



Power Purchase Agreement from  
Commercial and Legal Perspective



25 - 29 November 2024  
Paris (France)



# Power Purchase Agreement from Commercial and Legal Perspective

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## Introduction:

The Power Purchase Agreement PPA, a complicated element of an energy project, can be utilized to buy both renewable and non-renewable energy. If a project is to succeed, negotiating a bankable Power Purchase Agreement is crucial.

A PPA must consider the current regulatory environment and have clauses that lock in pricing and quantity as well as manage risk factors because the agreement typically lasts for 20 to 30 years. Participants in this workshop will leave with a detailed understanding of the key clauses and a road map for navigating a PPA.

In order to elaborate on the contractual, commercial, and risk management concerns that will unavoidably need to be handled in a PPA, this Power Purchase Agreement from Commercial and Legal Perspective online training course will use a wide range of Power Purchase Agreements and case studies. How successfully a PPA is negotiated and carried out will have a significant impact on the outcome of an energy project. The skills to accomplish this are what this online training course attempts to provide for learners.

The participants will take an interactive online training course that includes discussions of various case studies from around the globe, reading sample Power Purchase Agreements, and involvement in a simulated PPA negotiation.

## Course Objectives:

At the end of this course, the participants will be able to:

- Examine the Power Purchase Agreement document's structure as well as the clauses of a Power Purchase Agreement.
- Recognize the business and legal ramifications of the negotiation and implementation of a PPA
- Learn about the various Electricity Purchase Agreements that are used to implement power projects.
- Apply successful tactics to PPA negotiation, execution, and implementation
- Recognize the many factors to take into account when implementing risk management measures, as well as how liability is allocated and limited between energy sellers and buyers.
- How to draft a power purchase agreement that addresses all the important concerns raised by instances of timetable delays, cost overruns, poor quality, price volatility, and many other real-world problem scenarios.

## Targeted Audience:

- Business Analysts
- Business Development and Marketing Managers
- Commercial Managers
- Consultants
- Contract Managers
- Corporate and Project Financing Personnel
- Economists
- Accountants
- Engineers
- External Legal Counsel

## Course Outlines:

### Unit 1: Power Purchase Agreement - Introduction & Main Features

- Introduction to the Energy Industry and the role of the Power Purchase Agreement
- Profile of the Project - Parties
- Different Project Structures & Business Models - Lease, License, Concession, BOT, BOO, BOOT
- Special Purchase Vehicle SPV Purpose and Role
- Generator Covenants
- Assignments Rights
- Licenses
- Metering, Measurement, and Verification
- Indemnifications
- Purchaser Covenants
- Price and Payment
- Avoided Peak Demand Payments
- Liquidated Damages

### Unit 2: Essential Clauses in a Power Purchase Agreement

- Term and Extension
- Performance Guarantees
- SPV's Construction & Development Obligations
- Contracted Capacity & Energy
- Representations & Warranties
- Insurances Required
- Maintenance and Scheduled Outages
- Commissioning and Commercial Operations Commencement
- Early Termination Rights & Events of Default
- Off-taker Step-in Rights
- Force Majeure Provisions
- Disclaimers and Limitations of Liability & Indemnification
- Subsidies
- Change in Law
- Transfer of Ownership Rights, Assignments, Novations
- Law & Jurisdiction

### Unit 3: Risk Assessment in a Power Purchase Agreement

- Liquidated Damages - Delay and Performance
- Performance Bonds
- Retentions
- Variation Orders and Cost Overruns
- Dealing with Political Risk
- Dealing with Currency Exposures
- Minimum & Maximum Delivery Obligations
- Buyer Default
- Seller Default
- Sovereign Risk
- Change in Tax Law

## Unit 4: Commercial Aspects of a Power Purchase Agreement

- Price, Volume & Tariffs
- Metering
- Take or Pay Obligations
- Shape or Profile Risk
- Balancing Risk
- Credit Risk
- Tenor Risk
- Managing Lender Expectations

## Unit 5: Negotiation of a Power Purchase Agreement & Dispute Resolutions in PPA

- Negotiate the Best Power Purchase Agreement
  - Prepare a Term Sheet
  - Set Framework for Negotiations
  - Balance Buyer's and Seller's Needs
  - Know your BATNA
  - Focus on Interests not Positions
  - Reach Sustainable Agreement
- Negotiation
  - Negotiate on Key Milestones to be Achieved & Penalties for Failures
  - Negotiate Performance Guarantees
- Dispute Resolution
  - Different Types of Dispute Resolution
  - Litigation
  - Mediation
  - Arbitration
  - Expert Determination