

Concept Paper

On-line Training of Stakeholders on “Power Purchase Agreements of Renewable Energy Projects”

Introduction:

A Power Purchase Agreement (PPA) often refers to a long-term electricity supply agreement between two parties, usually between a power producer and a power purchaser. The PPA defines the conditions of the agreement, such as the amount of electricity to be supplied, negotiated prices, risk coverage, accounting, and penalties for non-compliance.

In the past, conventional fossil-fuel based Independent Power Producers (IPPs) projects usually have standardized take-or-pay energy purchase models. However, today’s Renewable Energy (RE) markets demand more specific energy purchase models to ensure affordability, availability and reliability of renewables-based energy generation projects. Despite the huge potential of renewables in the SAARC Region, the lack of bankable RE projects remains a key barrier for the uptake of RE in the region. The bankable RE projects could be attributed to well drafted PPAs which should include provisions for a sound payment mechanism, adequate pricing structures, risk coverage etc. Thus, creating a win-win scenario for power producers, power purchasers and the investors. SAARC Member States need to master on new energy purchase models for transforming to RE generation while strengthening their existing energy markets.

In order to enhance the expertise of the Member States, SAARC Energy Centre is organizing online training of stakeholders on Power Purchase Agreements of RE Projects. The training will focus on new models of Renewable Energy Power Purchase Agreements (RPPAs) for managing more competitive energy markets and practical approaches for attracting private investments for RE projects. The training will also include series of case studies on PPA contracts, financial transaction mechanisms, and energy trading in competitive energy markets. The training will be based on presentations and interactive discussion sessions. It will be attended by professionals from each SAARC Member State.

Training Sessions and learning objectives

The aim of this online training is to enhance capacity of SAARC professionals engaged in RE sector to prepare and negotiate the RPPAs focusing on competitive energy market regimes. After getting this training, these professionals should be equipped with the necessary knowledge and expertise to devise the terms and conditions of RPPAs including key features/components of RPPA contract, pricing structure, payment mechanism, risk assessment and coverage etc. The

training program on Power Purchase Agreements of Renewable Energy Projects will comprise of nine sessions spread over 5 days. Following are details of training sessions and learning objectives:

Sr No	Training Session	Learning objectives
1.	Review of competitive power markets in SAARC Region in increasing renewable energy (RE) scenarios	The participants will learn about historical development and status of competitive power markets in the SAARC Region. The importance and the requirements for establishing quality competitive power markets in increasingly RE-dominated scenarios will also be discussed
2.	Different models of RPPA and strategies for the design and regulation of RPPAs	This session will acquaint the participants not only with conceptual understanding of the RPPAs but also with their practical design aspects. The session will also focus on the legal design of RPPAs
3.	Mechanisms for analyzing and negotiating RPPAs	The participants will learn about various frameworks and mechanisms for analyzing and negotiating RPPAs, including: Market price floor, Capacity buydown, Assignment rights, Seller's security, Availability guarantee, Production guarantee, Seasonal guarantees, Fixed volume settings, etc.
4.	Risk assessment and mitigation techniques for RE Projects	This session will provide the participants with concepts and tools for conducting risk assessment for long term RE projects
5.	RPPA's financing structures and bankability requirements for RE Projects	This session will provide the participants with some conceptual as well as practical strategies for enhancing the bankability of the RE projects with appropriate RPPA financing structures.
6.	Roles and obligations of parties in RPPAs and dispute settlement mechanisms	This session will give the participants an overview of the frameworks for coordination amongst the various stakeholders, as well as the applicable dispute resolution mechanisms
7.	Operations, maintenance, and decommissioning provisions in RPPAs	This session will focus exclusively on the operations, maintenance, and decommissioning provisions in RPPAs.
8.	Case Studies of regional and international competitive markets based RPPA models	Case studies of regional and international competitive markets where RPPA models have been successfully implemented will be discussed in detail with the participants
9.	Mock regulatory sessions	The objective of this session will be to conduct mock regulatory proceedings, where the questions and processes that regulatory commissions in SAARC may

Sr No	Training Session	Learning objectives
		<p>follow while evaluating the RPPAs will be emulated. Through this session the participants will become familiar with the key considerations that go into approval of RPPAs</p>

Target Audience

The sessions are designed for policy and decision makers, regulators, project developers and project managers, private sector investors, academia/researchers, Independent Power producers (IPPs) etc.

Training Dates and Timings

The training will be conducted online from **Monday 8th November till Friday 12th November, 2021**. The detailed training schedule will be shared with the participants one week before the training.

Training Venue

This on-line training shall be broadcasted from the office of SEC, Islamabad. The participants will be provided with the web link to join the training.

For more information, please contact the following SEC professional:

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