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EDF

PPAs EXPLAINED

A Guide to Power Purchase Agreements (PPAs) for GCA customers

ABOUT THIS GUIDE

This document guides you through your options if you're looking to...

1. Sell your excess generation

You have a generation asset which you are looking to monetise, by selling a PPA to a supplier.

2. Buy energy from a renewable source

You are looking to source a PPA to hedge volume, meet sustainability goals etc.

3. Firm or sleeve energy from a renewable generation asset

This is called a Corporate PPA (CPPA).

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NEXT STEPS – ENTERING INTO A PPA

GLOSSARY OF KEY TERMS

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KEY CONSIDERATIONS

Product	<0.1GWh	>0.1GWh	>1 GWh	>20GWh	>40GWh	REGOs Included	Minimum Contract Term	Estimated Contracting Timelines	WHAT IT MEANS
SEG Tariff	✓	✓	✓	✓	✗	✗	12 months	<1 month	This is an export contract where you will have a small-scale generation asset onsite with most consumption used on site and only minimal export consumption.
PPA	✗	✓	✓	✓	✓	✓	1 month	<1 month	These are used to commercialise an asset with export generation larger than 0.1 GWh per annum. These are fixed price or floating (index) 'pay as produced' structure contracts on standard terms with flexible terms.
Virtual cPPA	✗	✗	✓	✓	✓	✓	6 month	<1 month	This is a financial transaction and not a physical PPA, this product is between the customer and the generator and is to provide a fixed price for an agreed volume.
CfD RtM PPA	✗	✗	✓	✓	✓	✓	24 months	3 months	As the customer with a CfD asset this is for your own generation asset. It is a physical 'pay as produced' route to market PPA settled against the day ahead or baseload index.
Direct cPPA	✗	✗	✗	✓	✓	✓	24 months	6 months	A customer that has entered into a physical PPA arrangement, enters into an Onsale Agreement with EDF to sleeve into their supply
Indirect cPPA	✗	✗	✗	✓	✓	✓	Full Tenor	>6 months	The customer purchases sleeved PPA volume directly from the supplier (via a renewable generation asset) for a full PPA term.
Flex PPA	✗	✗	✗	✗	✓	✓	6 months	1 - 3 months	Volume from customer generation asset(s) is traded within the market. There would then be an ability to sleeve the PPA blocks into the customer supply contract.

This information refers to the standard terms and specifications of EDF's products, rather than the industry as a whole.

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MONETISING YOUR EXCESS RENEWABLE GENERATION



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THE SMART EXPORT GUARANTEE (SEG) TARIFF

The Smart Export Guarantee (SEG)
is a licensee requirement to offer an export tariff to eligible generators.

EDF Energy is a Mandatory SEG Licensee
we have a range of SEG tariffs to help you turn your exported energy into earnings. Before you can access a SEG tariff, you'll need to fill out a SEG application first.

Eligibility

This tariff is for where you have installed one of the below technologies with capacity up to 5MW or up to 50kW for Micro-CHP:

- ✔ solar photovoltaic (solar PV)
- ✔ wind
- ✔ micro combined heat and power (CHP)
- ✔ hydro
- ✔ anaerobic digestion (AD)

Customers must also have a smart meter or half-hourly electricity meter and must not already receive payments under the Feed In Tariff (FIT) Scheme or already receive SEG payments from another SEG licensee.



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PPAs

No matter how you generate electricity, we have the right PPA for you.

Whether from wind, solar, biomass, anaerobic digestion, landfill gas, sewage gas, energy from waste, advanced conversion technology, CHP, or offshore – you'll find an agreement with us.

At EDF, we're proud to be Britain's largest buyer of renewable energy through Power Purchase Agreements (PPAs)*

These agreements allow energy generators to sell their power through an agreed structure and price, providing revenue certainty and control.

We're supporting UK generators to develop new renewable energy sources and facilitate routes to market, to deliver net zero to the UK grid.

KEY CONSIDERATIONS

How you sell your power to get the best return depends on the following:

How consistently you're generating power

How much power you're generating

How many installations you operate

How your projects are financed

What your investors' expectations are

How much experience and resources you have to spend managing your power sales

How you anticipate the market will perform

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PPAs - YOUR OPTIONS

If your organisation has a generation asset that you would like to commercialise or if you are generating more electricity than you are using; EDF have a PPA option to commercialise your excess power.

CERTAINTY (FIXED) PPA

Fix your power price for up to three years

Ideal for:
Generators with a high level of control over their output and want price certainty.

Requirements:
A minimum output of 0.1GWh per year

CHOICE (INDEX TO FIXED) PPA

Track the market and fix when you want to

Ideal for:
Generators with a variable output that want less exposure to wholesale market prices

Requirements:
A minimum output of 1GWh per year

CLARITY (INDEX) PPA

Track the market price

Ideal for:
Generators that want to maximise their output but retain flexibility

Requirements:
A minimum output of 0.1GWh per year

FLEX PPA

Full control over when you sell your tradeable volume

Ideal for:
Experienced generators who want control and flexibility in when they can trade their energy output.

Requirements:
A minimum output of 40GWh per year.
Typically up to 15 years, but longer terms are possible

FIND OUT MORE ABOUT PPAs

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RENEWABLE GENERATION FOR YOUR PORTFOLIO



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CORPORATE PPAs (CPPAs)

What is a Corporate PPA?
A Corporate Power Purchase Agreement (CPPA) is a direct contractual agreement where an organisation agrees to buy electricity from a renewable generator, which is managed and supported by the energy supplier.

They enable your organisation to partner with a renewable asset, so you know where your renewable energy is coming from, which helps towards your business's sustainability targets. As well as improving long-term financial certainty for your business, through agreeing a fixed price for the power produced by the generator.

When you enter into a CPPA for a new generation asset that isn't built yet, your commitment creates additionality.

This makes a real difference to reaching your organisations net zero targets.

Shorter term CPPA's with a pre-existing assets could be more suitable for some organisations.



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CORPORATE PPAs (CPPAs)

Reasons to be interested
Contract lengths are usually between 10-15 years for new assets, delivering an agreed, fixed price for your power for the duration of your contract. This protects you against market price volatility and allows you to budget with greater certainty.

- ✔ Ensures higher authenticity of your business' carbon credentials
- ✔ Offers traceability and authenticity of the supply, so you know exactly where your energy is coming from
- ✔ Your business can claim 100% renewable energy against volumes purchased via the cPPA
- ✔ Ensures your business is helping to add more renewable energy to the UK grid, if your contract is with a new renewable generator

Increased budget certainty

Traceability and authenticity

Renewable energy



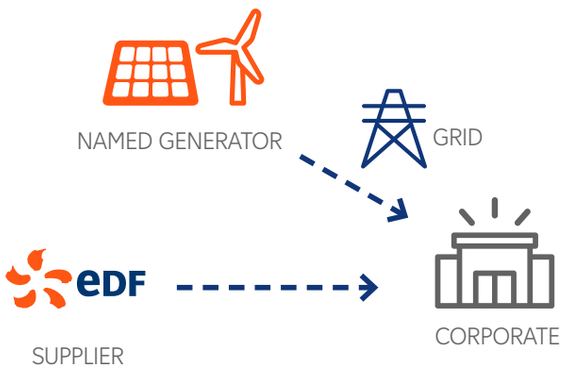
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TYPES OF CPPAs

There are three types of CPPAs available – Physical CPPAs (direct and indirect) and Virtual CPPAs.

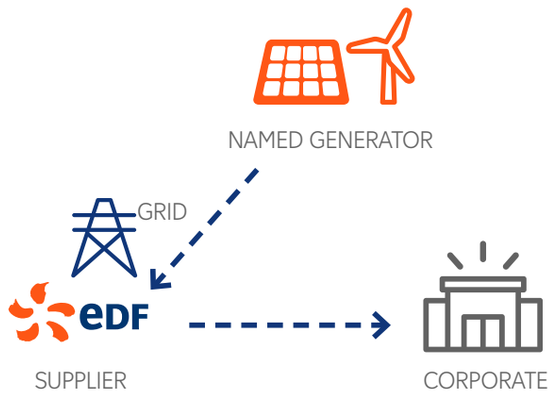
DIRECT CPPA

Corporate enters into long-term PPA directly with generator to purchase physical 'pay as produced' power at an agreed price. This can be facilitated by the GCA RM6289 PPA Framework. Corporate then enters an Onsale Agreement with the Supplier to incorporate volume into their supply.



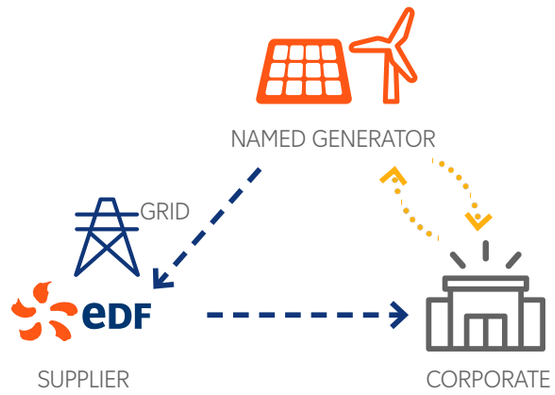
INDIRECT CPPA

The Supplier purchases 'pay as produced' PPA power directly from a generator before firming/sleeving physical power into the Corporate supply contract at an agreed price.



VIRTUAL CPPA

A financial contract between Corporate and Generator to swap market index price for fixed price, with no physical sleeving.



POWER

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PPA SLEEVING & FIRMING



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WHAT IS FIRMING?

To incorporate the volume sourced from a PPA into your supply, it needs to be ‘firmed’ into a contract block. This sits alongside the other contract blocks of volume purchased by the trading team.

In other words, firming is the process of converting the volume ‘as produced’ by the generator into a constant block of generation which will form a contract block.

Firming can also be known as **‘balancing and shaping’** (these are the activities carried out in firming).

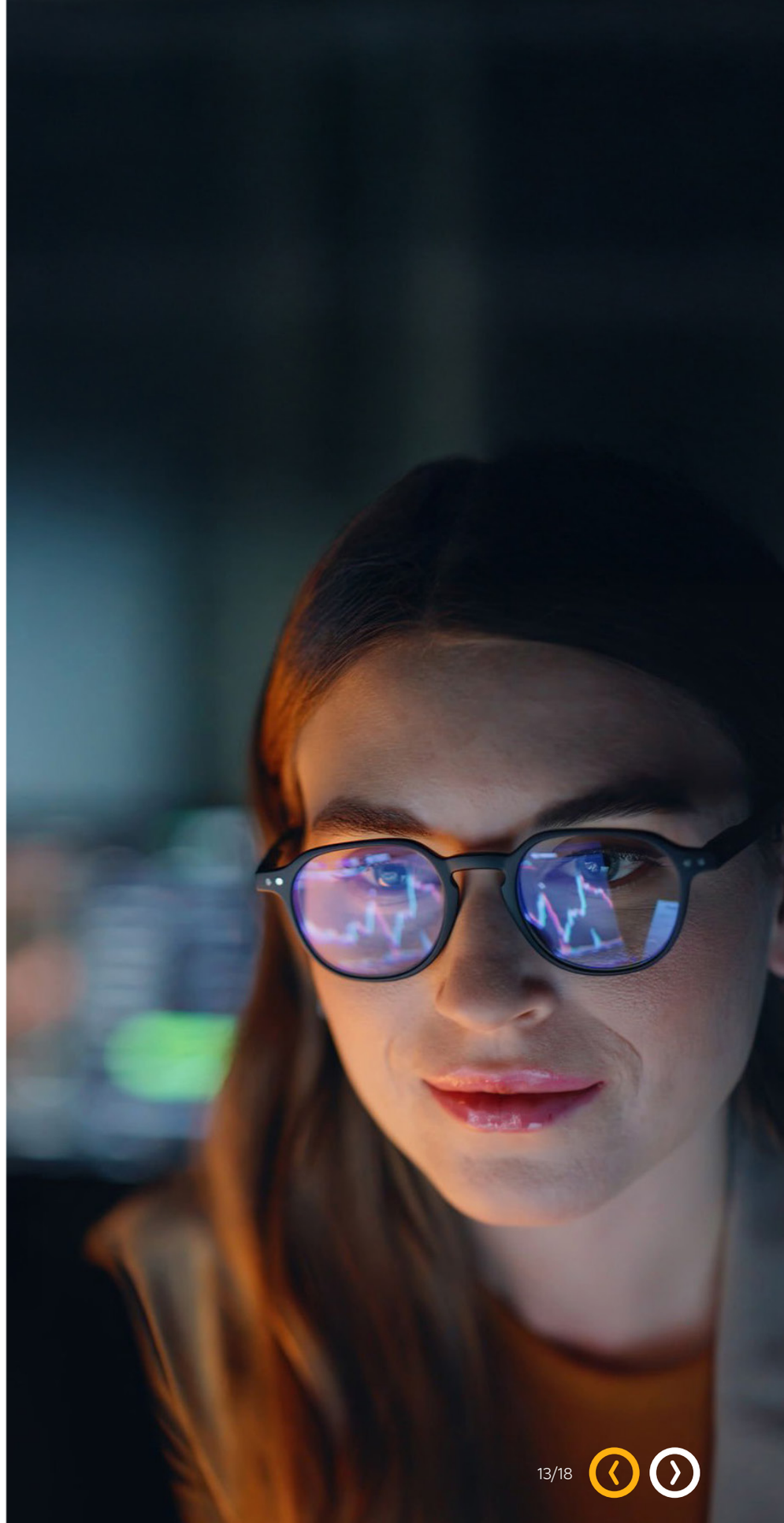
Who is involved?

Firming can be carried out by:

- ✔ your licenced energy supplier
- ✔ the generator, or a
- ✔ third party

Where the firming is not carried out by the licenced supplier (your normal electricity supplier), the firmed contract block will need to be incorporated into your electricity supply via a “trade” between the party firming the PPA and your licenced energy supplier.

This is available via RM6251.



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WHAT IS FIRMING?

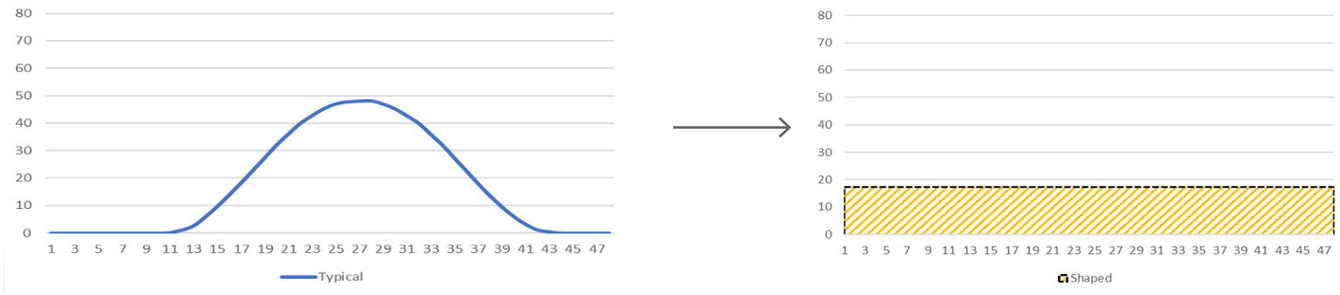
Points of risk

The generation asset will have an assumed generation profile based on ‘typical’ conditions (referred to as the P50 output).

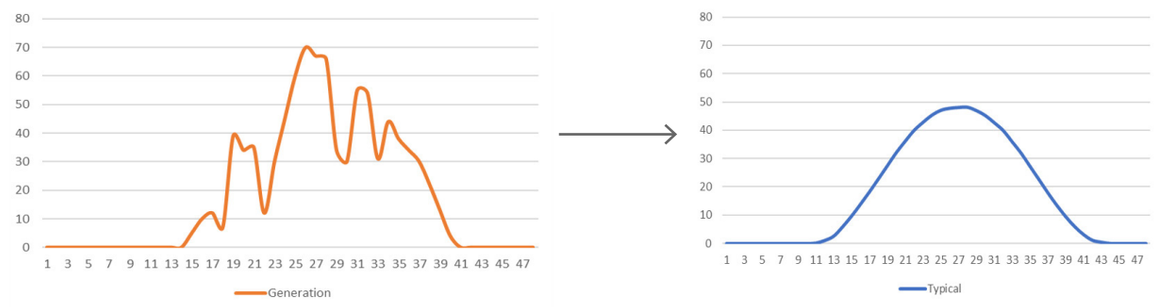
There are a couple of points of risk when firming:

- The need to convert the typical generation profile to a flat contract block (to seamlessly feed into a supply agreement). This involves buying and selling volume at half-hourly granularity (the typical generation profile vs the contract block). This is the **‘shaping’** element.

- Exposes the firming company to both volume and price risk



- There is also volume and price risk between the actual generation and the typical, assumed generation profile. This is known as **‘balancing’**.



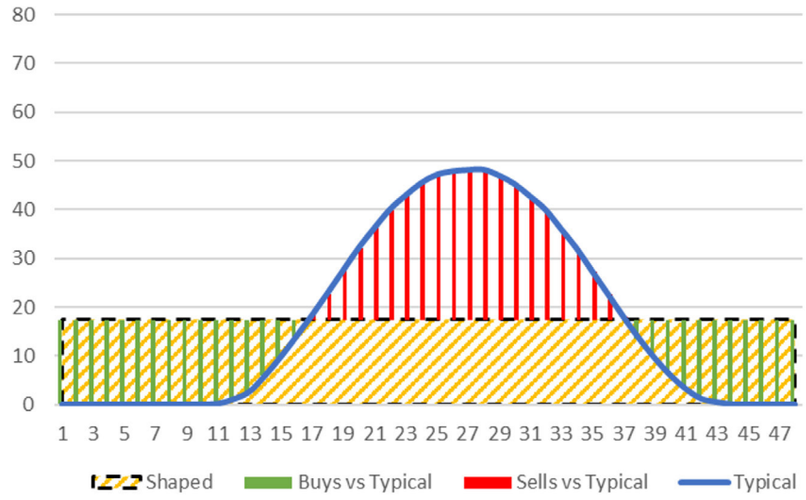
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FIRMING - SHAPING

‘Typical’, assumed summer solar generation bell curve shown in blue. Firm contract block blocked to ~17MW (yellow hatch in this example).

Solar won’t generate overnight, so volume needs to be bought to make up the shortfall compared with the firm block (green bars).

BUT solar generates a lot during peak of day, so volume needs to be sold compared with the firm block (red bars).

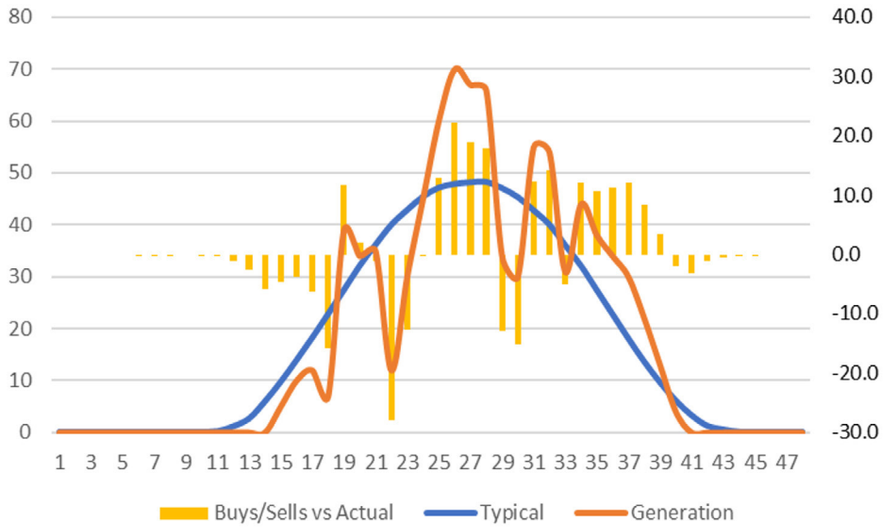


FIRMING - BALANCING

Balancing is the actions required when the actual generation (orange line) doesn’t match the forecast typical generation (blue line).

The balancing exposure is shown here in with the yellow bars (it’s also the difference between blue and orange lines).

This places volume and price risk exposure onto the firming provider. It can be positive or negative depending on the volume and the price on the day



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LOOKING TO ENTER INTO A PPA?

Get in touch with EDF if you are intending to or have entered into a PPA. Early engagement is vital.

Contact Your GCA Sales Team at:
EDFenergyCCSsales@edfenergy.com

Options will depend on several factors, including:

- ✓ Size of asset
- ✓ Length of commitment
- ✓ PPA Contractual terms
- ✓ % Volume site is taking etc.



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GLOSSARY

Balancing
The process of managing the volume and price risk from the typical, assumed generation profile from an asset to what is actually generated.

Contract block
This could be a baseload (or peakload) block of electricity for a set amount of MW for a set amount of time.

Firming
Conversation of pay-as-produced volume from a PPA generator into a ‘firm’ block of energy (i.e. 10MW Winter baseload). This includes balancing and shaping.

Pay-as-produced (PaP) PPA
In a PaP PPA the offtaker agrees to buy all the volume from an asset at a fixed price. The volume actually produced won’t match the typical, assumed load profile.

Sleeving
The process of an intermediary energy company transferring the volume from a PPA to the customer, handling things such as the finances and certifications

Typical volume
The volume that is forecast to be generated from an asset. This is based on historical data and varies from asset to asset

Corporate offtaker
This refers to a Buying organisation

SEG – Smart Export Guarantee

PPA – Power Purchase Agreement

CPPA – Corporate Power Purchase Agreement

CfD RtM PPA – Contracts for Difference Route to Market Power Purchase Agreement

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