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PPA Contract for Differences

Factors that make PPAs less competitive versus direct connect

- Less consideration for investment rating of offtaker
- Curtailment and Congestion Risk
- Basis Risk
- Firming costs

Direct Connect

Additional advantages of direct connect (generation to load)

- Reduction in Demand Charges
- Minimal transmission risk
- Decoupling market pricing volatility



ERCOT (Texas North Hub)

Characteristics:

- Low Energy Price
- Abundance of Wind Energy
- Curtailment and Congestions Constraints
- Demand Charges
- Retail Choice Areas

PJM (Pennsylvania)

Characteristics

- Stable Energy Price
- Dominant Capacity Market
- Low Renewable Penetration
- Demand Charges
- Retail Choice Areas

