

# Latest Developments in PPA and Energy Hedge Agreements

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## Recent System Shocks Unveil Issues in PPAs



**Black Swan Events:**

“Unpredictable with widespread impacts”

### List of Black Swan Events

- Political Action (UFLPA, Ukraine) 2022-2023
- Covid-19 2019~2022
- Uri 2021
- Harvey 2017
- Political Action (Saudis v Fracking) 2014
- North Texas Freeze 2011
- Ike & Financial Crisis 2008
- SARS 2003
- Terrorist Attacks 2001
- Asian Financial Crisis 1997

3-5 Yrs

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## Black Swan Events, So What?

- Duration of Renewable PPAs
  - 7-20 Year Range
  - Very likely to be stressed during the term
- How are they being stressed?
  - Weather
  - Supply Chains
  - Technology Developments
  - Political Action
  - Financial vs. Physical Impacts

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## PPA / VPPA Terms

- Non-Energy Attributes Definition
- Delivery Point
- Supply Chain Issues
- Insurance
- Force Majeure
- Others...

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## PPA / VPPA Terms

- Non-Energy Attributes
  - Concepts currently undergoing dynamic changes
    - Attributes, benefits, credits, offsets, tags...
    - Compliance v. voluntary obligations
    - Ancillary services, revenue rights, performance credits, others...
  - Definitions or concepts commonly found in existing PPAs:
    - Environmental Attributes, Renewable Energy Credits, Tax Attributes, Tax Credits, Carbon Offsets, Carbon Credits, Emissions Credits, etc.

## PPA / VPPA Terms

- How will an existing agreement address any of the newly created attributes?

What phone did you have and what was going on when that agreement was entered into?

- 2005: Blackberry Katrina
- 2010: iPhone 4 Macando
- 2015: iPhone 6S Ukraine Ceasefire
- 2020: iPhone 12 Covid Lockdown

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