

Power Purchase Agreement Market to Surge at a Robust Pace in Terms of Revenue Over 2031

*Power Purchase Agreement Market
Expected to Reach \$18.4 Billion by 2031
— Allied Market Research*

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The [power purchase agreement market](#) share is expected to witness considerable growth in the coming years, owing to an inclination towards renewable energy consumption in the corporates segment. Further, PPA allows mitigates the risks for both energy producers and buyers and is primarily expected to drive the global power purchase agreement market positively during the forecast. The power purchase agreement market was valued at \$11.6 billion in 2021 and is estimated to reach \$18.4 billion by 2031, growing at a CAGR of 4.9% from 2022 to 2031.



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PPA is the foundation document for most power projects and a fundamental instrument to facilitate the sale and purchase of electrical power. The power purchase agreement is another step towards the sustainability arrangement under which a company enters a long-term contract with an independent power producer or a utility and commits to purchasing a specific amount of renewable electricity or the output from a specific asset (sleeved or virtual), at an agreed price.

The power purchase agreement is also called a “Green Power Purchase Agreement” (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 power-saving solutions that can help to lower the global

footprints and cost saving on power consumption. The adoption of green energy is increasing in Asia and Australia which is creating a power purchase agreement market opportunity.

Lower power prices encourage customers to sign PPAs and make fewer purchases of electricity from utilities which are boosting the power purchase agreement market share in the energy industry. PPA ensures developer to receives income from the sales of electricity as well as any tax credits and other incentives generated from the system which is uplifting the power purchase agreement market size in the forecasted period. At the end of the PPA contract term, a customer may be able to extend the PPA or choose to buy the solar energy system from the developer.

Large corporates are entering into PPA to buy electricity from renewable energy projects located near their premises (on-site projects) and sometimes remote from their location (off-site). As per the power purchase agreement market forecast, corporates are entering 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 at a high rate which fosters the power purchase agreement market growth. The implementation of the proposed programs to build an 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. On the basis of type, the market is classified into physical PPA, portfolio PPA, block delivery PPA, and others. On the basis of application, the market is segmented into solar, wind, geothermal, hydro, and other. On the basis of end users, the market is segmented into merchant, corporate and residential. Region-wise, the market is analyzed across North America, Europe, Asia-Pacific, and LAMEA.

On the basis of type, the physical PPA segment holds a 59.5% share in terms of revenue, and the solar energy segment is expected to grow at the highest CAGR of 5.0% during the forecast period. The physical PPA comes with high flexibility as customers can purchase a large volume of electricity through a single transaction due to which the adoption of physical PPA type is increasing in the power purchase agreement market.

On the basis of application, the wind segment holds a 39.9% share in terms of revenue and is expected to grow at a CAGR of 4.8% during the forecast period. Along with this, the solar segment holds the highest CAGR of 5.1% during the forecast period as several cost benefits are associated with solar panels and solar energy storage.

The power purchase agreement market analysis covers in-depth information on 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, and Ameresco.

Other players in the Power purchase agreement market are General Electric, Shell, Renewable Energy Systems Ltd., Ecohz, and others

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Key findings of the study

- On the basis of type, the physical PPA segment holds the market share of 59.5% in 2021 in terms of revenue
- On the basis of application, the 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 a 57.0% share in 2021 in terms of revenue.
- On the basis of region, the North American region holds a market share of 31.8% in 2021 in terms of revenue.

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