

Procuring a Power Purchase Agreement (PPA)

PPAs are becoming increasingly popular as a method of procuring renewable energy and helping to support public sector organisations with their Carbon Net Zero targets. The PPA market has been around for a while, but is now beginning to find traction and developing quickly.

As with any new emerging market there are lessons to be learned from the early adopters. In order to get the best out of the market, here are some simple tips which you may wish to consider to help guide your PPA procurement journey.

- 1) Understand what it is you are looking for - what you are looking to buy from a PPA is quite simple - it's Electricity. It may be packaged differently but it is a standard commodity item.
- 2) Understand your need - If the product that you are looking to buy is electricity, your needs /specification does not need to be overcomplicated:
 - a) How much do you want to buy? - the volume required
 - b) When do you want it delivered? - first point of delivery
 - c) How long do you want the contract to last? - PPAs can range from 1 to 25 year +
 - d) How do you want it generated? - technology type i.e Solar, wind etc
 - e) How will it link to existing electricity contracts? - incumbent supplier discussions
- 3) Understand when you need help - you may need help from a PPA consultant or legal resource to review, develop and draft contract documentation including your specification, evaluation criteria and terms and conditions and help to mitigate risk.

- 4) Understand when to engage the market - once you have developed an understanding of your specification, evaluation and outline terms and conditions, it is advisable to test the market - a PIN notice or supplier briefing could assist in gathering feedback.
- 5) Understand the procurement rules - under public sector procurement rules you must compete your opportunity if the total spend is above the associated threshold. Even if you are approached by a local generator or are offered the opportunity to go into a local "joint venture" to provide electricity directly to your site, you must first offer the opportunity in a free and fair market competition.

The CCS Helga agreement offers a flexible and compliant route for PPAs. Here at CCS, we are able to provide additional guides and templates that can help support your procurement.

For more information get in touch and see how we can help.

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