



– Consultation Response –

ACER public consultation on the introduction of voluntary templates for Power Purchase Agreement contracts in the EU energy market

Brussels, 18 July 2024 | Europex welcomes the opportunity to respond to ACER consultation on the introduction of voluntary templates for Power Purchase Agreement (PPA) contracts in the EU energy market. In our response, we have provided the following general comment to ACER proposal.

Power exchanges can contribute to boost the uptake and the liquidity pooling of PPAs by for example organising a trading platform for physical PPAs, thereby, reducing barriers to entry for consumers. If the platform acts as a central counter party, it may facilitate the inclusion of state-backed guarantee schemes. In this context, a new voluntary template for PPAs, complementing other existing PPA contract templates (ISDA, EFET), could be beneficial. For the new template to be useful, stakeholders should be actively involved in the design process.

Nevertheless, power derivative exchanges can also offer longer term maturities for standard financially-settled power base derivative contracts, which PPA contractors can use to register their PPA deal concluded bilaterally outside of the exchange and sent to the exchange and its clearing house for mitigating the counterparty risk. In this case, there would be no need for a new template.

Finally, there are other barriers to the development of PPAs: among others, regulatory uncertainty and lengthy permitting procedures; subsidy schemes for renewables; the need to educate developers on market instruments for hedging risks.

About

Europex is a not-for-profit association of European energy exchanges with 33 members. It represents the interests of exchange-based wholesale electricity, gas and environmental markets, focuses on developments of the European regulatory framework for wholesale energy trading and provides a discussion platform at European level.

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