

# Power Purchase Agreement Market to Perceive Substantial Growth During 2031

Power Purchase Agreement Market Sets New Record, Projected at USD 18.4 Billion By 2031 at 4.9% CAGR: AMR

PORTLAND, OREGON, UNITED STATES, December 3, 2023 /EINPresswire.com/ -- The <u>power purchase agreement</u> <u>market</u> 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. The power purchase agreement market share is expected to witness considerable



Power Purchase Agreement Market Growth

growth in the coming years, owing to an inclination towards renewable energy consumption in the corporate segment. Further, PPA allows mitigation of the risks for both energy producers and buyers is primarily expected to drive the global power purchase agreement market positively during the forecast.

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Inclination towards renewable energy consumption incorporates the upcoming Trends of the Power Purchase Agreement Market in the World." *Allied Market Research* 

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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 "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 power-sharing solutions which 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 is boosting the power purchase agreement market share in the energy industry. PPA ensures the developer 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.

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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 on high rate which foster the power purchase agreement market growth. With the implementation of the proposed programs to build a energy efficient corporate building will help to boost the power purchase agreement market trend in the near future.

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-use, the market is segmented into merchant, corporate and residential. Region-wise, the market is analyzed across North America, Europe, Asia-Pacific, and LAMEA.

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The Power Purchase Agreement industry's key market players adopt various strategies such as product launches, product development, collaboration, and agreements to influence the market. It includes details about the key players in the market's strengths, product portfolio, market size and share analysis, operational results, and market positioning.

- General Electric
- RES Group
- Enel S.p.A.
- Statkraft
- Shell Plc.
- Siemens AG
- Ameresco Inc.
- Schneider Electric
- RWE AG
- Ecohz
- Engie

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On the basis of type, the physical PPA segment holds 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 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.

On the basis of end-use, the corporate segment holds a 57.0% share in terms of revenue and is expected to grow at a CAGR of 5.1% during the forecast period. Corporations are entering into both kind of PPA due to which corporate is dominating the market.

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

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- 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 a market share of 31.8% in 2021 in terms of revenue.

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D. DDDDDDDDDDDDDDDDDDDD- <u>https://www.globenewswire.com/news-</u> release/2023/01/19/2591776/0/en/Alternative-Energy-Market-Is-Expected-to-Reach-3-2-Trillionby-2031-Allied-Market-Research.html

D. DDDDDDD DDDDDDDDDDDDD - <u>https://www.prnewswire.co.uk/news-releases/hydrogen-generation-market-to-reach-262-0-bn-globally-by-2031-at-6-8-cagr-allied-market-research-301650749.html</u>

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