

Power Purchase Agreement Market to Record 4.9% Y-O-Y Growth Rate in 2031

PPA is the foundation document for most power projects and fundamental instrument to facilitate the sale and purchase of electrical power.

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Allied Market Research published a report, titled, "[Power Purchase Agreement Market](#) by Type (Physical PPA, Portfolio PPA, Block Delivery PPA And Others), Application (Wind, Solar, Hydro, Geothermal And Others), End

Use (Corporate, Merchant And Residential), And Region (North America, Europe, Asia-Pacific, and LAMEA): Global Opportunity Analysis and Industry Forecast, 2022-2031" According to the report, the global power purchase agreement industry generated \$11.6 billion in 2021, and is estimated to reach \$18.4 billion by 2031, witnessing a CAGR of 4.9% from 2022 to 2031. The report offers a detailed analysis of changing market trends, top segments, key investment pockets, regional landscapes, and competitive scenarios.



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Drivers, Restraints, and Opportunities-

PPA allow to mitigate the risks for both energy producers and buyers drives the growth of the global power purchase agreement market. On the other hand, difficulties in consumer metering and independent regulator impede the growth to some extent. However, increasing investment in transmission and distribution services is expected to create lucrative opportunities in the industry.

Power purchase agreement is also called as "Green Power Purchase Agreements" (Green PPAs). The power purchase agreements operate over the medium or long term (5 to 20 years). In the agreement, the developer sells the power generated to the host customer at a fixed rate which is typically lower than the local utility's retail rate. Several benefits are associated with PPA such as

a fixed long-term rate and guarantees of origin of renewable assets. All regions are engaged in the development of the power saving solutions which can help to lower the global footprints and cost saving on power consumptions. The adoption of green energy is increasing in Asia, and Australia which is creating power purchase agreement market opportunity.

Large corporates are entering into PPA to buy electricity from renewable energy projects located near to their premises (on-site projects) and sometime remote from their location (off-site). As per power purchase agreement market forecast, corporates are entering to PPA to promote energy conservation and energy efficiency which help the business to complete the sustainability policies. In all regions, the consumption of green energy is increasing on high rate which foster the power purchase agreement market growth. With implementation of the proposed programs to build a energy efficient corporate building will help to boost the power purchase agreement market trend in near future.

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The power purchase agreement market is segmented into type, end use, and region.

Physical PPA is the most lucrative segment-

By type, the Physical PPA segment held the major share in 2021. The physical PPA dominated the market as in line with the agreement power is directly delivers to the customer at PPA price. Physical PPA bring the advantage of potential electricity cost savings with no up-frost capital costs and long-term electricity cost stability and predictability.

Wind segment is dominating the segment in the forecast period -

By application, the wind sector dominated the market in 2021 as globally the production of the power through wind source is maximum. However, the solar segment holds the highest CAGR during the forecast period, as solar comes with the cost advantages and new technology for the storage of power and transmission.

Corporate segment witnessed the highest market in the forecast period-

By End Use, the corporate sector dominated the market in 2021 due to consumption of the power is increasing and to lower the expenditure on power companies are entering into PPA. Government is also providing the cost and tax benefits for corporate to enter in PPA.

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Europe is dominating region and maintain its dominance in forecast period-

On the basis of region, the Europe region held 47.8% share in terms of revenue and is anticipated to grow at a CAGR of 4.8% during the forecast period. Future developments in Spain solar storage industry are projected to drive the growth of the power purchase agreement market in the country. North America holds the highest CAGR of 5.3% in the forecasted period.

The [power purchase agreement market analysis](#) covers in-depth information of the major industry participants. Some of the major players in the power purchase agreement market include Schneider Electric, RWE, ENGIE, Statkraft AG Group, Enel Spa, Siemens, Ameresco. Other players in the Power purchase agreement market are General Electric, Shell, Renewable Energy Systems Ltd., Ecohz and others.

Key findings of the study

- On the basis of type, physical PPA segment holds the market share of 59.5% in 2021 in terms of revenue
- On the basis of application, wind segment holds the market share of 39.9% in 2021 in terms of revenue
- On the basis of end-use, the corporate segment gained 57.0% share in 2021 in terms of revenue.
- On the basis of region, the North America region hold the market share of 31.8% in 2021 in terms of revenue.

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