## Locke Lord

## Latest Developments in PPA and Energy Hedge Agreements

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# Recent System Shocks Unveil Issues in PPAs

**Black Swan Events:** 

"Unpredictable with widespread impacts"

**List of Black Swan Events** 

Political Action (UFLPA, Ukraine)

Covid-19

Uri

Harvey

3-5 Yrs

Political Action (Saudis v Fracking)

North Texas Freeze

Ike & Financial Crisis

**SARS** 

Terrorist Attacks

Asian Financial Crisis

<mark>2022-</mark>2023

<mark>2019~</mark>2022

2021

2017

20142011

2008

2003

2001

1997

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# Black Swan Events, So What? Duration of Renewable PPAs 7-20 Year Range Very likely to be stressed during the term How are they being stressed? Weather Supply Chains Technology Developments Political Action Financial vs. Physical Impacts

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Force Majeure

Others...

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## PPA / VPPA Terms

- Non-Energy Attributes
  - Concepts currently undergoing dynamic changes
    - Attributes, benefits, credits, offsets, tags...
    - Compliance v. voluntary obligations
    - Ancillary services, revenue rights, performance credits, others...
  - Definitions or concepts commonly found in existing PPAs:
    - Environmental Attributes, Renewable Energy Credits, Tax Attributes, Tax Credits, Carbon Offsets, Carbon Credits, Emissions Credits, etc.

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## PPA / VPPA Terms

 How will an existing agreement address any of the newly created attributes?

What phone did you have and what was going on when that agreement was entered into?

2005: Blackberry Katrina

2010: iPhone 4 Macando

2015: iPhone 6S Ukraine Ceasefire

2020: iPhone 12 Covid Lockdown

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<u>Answer Bar: Navigating a Renewable Energy Project</u>

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