

The background of the slide features a close-up, low-angle view of a large array of blue solar panels in the foreground, and a white wind turbine tower and nacelle extending upwards against a clear blue sky with some light clouds. The EFET logo is positioned in the top left corner of the slide.

**EFET** European Federation  
of Energy Traders

# Introduction to the EFET standard PPA

**Dr. Jan Haizmann**

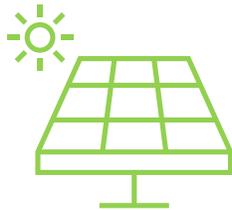
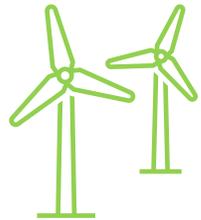
24 February 2026



## Agenda

- Rationale of PPAs
- Introduction of the EFET standard PPA
- Mechanics of the EFET PPA
- Current PPA issues around CBAM
- Way forward

# What is a PPA?



**Renewable energy producer**

Long-term revenue stabilisation mechanism, which improves the bankability of a RES-project

## Commercial contract



- Agreed price (fixed or variable)
- Agreed volume (pay-as-produced or baseload)
- Pre-defined period (usually 5-15 years)
- Usually includes transfer of GoOs

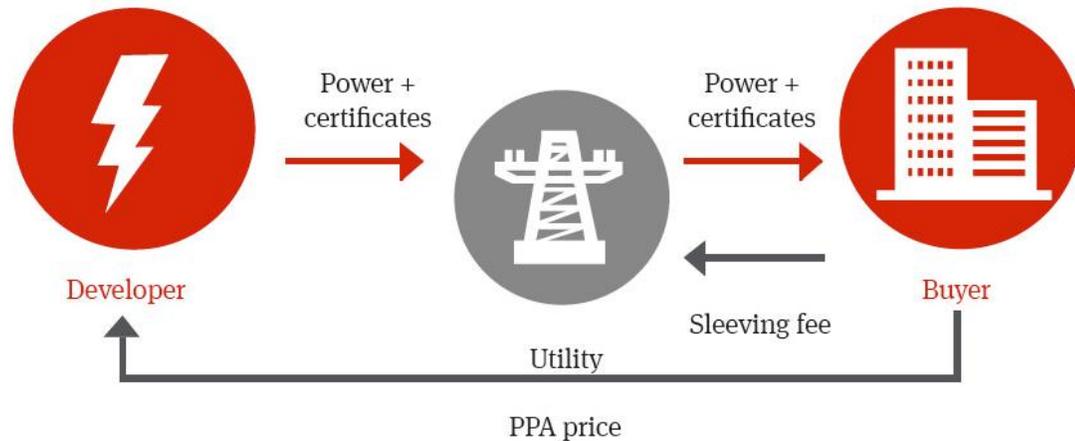


**Corporate off-taker/  
intermediary**

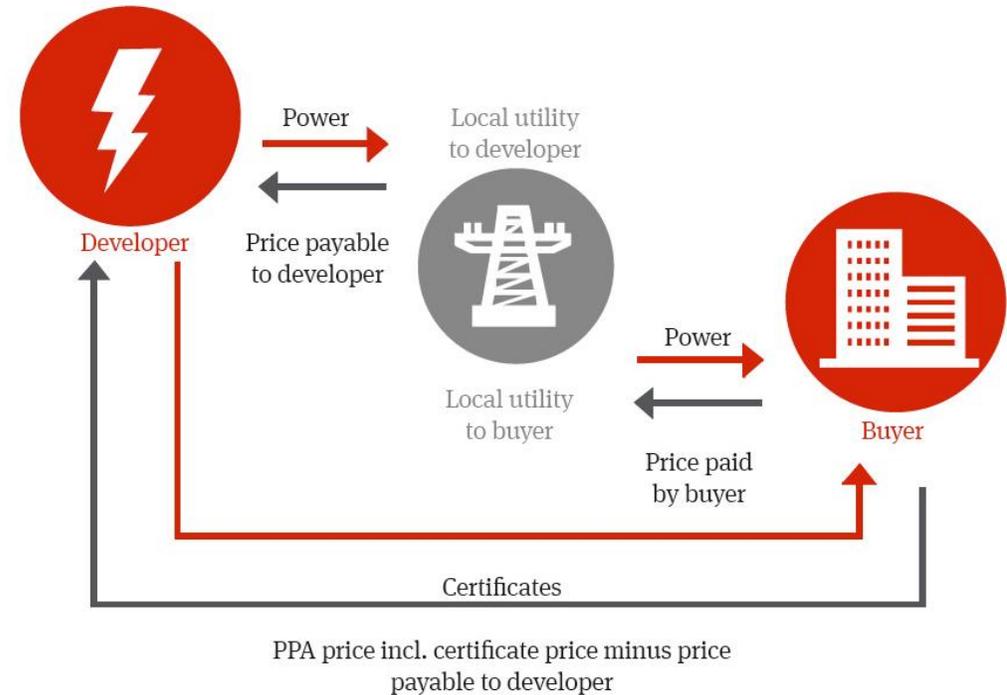
# Some common PPA structures

## Physical / Sleeved PPA

- On-site-off-site

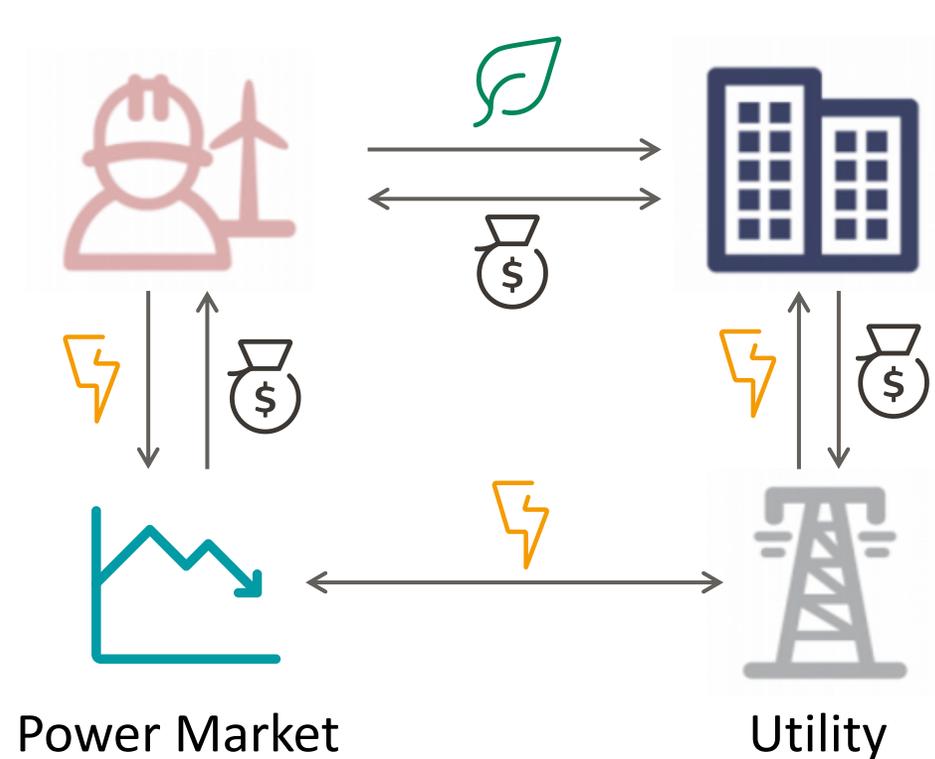


## Virtual / Synthetic PPA



# Financial PPA (virtual)

- Problem is pricing over a length of contracting period
- The buyer agrees to purchase a project's output and associated GoOs at fixed PPA price
- The offtaker does not receive, or take legal title to, the electricity and in this way, it is a "virtual" PPA.
- When the floating market price exceeds the fixed PPA price, the developer passes the positive difference to the buyer. When the inverse is true, the buyer must pay the developer the difference
- PPA creates a hedge that fixes the power price both parties will receive irrespective of the floating market price



- Increase of PPA transaction activity across Europe
- Length of negotiations & high transaction costs associated with the PPA closing
- Regulatory uncertainty and lack of harmonisation
- Diversity of PPA contracts
- Challenging risk allocation (volume, price, creditworthiness, imbalance)

**CALL FOR PPA  
STANDARDISATION**



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**PART II (General Provisions) of the  
Individual Power Purchase Agreement**

**§ 1.  
Subject of Agreement**

1. **Type of Settlement:** This power purchase agreement ("Agreement") governs:

- (a) if Physical Settlement is specified as applying in Section A of Part I (Individual Terms), the purchase, sale, delivery and acceptance of the Contract Quantity of electricity from the Seller to the Buyer; or
- (b) if Financial Settlement is specified as applying in Section A of Part I (Individual Terms), this Agreement governs the obligation of each Party to reimburse the other Party, as applicable, for the Price Differential (if any), and

both in the case of Physical Settlement or Financial Settlement, the purchase, sale, the Delivery and acceptance of the Contract Quantity of Certificates from the Seller to the Buyer.

2. **Balancing Services:** If specified as applying in Section B of Part I (Individual Terms), this Agreement additionally governs the provision of the Balancing Services by the Buyer to the Seller.

**§ 2.  
Definitions and Construction**

1. **Definitions:** Terms used in this Agreement shall have the meanings set out in the Annex (*Defined Terms*) or the EECS Rules.

2. **Inconsistencies:** In the event of any inconsistency between the provisions of Part I (*Individual Terms*) and the provisions of Part II (*General Provisions*) of this Agreement, the provisions in Part I (*Individual Terms*) shall prevail. In the event of any inconsistency between the definitions of the EECS Rules and the definitions of this Agreement, the definitions in this Agreement shall prevail. Subject to the preceding, in the event of any inconsistency between the provisions of this Agreement and the provisions of a Support Agreement and/or a Direct Agreement concluded between the Parties or between the Parties and a third party, the provisions of the Support Agreement and the Direct Agreement shall prevail.

3. **Interpretation:** Headings and titles are for convenience only and do not affect the interpretation of this Agreement.

4. **References to Time:** Unless otherwise specified in Section B of Part I (Individual Terms), all references to time shall be to Central European Time.

Part II - 1

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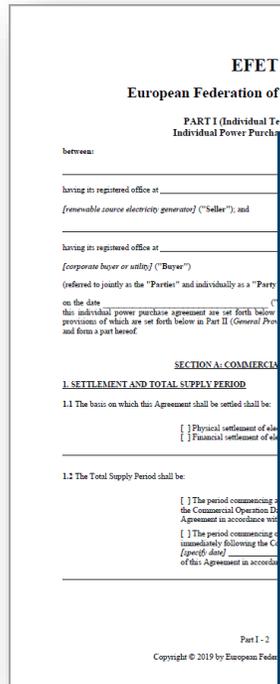
# EFET standard Power Purchase Agreement first of its type

- Developed by EFET in cooperation with RE-Source Platform and launched in 2019
- The contract covers the most common types of renewable energy corporate PPA-transactions
- Freely available, open source and regular reviews through EFET LC
- Translated into other languages (German, Spanish, Italian, French, Polish, **new: Bulgarian, Romanian**)
- Guidance notes for the national PPA markets available on [Energy Traders Europe - Energy Traders Europe](#) for free
- Inclusion in the RE-Source Toolkit for corporate buyers in 2019

# PPA Architecture

## Part I: Individual Terms

Leaves room for parties to negotiate commercial terms

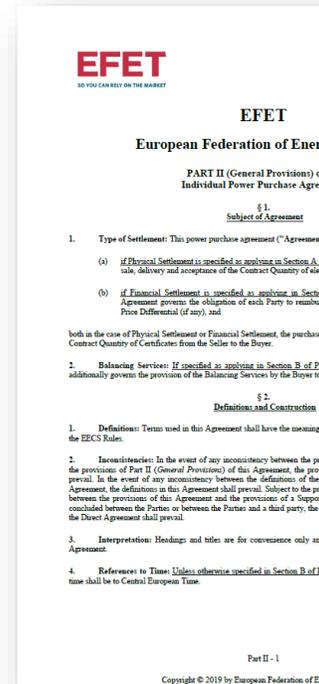


### Part I individual terms:

- Volume
- Price formula
- Settlement (physical/ financial) and supply period
- Certificates
- Balancing
- Elections for the purpose of Part II

## Part II: General Provisions

Saves time and reduces risk in negotiating general provisions



### Part II General Provisions:

- Definitions
- Forecasting and outages
- Delivery
- Force majeure
- Governing law
- dispute resolution
- Change in Law
- Termination rights and calculation of termination amount
- Insurance
- Limitation of liability
- Invoicing, payment
- VAT and taxes

# Change Events and Risk Attribution

Force Majeure	Generator risk events	e.g. supply chain, equipment defect
	Small-scale FM below output reduction threshold	
Change in Law	Product no longer exists or can be delivered	e.g. GoO discontinued, electricity to be traded in central market
	Increased costs or tax	e.g. change in corporate tax, auction cost for GoOs
Change in Reference Price Source	New benefit or tax exemption or reduction	e.g. PPA tax rebate
	Exchange is no longer liquid	
Material Change in Market	Different Generator Shareholder	e.g. competitor, inexperienced, sanctioned, less credit worthy
	Different Generator O&M Contractor	
Material Change - Seller	Generator Credit Support Provider Credit Event	
	Different Balancing Services Provider	e.g. BRP costs increase
Material Change - Buyer	Buyer Credit Event	e.g. reduction in credit rating or tangible net worth

# Closer look @ Individual Terms:

## Customizing as key feature (Section 31 Governing Law)

### § 31

#### Governing Law and Dispute Resolution

§ 31.1 Governing Law: *[delete as appropriate, or otherwise specify]*

§ 31.1(a) English Law: This Agreement shall be construed and governed by English law, excluding any application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980; or

§ 31.1(b) German Law: This Agreement shall be construed and governed by the substantive law of the Federal Republic of Germany, excluding any application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980; or

§ 31.1(c) Other: *[specify]*

**PPA anticipates application on local law, Guidance Notes serve the purposes of adapting text**

## Guidance Notes are designed to inform the PPA users where:



PPA is governed by national law and/or English/German as default laws



The Facility (Seller's electricity generation plant) and/or the electricity consumption unit of the Buyer are located in a particular EU-member state and connected to the national power grid; and/or



**The PPA is mirrored against national law and its enforceability is analysed**

**The PPA has been used in various markets by large utilities and will contribute to**

**Accelerating RES-growth through an emerging PPA-landscape in Europe**

## Nextsteps

### PPA needs to be amended to the concrete situation



PPA cannot be subject to “hard standardization” as master agreement as underlying project scenarios and applicable law are different



However, PPAs can share language / standard terms and standard clauses to be used by contracting parties



PPAs are now the EU flagship of decarbonization and at the same time constrained by CBAM, notably in CEE/SEE



## CBAM Issues



CBAM does not provide for electricity delivered through a PPA to be exempted from tariff



There is no “CBAM compliant PPA”. No one can be compliant with CBAM without co-operating TSO



PPA projects with X-border delivery face increasing financial uncertainty



## CBAM Issues



RES from green PPAs is currently not exempted, X-border flows from Non-EU to EU poses issues



Importer from Non-EU electricity via PPA would need to prove non-congestion at borders



Current situation could lead to material charges + disturbance of physical supply – urgent advocacy around Par 27a needed

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of Energy Traders

**Thank you for your attention!**

**Dr. Jan Haizmann LL.M. - Managing Director**

**contact [j.haizmann@correggio-consulting.eu](mailto:j.haizmann@correggio-consulting.eu)**

