The Nordic PPA term sheet

A PPA is a long contract, but it turns on ten choices. This sheet names them, with the usual options and one line on what each choice means. Use it to agree the shape of a deal before the lawyers write it. The wording is the same as on a Symbolon listing.

Indicative, not legal advice. The options and what is “usual” describe the Nordic market as we see it; the agreement itself is written and checked by the parties’ own lawyers. Symbolon is not a party to any PPA.

01 Physical or virtual

Whether power is actually delivered, or only the price is settled.

Physical (sleeved)	The power goes to the buyer through a utility that fits it into the supply. One electricity bill.
Virtual (financial)	Nothing is delivered. The parties settle the difference between the agreed price and the market price each month.

Usually: Virtual for companies with sites in several price areas; physical when one utility already handles the supply.

02 Volume structure

How much power the buyer takes, and when.

Pay-as-produced	The buyer takes what the plant produces, hour by hour. Simplest for the producer; the buyer carries the weather.
Baseload	A flat amount every hour. Someone fills the gaps and sells the surplus, and prices that in.
Pay-as-consumed	Volume follows the buyer’s consumption. Rare, and priced accordingly.

Usually: Pay-as-produced, sometimes with a battery to cover more hours.

03 Price

What the buyer pays per MWh, and whether it moves.

Fixed price	One price for the whole term, in €/MWh. Full predictability for both sides.
Indexed	A price that follows an index, for example inflation or a share of the market price.
Floor and cap (collar)	The market price, but never below a floor or above a cap. Both sides keep some upside.

Usually: Fixed, settled against the day-ahead price in the plant’s price area.

04 Term and start

How many years, and from when.

5 to 10 years	The common range today. Shorter terms are rising as prices move.
10 to 15 years	What a new plant needs for its financing. Usually priced lower per MWh.
Start date	A fixed date for an operating plant; the commercial operation date (COD) for one under construction, with a long-stop date if it is late.

05 Hours with a negative power price

Who carries the loss when the spot price drops below zero.

Seller bears it	The plant stops or takes the loss. Common where the producer controls the plant.
Buyer bears it	The buyer pays the agreed price even in those hours. Lowers the headline price.
To be agreed	Often: the plant curtails in negative hours and no power is delivered or settled.

Usually: Several hundred negative hours a year in Denmark; this clause is never left out.

06 Balancing responsibility

Who pays when production misses the forecast.

Seller	The producer, or its trader, forecasts and pays the imbalance. Built into the price.
Buyer	The buyer takes the forecast risk. Only for buyers with their own trading desk.
Utility / trader	A third party takes it on for a fee. The usual answer in a physical PPA.

07 Curtailment

What happens when the plant is told to turn down.

Grid-ordered	The grid operator orders it. Usually the producer’s risk, with no volume owed.
Market-driven	The producer turns down because prices are negative. Follows the negative-price clause.
Compensation	Whether lost volume is compensated, and at which price.

08 Guarantees of origin

Whether the green certificates follow the power.

Included	The GOs are cancelled for the buyer. Needed for any renewable claim in the buyer’s reporting.
Sold separately	The buyer gets power only. The producer sells the GOs elsewhere, and the price is lower.

Usually: Included. Without them the buyer cannot report the power as renewable.

09 Change of law and credit support

Who carries a change in taxes or rules, and what secures the payments.

Change of law	Which party carries new levies or rule changes. Lenders want the plant's cash flow protected.
Parent guarantee	A parent company guarantees the buyer's payments. The lightest form of security.
Bank guarantee	A bank stands behind a number of months of payments. Often asked of smaller buyers.

10 Default and termination

What ends the agreement, and what it costs.

Events of default	Unpaid invoices, insolvency, the plant not being built by the long-stop date.
Cure period	How many days a party has to fix a breach before the other may terminate.
Termination payment	How the remaining value of the agreement is settled if one side ends it early.

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