have a bilateral exchange to overcome these barriers related to market entry.

4. What best-practice approaches developed in comparable markets could address the challenges in developing and agreeing CPPAs in Great Britain?
Reference any experience of participation in these markets, and any evidence of how approaches could be adapted to fit the GB market

- European Investment Bank (EIB) 500 million euros fund which helps address credit guarantees for large and medium-sized enterprises willing to sign PPAs
- Other examples of national credit guarantee schemes in Europe to investigate when looking to provide a framework facilitating entry into PPA markets: Spain, Norway, France, etc.
- European Commission Guideline on CfDs recommends voluntary carve-out volumes for CfDs, including forward markets in reference prices to incentivise generators to hedge their production through PPAs. We pointed out above the interaction between CfDs and PPAs. We invite the UK Government to explore ways to ensure better compatibility between CfDs and PPAs. (link to CfD guideline)
- Trade associations have already developed contractual templates adapted by market participants (e.g. EFET, DENA and ISDA). Further standardisation is not pursued in the EU, as seen with ACER's findings (link), which conclude that existing templates provide sufficient guidance and help reduce legal and transaction costs.

Contact

Coline Gailleul
Electricity Policy Advisor
c.gailleul@energytraderseurope.org

Andrej Stančík
Senior Policy Advisor
a.stancik@energytraderseurope.org