

Gas is becoming more expensive - secure long-term green electricity now

Düsseldorf, 28 August 2024 - Gas has become more expensive again on the energy markets and is also pushing up the price of electricity. This is exacerbating the problem of already relatively high energy costs for companies. 'There is a solution to this: long-term supply contracts for green electricity,' says Markus W. Voigt, CEO of the aream Group. PPAs not only offer cost control, but also serve the sustainability goals of companies.

Since March, the price of natural gas has shown a clear upward trend: from EUR 27 per MWh, it rose to EUR 36/MWh by July, where the price has remained for the time being. This means that not only gas but also electricity is becoming more expensive. Following the merit order principle, in which gas-fired power plants are often the last to be included in electricity generation, higher natural gas prices also cause electricity prices to climb. 'A problem for companies is not only the rising costs, but above all the strong price fluctuations,' explains Voigt.

The increasing volatility of gas prices is a factor that increases the willingness of companies to purchase electricity from renewable energies as part of PPAs (Power Purchase Agreements) - individually negotiated, long-term electricity supply contracts that provide the parties involved with security and predictability, for example in terms of prices and quantities. 'But it's not just because of the strong price fluctuations in fossil fuels that customers are increasingly opting for PPAs,' says Voigt. Sustainability goals and image are also playing a growing role. 'Green electricity serves all of these issues positively.'

In view of the current market situation, Voigt believes that now is a good time to conclude PPAs, especially for projects that are about to be finalised. However, concluding a PPA is quite complex: 'In a dynamic market environment, it is crucial to closely monitor the market of potential customers and to act strategically in order to find the best offer,' advises Voigt. For industrial customers, the direct purchase of electricity from renewable energies can be attractive. However, creditworthiness issues can pose a challenge when involving banks. This also requires an experienced partner.

'Overall,' says Voigt, 'the current uncertainty on the energy markets offers attractive opportunities for both producers and buyers. Despite the uncertainties, opportunities can be utilised through a targeted approach, especially when it comes to negotiating prices and hedging energy costs.'

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@aream.de
Web: www.aream.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