Other Types of PPAs

Project made possible through funding by:

In Partnership with:

Institutional Partners:
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.
- 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.

Cons:
- Considerations:
  - Credit rating of the offtaker.
  - Exposure to market risks outside the captive project.
Cross border power transactions are facilitated by bilaterally-agreed PPAs via competitive regional markets usually preceded by intergovernmental MoUs.

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

Supply Agreements
- Commitments to supply a certain amount of energy for a period of time at an agreed tariff
- Generally free of penalties or default/termination payments
- Flexible but often lack a supply guaranteed

Cross Border PPA
- Capable of attracting long term debt finance
- Can include consequences and default or termination payments
- Can be guaranteed
- Fixed obligations reduce supply flexibility
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