CONCEPT

Power Purchase Agreements (PPAs): Commercial Structure, Key Clauses and Risk Allocation

16 – 20 November 2026
Paris - Right Bank business hotel



Power Purchase Agreements (PPAs): Commercial Structure, Key Clauses and Risk Allocation

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Introduction:

Power purchase agreements decide whether a generation project earns predictable revenue or absorbs risks its owners never priced: unpaid curtailment, weak change-in-law relief, thin termination compensation or an offtaker without credit support. This Core Concept course covers power purchase agreement structures for independent power and renewable projects, from utility-scale and corporate PPAs through capacity and energy tariffs, take-or-pay, dispatch, deemed energy, force majeure, termination and bankability to interfaces with EPC, O&M, land and fuel contracts. Participants produce a PPA Term Sheet Review and Risk Allocation Matrix for a live or sample transaction.

Course Objectives:

- Explain how a power purchase agreement allocates revenue, volume, price and credit risk between generator, offtaker and lenders in utility-scale and corporate transactions
- Analyse a tariff structure made of capacity and energy payments, indexation and pass-through items and judge whether it recovers fixed and variable costs
- Review take-or-pay, dispatch, availability, curtailment and deemed energy clauses and identify where volume risk sits under each drafting option
- Assess change in law, force majeure, termination and compensation provisions against the protection lenders and sponsors need
- Map interface risks between the PPA and the EPC, O&M, land lease, grid connection and fuel supply agreements and propose back-to-back solutions
- Prepare a negotiation position and a PPA Term Sheet Review and Risk Allocation Matrix for a generation project

Target Audience:

- Commercial managers responsible for structuring and pricing offtake arrangements for power generation assets
- In-house legal counsel responsible for drafting, reviewing and negotiating power sale and project agreements
- Project development managers responsible for moving generation projects from bid to financial close
- Finance and treasury managers responsible for revenue assurance, credit support and lender requirements
- Energy procurement managers responsible for buying long-term renewable electricity for corporate portfolios
- Utility and single-buyer contract managers responsible for administering offtake contracts with independent producers

Course Outline:

Day 1: PPA Fundamentals and the Power Market Context

- Role of the PPA in Independent Power Producer and Renewable Project Structures
- Single-Buyer, Wholesale Market and Bilateral Contract Models for Electricity Sales
- Utility-Scale PPA Parties Map: Seller, Offtaker, Lenders, Grid Operator and Government Support
- PPA Term, Contract Year Definitions and Commercial Operation Date Milestones
- Current-State Review of a Sample PPA Against a Clause Checklist

Day 2: Tariff Structures, Corporate PPAs and Pricing Models

- Two-Part Tariff Design: Capacity Payment and Energy Payment Components
- Tariff Indexation to Inflation, Exchange Rates and Fuel Price Pass-Through
- Pay-as-Produced, Baseload and Shaped Delivery Profiles for Renewable Output
- Corporate PPA Structures: On-Site, Sleeved Physical and Virtual Contract-for-Difference Settlement
- Renewable Energy Certificates, Guarantees of Origin and Green Attribute Transfer Terms

Day 3: Volume Risk: Take-or-Pay, Dispatch, Availability and Deemed Energy

- Take-or-Pay and Take-and-Pay Obligations with Minimum Offtake Quantities
- Dispatch Instructions, Ramp Rates and Scheduled and Maintenance Outage Allowances
- Availability Guarantees, Liquidated Damages and Capacity Payment Reductions
- Curtailment Categories and Compensation for Grid, Economic and System Security Events
- Grid Connection Delay, Deemed Commissioning and Deemed Energy Payment Calculation

Day 4: Change in Law, Force Majeure, Termination and Bankability

- Change in Law Relief Mechanisms: Tariff Adjustment, Cost Pass-Through and Thresholds
- Natural and Political Force Majeure Allocation with Relief and Extension Rules
- Seller and Offtaker Events of Default, Cure Periods and Termination Rights
- Termination Compensation Formulas: Debt, Equity Return and Buy-Out Options
- Credit Support Package: Letters of Credit, Parent Guarantees, Escrow and Direct Agreements

Day 5: Case Study: Interface Risks, Negotiation and the Term Sheet Review

- EPC, O&M, Land Lease and Fuel Supply Back-to-Back Interface Risk Register
- Case Study: Solar Utility-Scale PPA Draft Issue List and Mark-Up Priorities
- Case Study: Corporate Virtual PPA Price, Basis and Shape Risk Evaluation
- Negotiation Planning Matrix: Must-Haves, Trade-Offs and Walk-Away Positions
- PPA Term Sheet Review and Risk Allocation Matrix Presentation and Peer Challenge

Skills You Will Gain:

- Offtake Risk Allocation
- Capacity and Energy Tariff Analysis
- Volume Risk Clause Review
- Curtailment Compensation Assessment
- Termination Compensation Evaluation
- Credit Support Structuring
- Project Contract Interface Mapping
- PPA Negotiation Planning

Why Attend This Course:

- Return with a PPA Term Sheet Review and Risk Allocation Matrix built on a solar or corporate PPA case and challenged by peers
- Spot the clauses that leave curtailment, grid delay or change in law costs with the seller before a draft reaches lenders
- Enter PPA negotiations with a ranked issue list, trade-offs and walk-away positions agreed across commercial, legal and finance teams
- Compare offtake practice with developers, utilities, corporate buyers and advisers from thermal and renewable generation

Conclusion:

A power purchase agreement is the revenue contract that every other project agreement and every lender relies on. The week moves from PPA roles and market models through two-part tariffs, indexation and corporate PPA structures to volume risk, curtailment and deemed energy, then change in law, force majeure, termination compensation and credit support. The final day applies each clause to solar and corporate PPA cases, maps interfaces with EPC, O&M, land and fuel agreements, and ends with a PPA Term Sheet Review and Risk Allocation Matrix ready for internal approval.