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Presentation,
Dansk Industri

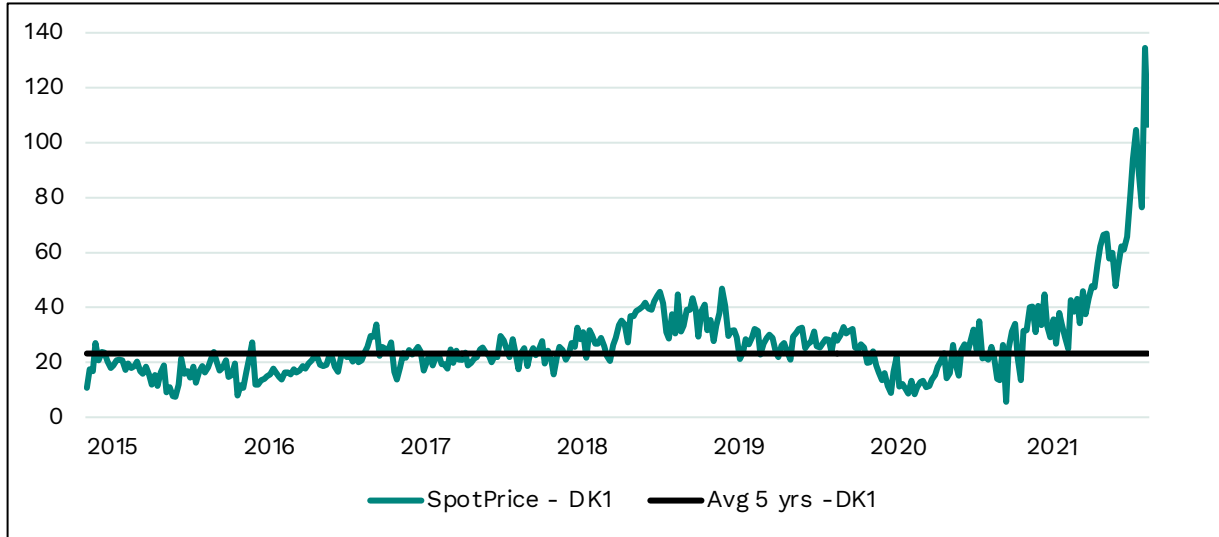
15-10-2021

Frederik Lohmann Jensen



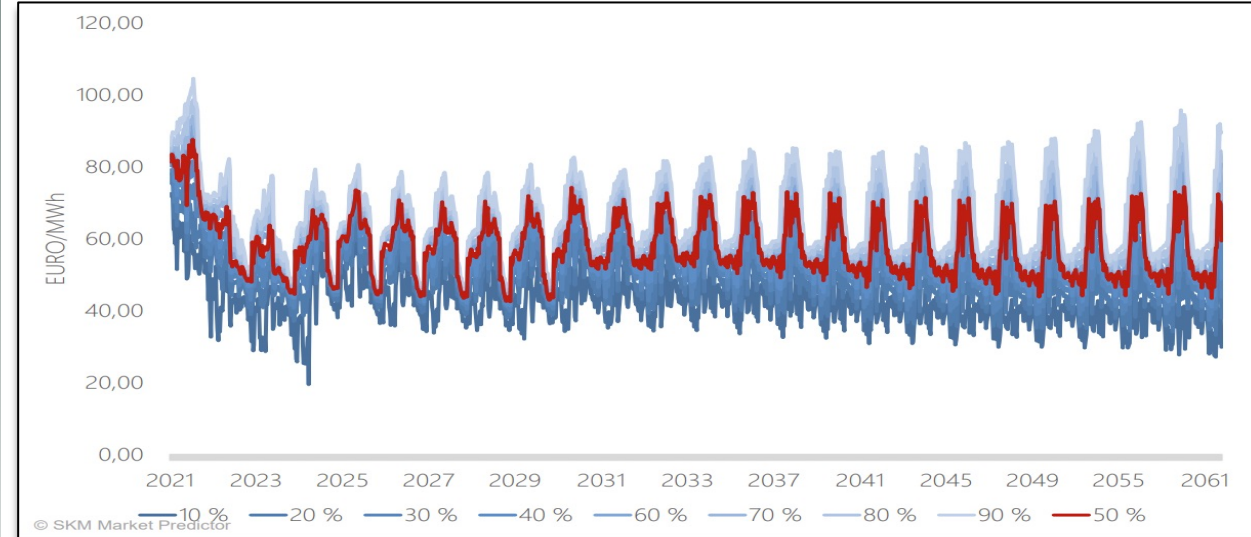
Current price levels

DK1 weekly spot price (Øre/KWh)

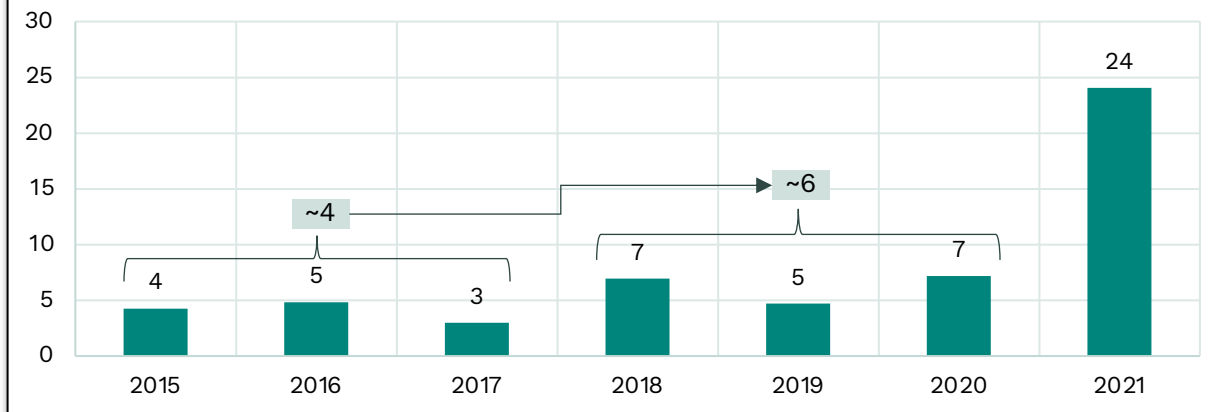


Price outlook

DK1 weekly spot price forecast (EUR/MWh)



Volatility Øre/KWh (Standard deviation)



- Volatility for power prices has increased in the last 6 years
- Increased share of renewable energy in the system predicts increased volatility
- Floor on the power price predicted as electrolyzers kick in post 2030
- Both producers and consumers hit by price fluctuations



Why a PPA?

A PPA is a long term energy supply contract with a fixed electricity price

The producer:



- Power price exposure removed
- Guaranteed a stable return
- Helps acquiring financing
- May push the project to FID
- Post subsidy revenue opportunity

The consumer:



- Power price exposure removed
- Consuming green energy, enhancing positive ESG profile
- Supporting the build-out of renewables capacity
- True additionality¹ – your PPA makes a difference

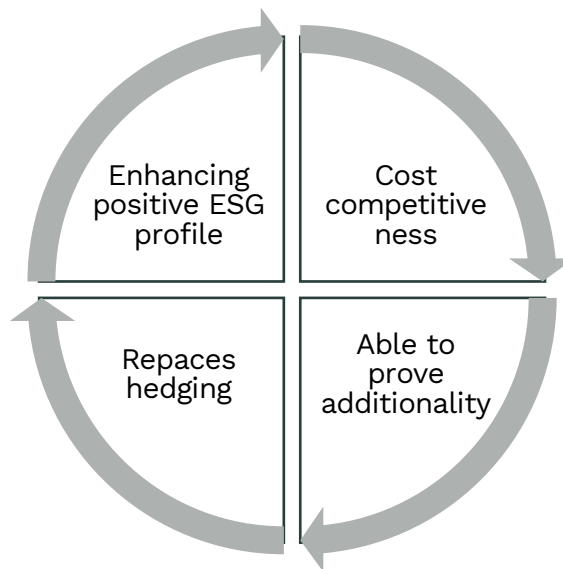
Stable return



Aids financing



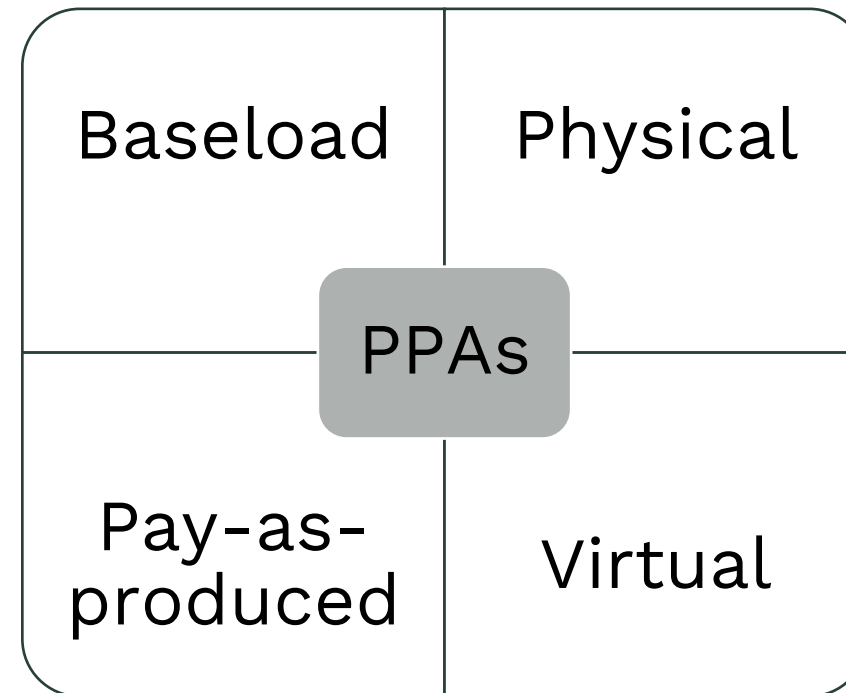
Project FID secured



Which PPA?

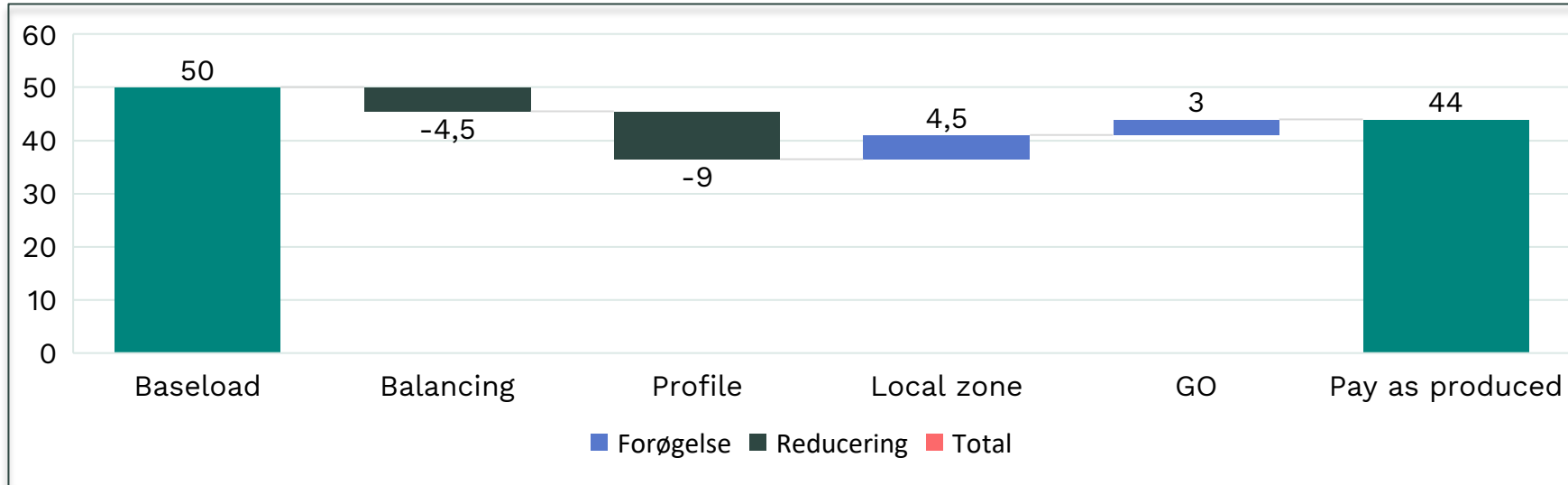
Delivery format

Contract type



¹ **Additionality** describes renewable energy generation that is **truly new**. E.g., companies responsible for **financially developing** renewable generation sources, as opposed to buying into what is already available, can claim **additionality**. These projects have a material **impact on displacing global emissions** by reducing conventional fossil sources of generation on the grid. – *Schneider Electric*

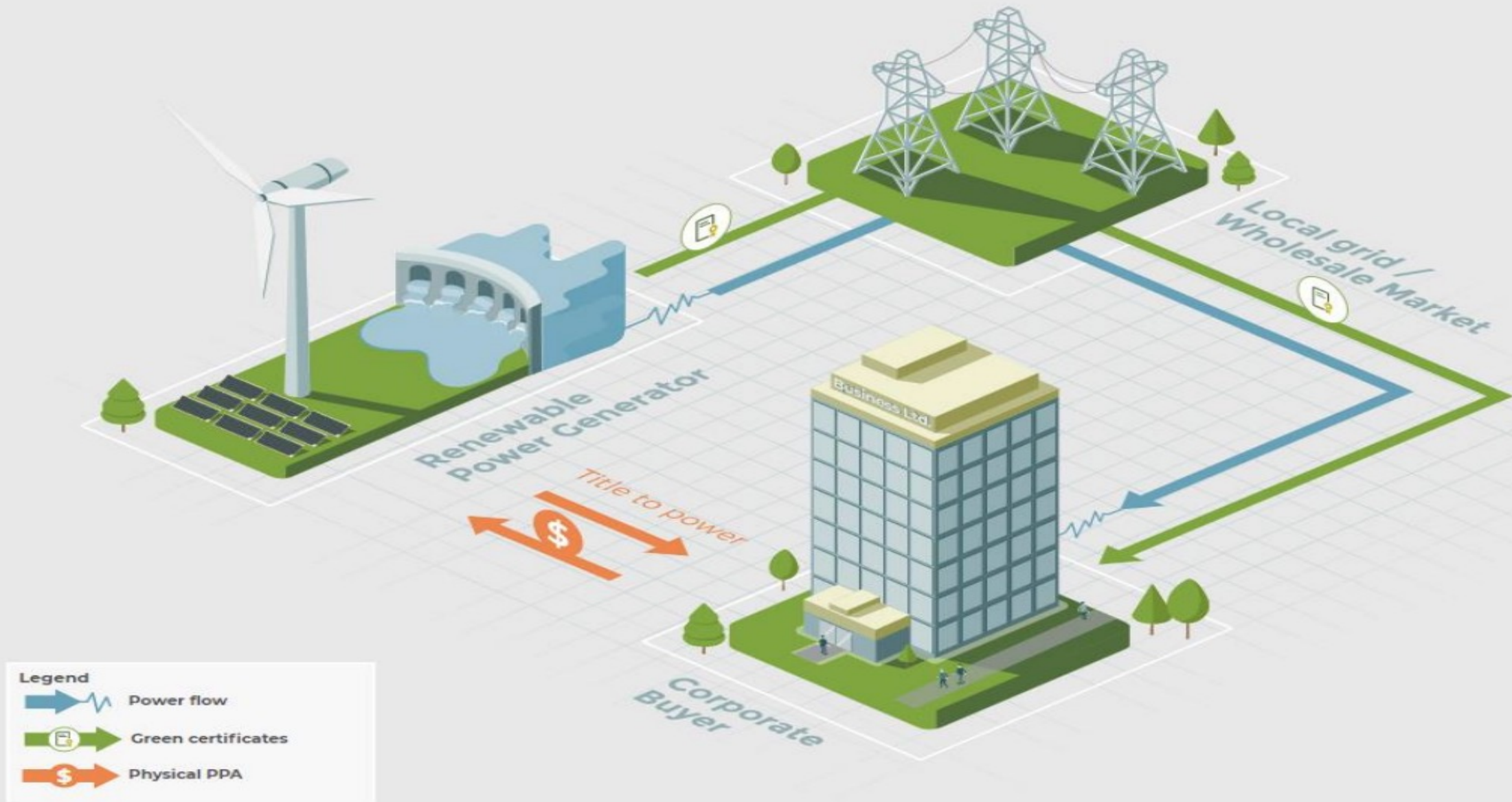
Baseload vs Pay-as-produced



- **Balancing:** Deviations from planned production
- **Profile:** Production profile's capture rate
- **Local Zone:** System to local zone
- **GOs:** Revenue from guarantees of origin

	Baseload	Pay-as-produced
Risks	<ul style="list-style-type: none"> • No price risk • Producer has profile risk 	<ul style="list-style-type: none"> • No price risk • Consumer has profile risk
Costs	Normally, low hedging cost, but profile risk can incur high costs	Normally, highest hedging costs

Physical PPA



Virtual PPA





- *Price volatility increased in the last 6 years*
- *Future power price fluctuations expected to be even higher as share of RE in the energy mix goes up*
- *PPA is one way to hedge your production/consumption from fluctuating power prices and help the green transition*
- *Various PPA contracts exist, depending on risk appetite and production/profile*

Questions



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