# Other Types of PPAs

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CDC
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DFC U.S. International Development Finance Corporation

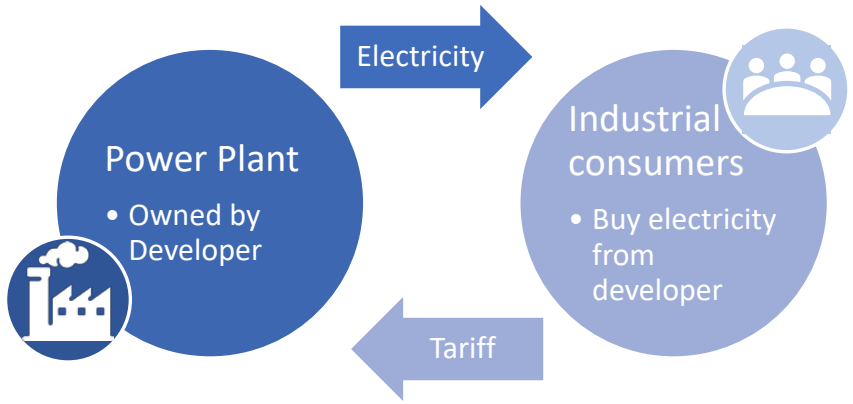
NBET
NIGERIAN BULK ELECTRICITY TRADING PLC

# OTHER TYPES OF PPAS

- Captive Power PPAs
- Cross Border PPAs
- Emergency PPAs

# CAPTIVE POWER

- A captive power plant is a facility that is dedicated to providing a localized source of power to an energy consumer, generally a large-scale industrial facility
- Can be connected to the grid or off-grid, depending on the technologies utilized




**Pros**

- Supplement limited generation and transmission capacity on the national grid
- Security of supply, energy efficiency and optimization, cost reduction, and independence

**Cons**

- Must normally adhere to licensing and permitting requirements and associated regulatory fees
- Captive power plants may impact increased tariffs across the market (can be avoided if tariffs are generally cost reflective and power supply is reliable)
- Both captive power producer and offtaker are still exposed to general power market risks, including sovereign risks

**Considerations**

- Credit rating of the offtaker
- Exposure to market risks outside the captive project

# CROSS BORDER POWER

- Cross border power transactions are facilitated by bilaterally-agreed PPAs via competitive regional markets
- Usually preceded by intergovernmental MoUs

| Supply Agreements | Cross Border PPA |
|---|---|
| • Commitments to supply a certain amount of energy for a period of time at an agreed tariff<br>• Generally free of penalties or default/termination payments<br>• Flexible but often lack a supply guaranteed | • Capable of attracting long term debt finance<br>• Can include consequences and default or termination payments<br>• Can be guaranteed<br>• Fixed obligations reduce supply flexibility |

**Considerations:**

- Determining applicable law
- Interconnection capacity
- Cascading faults and other system disturbances
- Currency mismatch

# EMERGENCY POWER PROJECTS (EPPS)

- Short term solutions which bridge to longer term power supply solutions
- Attract developers who use easily deployable thermal technology solutions (diesel, heavy fuel oil (HFO), natural gas)
  - May still require additional infrastructure/construction
  - Can be relocated at low cost

**Pros**

- Shorter term
- Easily decommissioned and relocated

**Cons**

- Higher tariffs

**Considerations**

- Respond to specific needs that are well-defined
- Offtaker should have a clear implementation plan and exit strategy
- Full disclosure and transparency during procurement process


DEPARTMENT OF COMMERCE