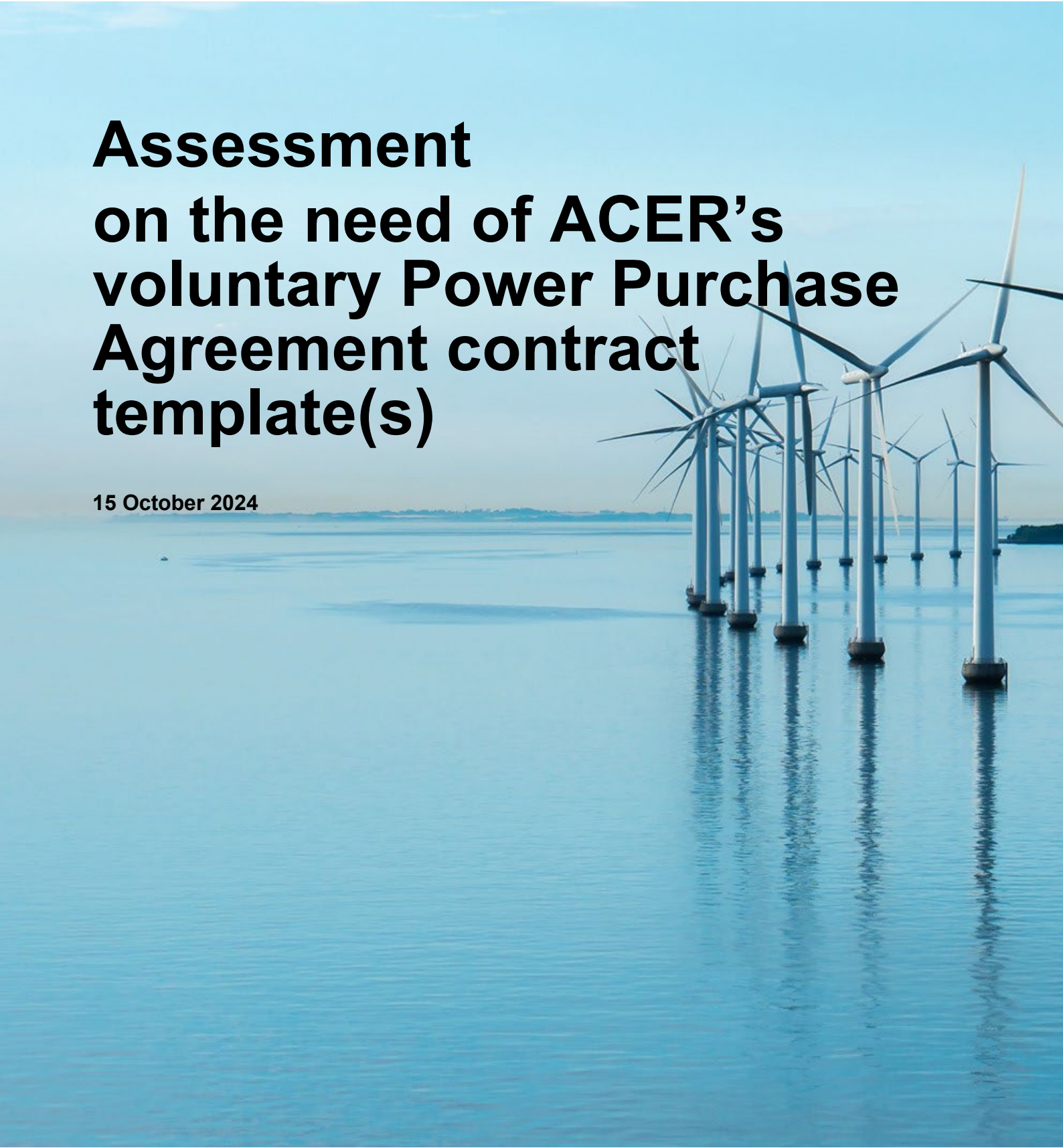




European Union Agency for the Cooperation
of Energy Regulators

Assessment on the need of ACER's voluntary Power Purchase Agreement contract template(s)

15 October 2024



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1. Introduction

1.1. Legal Background

- 1 On the road to a carbon-free European Union (EU), the [Regulation](#) of the European Parliament and of the Council amending Regulations (EU) 2019/942 and (EU) 2019/943 as regards improving the Union's electricity market design (hereinafter the 'Regulation'), signed by the co-legislators on 13 June 2024, aims to provide EU consumers with more stable energy prices and reduced dependence on fossil fuels. This Act, designed to reform the Union's Electricity Market Design (EMD), was published in the Official Journal on 26 June 2024 and entered into force on the twentieth day following publication. Therefore, it is directly applicable in all Member States.
- 2 The overarching aim of the EMD reform is to create a more integrated, competitive, and sustainable electricity market within the EU. By addressing existing market barriers and promoting the use of renewable energy sources, the EMD reform seeks to ensure a reliable and resilient energy supply, reduce greenhouse gas emissions, and protect consumers from volatile energy prices.
- 3 The EMD reform draws attention to the need for long-term investment signals in renewable energy while protecting consumer against volatile electricity markets, a necessity underscored by the energy crisis caused by the war in Ukraine. The new electricity market design rules in the EU appropriately acknowledge the advantages of Power Purchase Agreements (PPAs) in this context. The electricity market reform introduces measures that promote PPAs as long-term tools to ensure price stability for both suppliers and consumers.
- 4 The Regulation assigns new responsibilities to the European Union Agency for the Cooperation of Energy Regulators (hereinafter 'ACER') concerning PPAs¹, namely:

1.A - Assessment on the need to have voluntary templates for Power Purchase Agreements contracts;

Art 19b (2): *'By ... [three months from the date of entry into force of this amending Regulation], ACER shall assess, in close coordination with the relevant institutions and stakeholders, the need to develop and issue voluntary templates for PPAs, adapted to the needs of the different categories of counterparties.'*

1.B - Development of voluntary templates for Power Purchase Agreements, if needed;

Art 19b (2): *'Where the assessment concludes that there is a need to develop and issue such voluntary templates for PPAs, ACER, together with the NEMOs, and after consulting the relevant stakeholders, shall develop such templates, taking into account the following:*

- I. the use of those contract templates shall be voluntary for the contracting parties;*
- II. the contract templates shall, inter alia;*
 - a) offer a variety of contract durations;*
 - b) provide a variety of price formulas;*
 - c) consider the offtaker's load profile and the generator's generation profile.'*

2 - Annual assessment on the Power Purchase Agreements' market: how Power Purchase Agreements impact barriers to market integration;

¹ Article 19b of the Regulation

Art 19b(1): "ACER shall publish an annual assessment on the PPA market at Union and Member State level as part of its annual report published pursuant to Article 15(2) of Regulation (EU) 2019/942."

1.2. Objective

- 5 This assessment aims to determine the need to develop and issue ACER's voluntary Power Purchase Agreement (PPA) contract template(s), adapted to the needs of the different categories of counterparties, considering the role of PPAs in the context of a decarbonisation effort of the EU and the need for consumer protection against volatile electricity markets outlined in the EMD reform.
- 6 The final assessment integrates insights from relevant institutions and stakeholders' consultation process to ensure that the recommendations reflect the diverse needs and perspectives of the electricity market participants.

1.3. Scope and methodology

- 7 The scope of this assessment is limited to determining the necessity for ACER's voluntary Power Purchase Agreement (PPA) contract templates and addressing specific issues related to this need (task 1.A above).
- 8 Throughout the stakeholder consultation process (see section 2), various other relevant topics concerning Power Purchase Agreements were raised, including barriers to unlocking the European PPA market. However, these additional topics are beyond the purview of this publication and will be addressed in other ACER documents, such as the annual assessment of the PPA market.²
- 9 The methodology used to assess the need for ACER's voluntary template(s) for PPAs combined qualitative and quantitative approaches to ensure a thorough evaluation. This approach aimed to capture both broad statistical trends and detailed insights.
- 10 Qualitative methods were primarily utilised through the engagement of a dedicated Expert Group and a Public Consultation. The Expert Group provided specialised, expert-driven insights into the practical and strategic implications of introducing ACER's voluntary PPA templates. The experts' feedback was analysed for thematic trends and expert opinions on the feasibility and potential impact of the new templates. This process involved grouping responses and respondents to identify key themes, issues and main positions relevant to the PPA market.
- 11 The Public Consultation allowed for open-ended feedback from a wide range of stakeholders, offering qualitative data on diverse perspectives and concerns. Responses were analysed to extract common themes, detailed opinions, and nuanced views on the need for and design of the PPA templates.
- 12 Moreover, this Public Consultation survey included both closed-ended questions and scaled responses, enabling the collection of numerical data on stakeholder preferences, market needs, and perceived barriers. A statistical analysis was conducted to identify patterns, and general trends across the responses.
- 13 The quantitative data provided a broad view of stakeholder sentiments and highlighted key areas where there is a consensus or divergence in opinion. This data was crucial for measuring the overall demand for the PPA templates and for assessing the potential impact of their introduction.

² For further details, please refer to Chapter 5, 'Next Steps'.

- 14 The integration of qualitative and quantitative data involved cross-referencing findings from both approaches. By combining expert insights with statistical trends, the assessment was able to capture a comprehensive view of the need for voluntary PPA templates.
- 15 In addition to external consultations, ACER leveraged its internal and National Regulatory Authorities' (NRAs') expertise to draw conclusions on the necessity of the ACER's voluntary PPA templates.

2. Stakeholder consultation process

2.1. Consultation channels

- 16 To accurately assess the need for ACER's voluntary template(s) for PPAs, ACER had to consider the requirements of various relevant stakeholders and institutions. Recognising the importance of this comprehensive approach, ACER engaged closely with relevant parties to ensure their perspectives were reflected.
- 17 By drawing on its internal expertise and seeking insights through two dedicated channels — the expert group and the public consultation — ACER engaged a wide range of interested parties. This inclusive approach was essential for ensuring that the assessment was based on a well-informed and comprehensive decision-making process.
- 18 ACER would like to express its gratitude to all those who participated in the expert group and public consultation and shared their valuable insights.

2.1.1. The expert group on Power Purchase Agreements (PPAs)

- 19 ACER launched the call for applications to form an expert group on PPAs on 22 March 2024, with the application period open for four weeks. During this time, ACER received 70 submissions from individuals with relevant expertise in the electricity sector.
- 20 After reviewing each submission based on the candidates' backgrounds, experiences, and the need for diversity, ACER selected 14 members for the expert group. The expert group comprises a diverse array of professionals with expertise in legal, financial, and technical fields related to energy regulation, particularly in electricity markets and PPAs.
- 21 The main focus of the expert group was to advise on the need for ACER's voluntary PPA contracts template(s) within the European energy market, exploring their feasibility, main benefits and drawbacks. Experts were to help ACER assess whether the new voluntary PPA template(s) would foster the transparency, efficiency and integration of the European internal energy market, and were expected to help build the necessary knowledge to ensure alignment with other European energy policies and objectives.
- 22 The expert group convened its first meeting on 16 May 2024, followed by meetings on 30 May 2024 and 17 June 2024.³ Representatives from several National Regulatory Authorities (NRAs) were also present at certain meetings. The expert feedback received from these meetings helped shape the final assessment of the need for ACER's voluntary PPA templates.

2.1.2. Public consultation

- 23 On June 20, 2024, ACER initiated a public consultation on the introduction of voluntary templates for PPAs in the EU energy market (Consultation code: PC_2024_E_06). This effort was designed to allow a wide range of stakeholders to voice their opinions and identify the market's needs. Over a period of four weeks, the consultation was conducted through a dynamic survey that adapted questions based on the respondent's market role. The survey included both closed and open-ended questions, providing respondents the opportunity to offer detailed feedback⁴.

³ For more detailed information, including a comprehensive list of selected experts and the minutes from the meetings, please visit the [webpage](#) dedicated to ACER's Expert Group on Power Purchase Agreements (PPAs).

⁴ For more information on the Public Consultation process and to access the survey questionnaire, please visit the [webpage](#) dedicated to it.

- 24 ACER received over 100 submissions from diverse stakeholders, capturing a broad range of perspectives and feedback.

2.2. Diversity of participants of the consultation process

- 25 To facilitate broad input from all relevant institutions and stakeholders, ACER opened the two above-mentioned consultation channels. This process attracted a diverse range of experts and respondents. The participants included market players (both buyers and sellers), organised markets, entities engaged in arranging and offering PPAs, users and distributors of wholesale energy market information, sector associations, consultancy firms, legal professionals, and academics.
- 26 The geographical scope was extensive, with input from almost every EU Member State and several non-EU countries.
- 27 This extensive participation demonstrates that ACER successfully engaged all willing parties and took into account a broad range of viewpoints in its assessment.

2.3. Stakeholder feedback analysis

2.3.1. Expert group feedback

- 28 Overall feedback from the expert group regarding the necessity of ACER's voluntary Power Purchase Agreement (PPA) contract template(s) indicated that additional templates are not required.
- 29 The prevailing opinion was that a voluntary template(s) would not be a "silver bullet" for resolving possible PPA market issues. Experts stressed that promoting the development of PPAs necessitates the removal of other barriers rather than the introduction of more templates.
- 30 The experts provided insights from their experiences with existing PPA templates, highlighting their effectiveness and shortcomings. While current templates are valuable references, companies often prefer to use their own tailored contracts. The existing templates⁵, though somewhat representative of different market players, lack certain crucial clauses.
- 31 Additionally, the experts pointed out that the existing templates lack the necessary flexibility and ad hoc clauses needed to cater to the diverse needs of various players, technologies, and market conditions. For example, clauses addressing Guarantees of Origin (GoO), supplier conduct, how to account for negative electricity prices, and energy security issues are often missing. The standard templates do not fully accommodate the unique requirements and risk profiles of different market participants.
- 32 Another significant concern raised was the language and legal barriers. The development of templates in only one language limits accessibility for many users. Furthermore, ACER's inability to customise templates to align with each Member State's national laws and specific requirements would present a significant challenge.
- 33 Standardised contracts may not fully capture the specificities of different markets and risk levels, which is vital for ensuring that PPAs are practical and beneficial across various contexts. The

⁵ For this document, "existing voluntary templates" refers to standardised contract templates developed by industry associations, such as Energy Traders Europe (previously known as EFET) and the International Swaps and Derivatives Association (ISDA), as well as national templates. These templates are freely available to parties interested in entering a Power Purchase Agreement (PPA).

- absence of terms sheets and guidance on navigating new developments were also identified as gaps in current contracts.
- 34 While there was no outright opposition to the idea of standardised voluntary templates from ACER, experts emphasised that these should remain voluntary and flexible. They argued that contractual freedom is essential since each PPA is unique and must be tailored to the specific needs and risks of the parties involved. Attempts to standardise commercial clauses could introduce rigidity, potentially hampering the development of PPAs.
- 35 Experts also highlighted several prevailing critical barriers beyond the PPA market, such as the lack of new renewable energy projects and bottlenecks in project development, including legal and land permission issues. These challenges pose significant obstacles to the effective implementation and operation of PPAs, suggesting that addressing these fundamental issues could be more beneficial than introducing new templates.
- 36 Some experts acknowledged that standard templates could assist smaller or less experienced market players, making it easier for them to enter the market by simplifying the complexity of PPAs. However, there was a broader consensus that education and capacity-building might be more effective. Suggestions included ACER organising annual workshops with relevant stakeholders to enhance education, particularly for small-sized players. Additionally, creating a set of 'PPA best practices' or issuing recommendations rather than voluntary templates was proposed as a more pragmatic approach.
- 37 Experts also called for regular updates to existing PPA templates to reflect the latest market developments and regulatory changes.
- 38 They also suggested that ACER could play a role in developing legal clauses tailored to specific regulatory requirements and organise yearly webinars or consultations to gather feedback from market participants. This approach would ensure that templates evolve with the market and continue to meet participants' needs.
- 39 Overall, according to the experts, addressing existing barriers within and beyond the PPA market, enhancing education, and regularly updating existing templates to reflect market changes are viewed as more effective strategies for supporting the growth and efficiency of the PPA market. However, the experts stressed that if ACER were to develop voluntary PPA contract templates, it is essential that these templates retain flexibility and adaptability.
- 40 Finally, the expert group played a crucial role in shaping the public consultation questions for the consultation period held from June 20, 2024, to July 18, 2024. The draft questions were carefully reviewed, with experts offering valuable input to refine and enhance them. A brainstorming session was conducted with the experts to generate ideas for questions that would maximise the effectiveness of the public consultation. This collaboration ensured that the questions were clear, comprehensive, and capable of effectively gathering stakeholder insights on the topic of voluntary templates for PPAs. The experts' contributions were essential in ensuring the consultation addressed the real needs and challenges faced by market participants, thereby facilitating a more productive and insightful outcome.

2.3.2. Public consultation feedback

- 41 Based on a set of parameters, including respondents' approach towards PPA contracts templates standardisation, the need for ACER's voluntary PPA template(s), the need for additional actions from ACER regarding PPAs, ACER clustered the respondents⁶.
- 42 Five main high-level clusters were identified. It is important to note that these clusters are intended to provide an overall understanding of the trends and sentiments among stakeholders

⁶ To learn more about the clusters and specific parameters, please consult Annex II with the Evaluation of Responses from Public Consultation.

and to help assess the market's needs. The comments assigned to each cluster do not always fully correspond to every individual stakeholder within the cluster.⁷

43 A minority of stakeholders (22%) found the idea of an additional ACER template to be useful and beneficial. These respondents were grouped into two clusters:

44 **Cluster 1:** Stakeholders in favour of having additional ACER's templates, who also believe that the current lack of suitable voluntary template PPA contracts on the market is a major barrier for further unlocking the PPA market.

45 Main points of the cluster 1 included:

- Power exchanges and power derivative exchanges can be instrumental in unlocking the EU PPA market. While power exchanges would welcome a new voluntary template, power derivative exchanges might not find it necessary.
- Additional voluntary templates are seen as non-disruptive, and could provide additional value.
- While beneficial, templates might not fit the specific needs of all offtakers.
- Overall, standardisation of PPA template contracts is seen as a valid way forward to enable easier trade of PPAs on the market.
- Open to additional actions, such as knowledge-sharing workshops, regularly updating the existing templates, preparing the guidelines in a form of 'PPA best practices, and others⁸.

46 **Cluster 3:** Stakeholders do not necessarily see standardisation of PPA template contracts as a valid way forward to enable easier trade of PPAs on the market. However, stakeholders do believe that an additional template would be either beneficial or harmless. These stakeholders also believe that the lack of suitable current voluntary template PPA contracts on the market today is a major barrier for further unlocking the PPA market.

47 Main points of the cluster 3 included:

- This group prefers bespoke agreements over standardisation, valuing the flexibility of customised arrangements.
- Despite a general preference against standardisation, this cluster recognises that additional voluntary templates could help unlock the European PPA market. Templates developed by ACER would be accepted.
- Beyond templates, this group is open to other supportive actions and initiatives.

48 The majority of stakeholders (74%) find an additional ACER voluntary PPA template unnecessary. These stakeholders were grouped into two high-level clusters:

49 **Cluster 2:** Against the need to develop ACER's templates and against the concept of standardisation. Respondents in this cluster believe that the lack of suitable current voluntary template PPA contracts on the market today is not a major barrier to further unlocking the PPA market.

50 Key points raised by cluster 2 included:

- Standardisation of the templates is neither welcomed nor recommended, favouring bespoke arrangements for flexible agreements.
- Additional voluntary (ACER's) templates are unnecessary.

⁷ For a detailed breakdown of the respondents' answers, please refer to Annex II.

⁸ To learn more about the additional actions supported by the respondents, please refer to the chapter 2.3.3. Key messages and the Annex II with the Evaluation report.

- It is important to focus on other priorities.
 - Belief that markets should adjust by themselves without intervention from public institutions.
 - Open to additional actions such as knowledge-sharing workshops, regularly updating the existing templates, preparing the guidelines in a form of 'PPA best practices, and others.
- 51 **Cluster 4:** Open to the concept of standardisation as long as it remains voluntary. However, respondents believe that the lack of suitable current voluntary template PPA contracts on the market today is not a major barrier to further unlocking the PPA market.
- 52 Key points raised by cluster 4 included:
- Additional voluntary (ACER's) templates are unnecessary.
 - Standardisation could be useful to some extent but should always be a voluntary option for market participants.
 - Overall, standardisation of PPA template contracts is seen as a valid way forward to enable easier trade of PPAs on the market.
 - Open to additional actions such as knowledge-sharing workshops, regularly updating the existing templates, preparing the guidelines in a form of 'PPA best practices, and others.
 - Emphasis on the importance of designing PPA contracts properly to avoid distortive dispatch in wholesale energy markets.
- 53 The last cluster, **cluster 5**, comprises those stakeholders (4%) who wanted to share their views and comments without any particularly strong position on the other topics. Therefore, this cluster includes a range of diverging positions. However, the common thread uniting these stakeholders is a welcoming approach towards additional actions to be taken regarding the promotion and education of PPAs.
- 54 The additional actions regarding the promotion and education of PPAs include several key initiatives that would be welcomed by stakeholders.
- First, there is a high level of support for periodic knowledge-sharing workshops (60%), which would enable market participants to share insights and experiences, enhancing their understanding and effective utilisation of PPAs.
 - Second, stakeholders suggest that existing templates should be regularly updated (35%) to ensure they stay relevant and reflect current market and regulatory developments.
 - Additionally, it is recommended that ACER draft voluntary plug-in clauses (5%), which could be easily incorporated into existing templates to meet specific regulatory requirements and streamline the contracting process.
 - Moreover, stakeholders propose that ACER collect input from market participants and issue recommendations or best practices on what constitutes a robust PPA template (15%), providing valuable guidance and setting standards for excellence in the market.
 - Finally, stakeholders (23%) suggested also a variety of different other actions to contribute to further unlocking the potential of EU PPA market.⁹

2.3.3. Key messages

- 55 The key messages derived from the expert group on PPAs and the public consultation reveal a stance on the introduction of voluntary PPA contract templates within the EU energy market. A

⁹ For further information on other suggested actions, please see the Annex II "Evaluation Report".

- significant majority of stakeholders expressed the view that **additional PPA templates are unnecessary at this time.**
- 56 They emphasised that it is more critical to **address existing issues and barriers** such as collaterals and demand pooling, which pose significant challenges to the effective implementation and operation of PPAs.
- 57 Stakeholders highlighted the need for additional actions that could provide greater benefits than new templates. Specifically, there was strong support for the organisation **of periodic knowledge-sharing workshops.** These workshops would facilitate the exchange of best practices and provide a platform for stakeholders to discuss common challenges and solutions.
- 58 Additionally, there is a call for **existing PPA templates to be regularly updated** to reflect the latest market developments and regulatory changes.
- 59 Moreover, there was a strong indication that ACER could enhance its role by **developing voluntary plug-in legal clauses for existing templates.** These plug-in clauses would be designed to integrate seamlessly with current contracts, providing specific compliance frameworks, for example, for reporting obligations under EMIR and REMIT, thereby simplifying the process for stakeholders and ensuring adherence to regulatory requirements.
- 60 Collecting input from market participants and **issuing guidelines or best practices** on what constitutes a robust PPA template were also viewed as valuable actions. In this context, stakeholders once again suggested drafting **voluntary plug-in legal clauses** that could be easily integrated into existing templates, thereby enhancing their utility without necessitating the creation of entirely new templates.
- 61 Importantly, while the idea of **standardised ('off-the-shelf') PPA contracts to enable easier trade on the market was not opposed,** stakeholders underlined that this should remain a **voluntary option.** This approach ensures flexibility for market participants, allowing them to adopt standardised contracts if they find them beneficial, while still having the freedom to negotiate bespoke agreements that best meet their specific needs.
- 62 Overall, the feedback underscores **a preference for practical, supportive measures over the introduction of new templates,** focusing on **enhancing the current framework** and providing stakeholders with **the tools and knowledge** they need to navigate the PPA landscape effectively.

3. ACER's assessment

3.1. Current landscape

63 The landscape for PPAs and the associated contract templates available to the public is well-developed. Various industry associations and national bodies have created a wide range of template PPA contracts, which are freely accessible to interested parties. Examples include templates developed by Energy Traders Europe (previously known as EFET), the International Swaps and Derivatives Association (ISDA), and the German Energy Agency (DENA). These templates serve as valuable resources for those seeking to enter into PPA agreements.

64 Additionally, 'in-house templates' are developed internally by companies buying or selling PPAs or assisting those in buying or selling PPAs, tailored to their specific needs. These templates are typically not publicly available.

65 According to ACER's assessment, the availability of PPA contract templates offers several notable benefits, such as:

- These templates provide **a crucial resource for new, inexperienced entrants to the market**, assisting them in understanding and navigating PPA agreements.
- Standard templates help **reduce legal and business-related process expenses**.
- They offer **a solid foundation for beginning negotiations**, simplifying initial discussions.
- Smaller companies, which may **lack resources** to develop their own templates, **benefit from the availability of standardised documents**.
- The use of standard templates encourages **the adoption of best practices and fosters standardisation across the industry**.

66 However, ACER also notes several disadvantages of the existing voluntary template PPA contracts, such as:

- The templates may **not meet the specific needs of all market players and technologies**.
- They are **not always updated to reflect changes and developments in electricity markets**.
- Many templates are **not available in multiple languages**, restricting their accessibility.
- The templates are **not always tailored to national laws and national specific needs**.
- Some templates are **overly complex**, making them challenging to use, particularly for smaller companies and less experienced market participants.

67 ACER will take these aspects into account in future market monitoring and in the development of recommendations, ensuring that the identified benefits and challenges are considered in shaping any future actions or updates related to PPA contract templates.

3.2. Benefits vs challenges of a new ACER template

68 In assessing the need for ACER's new PPA contract templates, ACER has weighed the prospective benefits against the challenges of introducing such templates.

69 While previous sections have outlined the advantages of having access to existing templates, this chapter focuses on the added value of ACER's involvement in creating new templates in collaboration with the Nominated Electricity Market Operators (NEMOs).

- 70 ACER considers that there is some stakeholder support for the development of its template(s), with a view that they could potentially fill gaps left by existing voluntary templates. However, ACER acknowledges that the perceived lack of suitable voluntary templates is only seen as a minor barrier to further unlocking the European PPA market.
- 71 ACER observes that the prevailing opinion is sceptical towards the potential new ACER templates for PPA contracts. The majority of stakeholders views the introduction of ACER's templates as largely unnecessary, arguing that developing such templates may not effectively address other more pressing barriers facing the sector. This majority view is reflected by the entire spectrum of stakeholders, confirming that there is not one specific group of stakeholders that stresses there is a need for a new ACER template.
- 72 One major issue raised by the stakeholders is that the industry itself, rather than ACER, is better equipped to develop and maintain practical and relevant templates. Stakeholders emphasised that industry professionals have a deeper understanding of the specific challenges and requirements of the market.
- 73 ACER has noted that the mandate for a one-off template without provisions for regular updates is seen as a significant limitation, as it fails to account for the dynamic nature of the electricity market.
- 74 Additionally, ACER acknowledges the inherent difficulty in creating templates that adequately represent the diverse array of market participants and technologies.
- 75 The language barrier is also a concern for ACER, as templates would likely be available in only one language, potentially restricting their accessibility and usability in multilingual contexts.
- 76 Legal considerations further complicate the matter, as ACER lacks the capacity to tailor templates to the specific legal frameworks and national requirements of each Member State, which could impact their applicability and effectiveness.

3.3. ACER's assessment

- 77 The assessment and consultation process conducted by the European Union Agency for the Cooperation of Energy Regulators (ACER) on the need for ACER's voluntary PPA contracts templates has provided significant insights into the current landscape and the perspectives of various stakeholders.

3.3.1. Key elements for consideration:

- **There is limited demand for ACER's new templates.**

ACER considers that the introduction of additional voluntary PPA templates is currently not necessary. Existing templates, developed by various industry associations and national bodies, are seen as sufficient for market needs. The analysis has also revealed that stakeholders within the European energy sector generally prefer to use in-house templates and/or internal legal resources to prepare a PPA contract. While there is some recognition of potential benefits from new templates, ACER concludes that they are generally perceived as non-essential.

- **There is a preference for flexibility and customisation over standardisation.**

ACER acknowledges the importance of maintaining flexibility in PPA contracts. ACER understands that bespoke agreements are often better suited to the specific needs and risk profiles of the parties involved, and that standardising PPA contract templates could introduce unwanted rigidity.

- **Focus should be on addressing other market barriers.**

ACER identifies a strong need to prioritise addressing existing barriers to the effective implementation and operation of PPAs—such as issues related to collaterals, demand pooling, and project development bottlenecks—over the development of new contract templates. The Agency considers these barriers to be more significant obstacles to market growth than the lack of new voluntary PPA contracts templates.

- **Support is needed for educational and other initiatives.**

ACER sees value in initiatives that enhance market participants' understanding and effective utilisation of PPAs. ACER acknowledges suggestions such as the organisation of periodic knowledge-sharing workshops, regular updates to existing templates, and the development of voluntary plug-in clauses that could be easily integrated into existing contracts or PPA 'best practices' guidelines, which would help stakeholders to navigate through complex topics such as: negative electricity prices, demand pooling, data reporting under REMIT/EMIR, cross-border PPAs.

- **Preference for voluntary nature of standardised ('off-the-shelf') PPA contracts templates.**

ACER believes that, while there is no significant opposition to the idea of standardised PPA contracts templates to enable easier trade on the market, this should remain a voluntary option. This approach would ensure that market participants retain the freedom to negotiate contracts that best meet their needs while having the option to use standardised options if beneficial.

To provide a clearer understanding of the benefits and challenges associated with developing ACER’s voluntary PPA contract template(s), the following table summarises the key arguments raised by stakeholders who participated in the consultation process:

Table 1. Summary of benefits and challenges of developing ACER’s voluntary PPA contract template(s)

Benefits	Challenges
A minority of stakeholders would find additional ACER’s template useful and beneficial .	The majority of stakeholders find additional template unnecessary .
A minority see the lack of suitable voluntary templates as a major barrier.	Stakeholders highlighted other critical barriers. Contract templates do not seem to be of concern.
	Templates should be developed by the industry , not ACER, as the industry understands the problems and needs better .
	If a template is developed, the legal mandate asks for a one-off document and does not foresee regular updates .
	It would be challenging to prepare templates that cover and represent all players and technologies .
	Language barrier: templates would be developed in only one language, which is a limitation.
	Legal barrier: ACER cannot prepare templates tailored to each Member State’s national laws and country-specific needs.

Source: ACER.

78 To frame the assessment that follows, it is important to recall the specific mandate given to ACER as part of the EMD reform. As outlined in Article 19b(2) of the Regulation, ACER is charged with determining the necessity for voluntary PPA templates by consulting with key stakeholders and institutions on the need for a voluntary PPA contract template. Should the need be confirmed, ACER is further responsible for developing templates that accommodate different contract

durations, pricing mechanisms, and profiles of both offtakers and generators. This section presents ACER's conclusive findings in light of this mandate.

79 In its final assessment, ACER has carefully considered the need for ACER's voluntary PPA contract template(s) by synthesising insights from the expert group, public consultation, internal and NRAs' expertise, and relevant available literature.

80 This evaluation was conducted with a focus on the mandate given by the EMD reform, i.e., on understanding whether such templates would effectively address existing challenges within the EU PPA market and align with the broader objectives of enhancing market efficiency, fostering renewable energy uptake, and providing stability to market participants.

3.3.2. Conclusion on ACER's assessment

81 **After a thorough evaluation of the market's needs and the arguments presented above and in the Evaluation of responses to public consultation (see Annex II), ACER concludes that it does not need to develop new voluntary PPA contract templates.**

82 The market's current needs are better served through the enhancement of existing resources, targeted education, and the removal of barriers that hinder PPAs. Therefore, ACER has decided not to proceed with developing new PPA templates but will continue to monitor market needs and provide guidance where necessary.

83 The current landscape, with various industry-provided templates, already supports market participants to a significant degree. These existing resources are sufficient for most market needs, particularly when combined with the ability to modify and adapt contracts as required. These templates offer a solid foundation for negotiations and help reduce legal costs, particularly for smaller companies or new entrants to the PPA market.

84 ACER acknowledges that, while the introduction of new voluntary PPA templates by ACER is not deemed necessary, there is a clear demand for ongoing support in the form of education, capacity building, and the provision of supplementary legal resources covering specific topics (e.g. REMIT).

85 ACER will monitor the PPA market, updating its guidance and recommendations as needed to support the ongoing evolution of the EU's electricity market and its transition to a carbon-free future.

4. Recommendations and ACER's next steps

4.1. Recommendations

86 While the current PPA landscape offers a robust foundation with numerous advantages, there are significant areas for improvement to better serve all market participants. Based on the findings of this assessment, the following recommendations are proposed to further support the development and efficiency of the PPA market in the EU:

- **Regular updates to existing PPA templates.**

87 **Why:** Maintaining up-to-date templates ensures they continue to meet the evolving needs of the market, supporting legal compliance and relevance and enabling an efficient and robust PPA market.

88 **Who:** Market participants, industry organisations and service providers.

89 **What:** Ensure that existing PPA templates are regularly updated to align with the latest market developments and regulatory changes. ACER to collect and publish a list of existing templates publicly available, indicating when the last updates occurred.

90 **How:** Conduct revisions annually, informed by market monitoring and stakeholder feedback.

91 **Timeline:** Initial update within a year, with subsequent annual revisions.

- **Opening up and regulating PPA markets through national strategies**

92 **Why:** These actions will foster a more competitive and accessible PPA market, aiding in the EU's energy decarbonisation objectives and enhancing market stability.

93 **Who:** National governments and regulatory bodies in Member States

94 **What:** Develop and implement policies to create dynamic and inclusive PPA markets. This includes removing regulatory and administrative barriers, ensuring accessibility to financial instruments that mitigate buyer default risks, and supporting the participation of smaller enterprises and those facing entry barriers. This will contribute to a better management of financial risk exposure, thus reducing the costs of PPA projects, leading to a further development of renewable energy sources across Europe.

95 **How:** Member States should assess and address barriers to (long-term) PPAs, promote the uptake of such agreements, and establish guarantee schemes where necessary. Additionally, Member States should incorporate measures in their national energy and climate plans to facilitate the aggregation of demand and support public tenders that encourage PPA participation¹⁰.

96 **Timeline:** Assessment and initial policy implementation within 12 months, with ongoing monitoring and adjustments as needed.

- **Addressing structural barriers in the PPA market, accompanied by knowledge-sharing webinar.**

97 **Why:** Removing these barriers is essential for creating a conducive environment for PPAs, supporting the EU's decarbonisation goals and ensuring stable and more affordable energy

¹⁰ To learn more, please consult the [Regulation](#) of the European Parliament and of the Council amending Regulations (EU) 2019/942 and (EU) 2019/943 as regards improving the Union's electricity market design.

prices for consumers. A knowledge-sharing webinar, organised jointly with the relevant stakeholders, could serve as a valuable initiative to discuss the key-insights and main developments of the European PPA market. A discussion on templates for PPA contracts can be included in the agenda.

98 **Who:** Joint efforts by ACER and the European Commission (consult section 4.2. to learn more about the intertwined mandates of ACER and the Commission), public and private sectors, including national governments and industry associations.

What: Focus on overcoming structural barriers that hinder the PPA market's growth, such as the scarcity of new renewable energy projects, bottlenecks in project development, and legal and land permission challenges. A knowledge-sharing session might complement the forementioned effort.

99 While the introduction of additional ACER's voluntary PPA templates may not be necessary at this stage, there are several other targeted actions, listed above, that can significantly enhance the PPA market's development and efficiency.

100 These various other topics concerning PPAs that were raised but are beyond the scope of this publication, including barriers to unlocking the European PPA market, will be addressed in other ACER documents, such as the annual assessment of the PPA market, as they are crucial for the EU to create a more integrated, competitive, and sustainable electricity market that aligns with its decarbonisation goals and provides stable and competitive energy prices for consumers.

4.2. Annual assessment of PPA market

101 In line with Article 19b(1) of the Regulation, ACER is mandated to monitor the PPA market. As part of its annual report, published pursuant to Article 15(2) of Regulation (EU) 2019/942, ACER shall publish an annual assessment on the PPA market at both Union and Member State levels, with the first report planned for publication in Q4 2025.

102 To ensure a comprehensive and coherent oversight, ACER will work closely with the European Commission (EC) and with any other relevant European institution. The Commission, under the Electricity Market Design (EMD) Reform, Article 19a(10) of the Regulation, has been mandated to assess whether barriers persist in the PPA markets and whether there is sufficient transparency by 31 January 2026, and subsequently, every two years. This assessment will identify existing challenges and propose measures to eliminate barriers, ensuring a more efficient and accessible market for all stakeholders. The Commission may also provide specific guidance on removing barriers in the PPA markets, including addressing disproportionate or discriminatory procedures or charges that hinder market participation.

103 Moreover, in accordance with Article 19a(2) of the Regulation, the Commission will undertake a thorough review of the potential and viability of establishing one or several Union market platforms for PPAs. This review will explore the feasibility of these platforms being used on a voluntary basis and their interaction with existing electricity market platforms. It will also consider the benefits of demand pooling for PPAs through aggregation, offering a consolidated approach to market participation. Stakeholders can expect detailed findings and recommendations from the Commission on this subject, following extensive consultations.

104 Given the intertwined responsibilities of ACER and the Commission regarding the monitoring and assessment of the PPA market, ACER will engage in continuous dialogue with the Commission to align their activities over the upcoming months. This cooperation will ensure that both entities can leverage their respective insights and expertise, providing a more integrated and comprehensive analysis of the PPA market. By pooling their resources and knowledge with the Commission, ACER aims to deliver more accurate and actionable recommendations, thereby addressing any remaining barriers and promoting a more robust and transparent PPA market.

105 This coordinated approach is crucial for fostering a transparent, competitive, and resilient PPA market, which is essential for the broader goals of energy transition and sustainability within the EU. Through their combined efforts, ACER and the Commission will contribute to creating a more favourable environment for renewable energy investments, ultimately benefiting consumers and advancing the EU's energy and climate objectives.

4.3. Expert group on Power Purchase Agreements

106 The Expert Group on PPAs, active since spring 2024, will continue its advisory role to ACER on PPA-related issues.

107 While the group's initial focus was on advising on the need to develop ACER's voluntary templates for PPA contracts within the European energy market, it will now shift towards contributing to the annual assessment of the PPA market at both Union and Member State levels. This shift aligns with ACER's mandate to publish an annual assessment of the PPA market, starting in 2025.

4.4. Potential additional actions

108 ACER acknowledges the feedback from stakeholders and recognises the importance of addressing their needs and concerns regarding PPAs. The suggestions for additional actions, such as organisation of knowledge-sharing workshops, the development of legal clauses, and regular updates to existing templates, have been carefully noted.

109 In response, ACER will evaluate the need and feasibility of implementing these recommendations over the upcoming months and years. This evaluation will include a comprehensive analysis of the potential benefits and challenges associated with each proposed action. ACER plans to engage with potential partners, including industry experts and associations, regulatory bodies, and market participants, to ensure a collaborative and thorough approach.

110 By considering these additional actions, ACER aims to enhance the current framework for PPAs, making it more effective and supportive for all stakeholders involved.

111 Regular updates will be provided on ACER's website and via the newsletter, to keep stakeholders informed about progress and upcoming initiatives. Through these efforts, ACER is committed to fostering a more robust and dynamic PPA landscape in the EU energy market.

5. Annex I: Glossary

- 112 'Electricity market' means electricity markets as defined in Article 2, point (9), of Directive (EU) 2019/944;
- 113 'Energy from renewable sources' or 'renewable energy' means energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, osmotic energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas;
- 114 'Existing voluntary templates' refers to standardised contract templates developed by industry associations, such as Energy Traders Europe (previously known as EFET) and the International Swaps and Derivatives Association (ISDA), as well as national templates. These templates are freely available to parties interested in entering a Power Purchase Agreement (PPA);
- 115 'In-house templates' refers to those templates created and developed internally by companies and not available to the public;
- 116 'Market participant' means a market participant as defined in Article 2, point (25), of Regulation (EU) 2019/943;
- 117 'Power purchase agreement' or 'PPA' means a contract under which a natural or legal person agrees to purchase electricity from an electricity producer on a market basis;
- 118 'Regulatory authority' means a regulatory authority as defined in Article 2, point (2), of Regulation (EU) 2019/943;

6. Annex II: Evaluation of responses to the public consultation on the introduction of voluntary templates for Power Purchase Agreements in the EU energy market

Access the [Evaluation of responses](#).

Access the [responses](#).