

PPA - the remedy for high energy costs

Düsseldorf, 07 August 2024 - Energy prices are becoming a problem for more and more companies in Germany. Industry in particular is suffering from high costs, but also from strong price fluctuations. "PPAs, long-term electricity supply contracts, are an optimal alternative", says Markus W. Voigt, CEO of the aream Group. "PPAs offer full cost control." Or companies can build their own power supply systems.

With the energy transition, Germany is making a contribution to the necessary climate protection. However, the high electricity prices are making many companies reluctant to locate here. Although prices have fallen in the meantime, they are still higher than before the energy crisis. As a result, according to a DIHK survey, 45 per cent of industrial companies with high electricity costs are planning or realising plans to reduce their production in Germany or relocate it abroad. Among industrial companies with more than 500 employees, this figure is as high as 51 per cent.

Companies are not only suffering from the high prices. The strong short-term price fluctuations are almost even more problematic. "The economy often simply lacks reliability", explains Voigt. However, this could be achieved through Power Purchase Agreements (PPAs), individually negotiated, long-term electricity supply contracts. They offer the parties involved security and predictability in terms of prices and volumes, for example. Since their launch in Germany in 2019, PPAs have become increasingly popular, especially when it comes to the supply of electricity from renewable sources. "The flexibility of the conditions, which can be adapted to the needs of the customers, also speaks in favour of PPAs", says Voigt. Terms of two years or more are currently possible, but long-term agreements of ten years or more are also feasible.

It is no longer just large corporations that are concluding PPAs with suppliers of electricity from solar and wind energy. Medium-sized companies are also getting on board in order to control their energy costs and reduce their CO2 emissions at the same time. "However, companies should seek advice from an experienced partner who is familiar with the structures of the market when implementing PPA agreements", says Voigt.

One example is a new solar PPA in Mecklenburg-Western Pomerania: aream is brokering electricity supply contracts for the purchase of electrical energy along with guarantees of origin from an open-space photovoltaic park. Electricity production is expected to be around 54,000 MWh, with delivery starting in summer 2025. The target contract and delivery period is at least ten years. "Ideally, a fixed price per kilowatt hour including indexation to compensate for inflation or with a fixed premium will be agreed", explains Voigt. "The quantities can be discussed." In this way, customers receive green electricity at reliable conditions.

Many companies are now also pursuing an even more integrated approach: "More and more companies are building up their own capacities for energy supply from renewable sources", says Voigt. "The advantage of this is often not only complete predictability, but also a potential return on investment if surplus electricity is produced." Planning is already well advanced and many systems are already in operation, especially for industrial companies with extensive areas or large roofs.

About the aream Group

aream Group, founded in 2005, is an investment and asset manager for institutional investors and industrial clients with a focus on sustainable infrastructure in the renewable energy sector. With its three divisions Fund and Asset Management, Project Development and Operation Management, aream covers the entire



value chain for renewable energy investments. With a transaction volume of more than 2.5 billion euros, aream is one of the leading asset managers in this market, and its own portfolio of plants generates around 40 million euros worth of green electricity per year. Since 2008, aream has produced more than one billion kWh of green electricity. As part of the growth strategy, several solar and wind parks are to be realized or acquired in the coming years. Through its own project development alone, aream currently has a long development pipeline with great potential. Further information: www.arem.de.

Contact

AREAM Group SE
Kaistraße 2
D-40221 Düsseldorf
Tel.: +49 (0)211 30 20 60 42
E-Mail: info@arem.de
Web: www.arem.de

Press Contact

news & numbers GmbH
Bodo Scheffels
Tel.: +49 (0)40 80 60 194 34
M: +49 (0)178 / 49 80 733
E-Mail: bodo.scheffels@news-and-numbers.de
Web: www.news-and-numbers.de