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PPA Demand, Project Availability, Climate Targets Shifting in European Renewables Market, Finds Trio's Q2 Report

Proposed regulatory changes, particularly in Italy, could impact broader PPA market, project supply, and pricing

IRVINE, CALIFORNIA, USA, July 17, 2024 /EINPresswire.com/ -- Continuing on the trend from last quarter, PPA demand from corporate giants remains strong and is expected to grow, driven by an increase in corporations' public sustainability initiatives, according to the Q2 2024 Global Renewables Market Update, published by sustainability and energy advisory company Trio.

The Q2 2024 report focuses on the European market, with the Q3 report to be more directly focused on North American trends.

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>
> *Joey Lange, Sr. Managing Director, Energy Supply Advisory, at Trio*

To stay competitive and secure corporate PPAs, many renewable energy developers are now revising their models to include both financial and development levers to reduce costs and offer attractive prices.

Due to potential changes in these models, despite the strong demand, actual quantity of expected new PPA projects is uncertain, with new regulations arising in Italy and the EU that could lead to limitations on certain projects.

This quarter's report takes a close look at Italy, which can be viewed as an indicator for other potential regulatory changes in Europe. Italy's effective ban of ground-mounted solar panels on agricultural land signals a major shift in the country's market for solar.

Conversely, Italy is providing a tax credit of up to 35% of the cost of solar modules to projects that exclusively use PV modules manufactured in the EU as a way to support the EU economy. This tax credit incentive model is expected to be implemented in additional EU countries.

A significant price decrease of Guarantees of Origin (GOs) in Europe continued throughout Q2 2024. Paired with this price drop is an existing surplus of GOs and reservoir levels in the Nordic hydro basin. As this bearish trend continues, it may indicate a spread between 2024 and future contracts.

PPA prices continued to decrease throughout Q2 2024 across all European markets, particularly in Poland, Germany, and Italy. Spain showed the sharpest decrease of 16% for solar median PPA prices.

Similar to Q1 2024, European renewables developers are working to reduce their project costs and increasing efforts to secure corporate PPAs. Demand for PPAs is growing, in part due to the growth of data centers, where many localities are requiring that data centers use renewable energy to power them.

“The PPA landscape across Europe has the potential for significant growth, and the legislative changes have a Europe-first approach that may positively impact the EU renewables economy.” said Joey Lange, Sr. Managing Director, Energy Supply Advisory, at Trio. “As our clients continue to set bold sustainability targets, Trio looks forward to supporting them in implementing renewable energy opportunities in the region.”

Italy is proving to be a major driver in the EU renewables and PPA markets, with multiple new pieces of legislation passing in Q2 2024. The Italian government is developing a new renewables scheme, FER X, which may reduce project availability for PPAs but offers new benefits.

Under the plan, 62.5 GW of renewable energy would be allocated with an €85/MWh ceiling, though the plan still requires final approval from the EU Commission before it can be implemented.

Traditionally, PPAs are signed for 10-year terms in Italy. However, with the new government support scheme, these could be offered for more extended coverage, easier entry/application processes, and a shorter timeline for securing funding. Until the legislation is passed, however, the PPA market remains uncertain.

The market for EU-developed solar panels and other materials is expected to expand, though implementation of new solar projects may face slow rollout due to the new ban on ground-mounted solar panels. A rise in agrivoltaics may occur - while beneficial for land use, this may stunt the implementation of new solar projects.

The EU currently relies on large amounts of Asian-manufactured solar equipment due in part to U.S. tariffs blocking the equipment from entering the country, but new EU requirements will likely shift a focus to EU-manufactured equipment only, with this already occurring in France and Austria.

Check out Trio's quarterly report to find out more:

About Trio

Trio (formerly Edison Energy) is a global sustainability and energy advisory company that helps large commercial, industrial, and institutional organizations navigate the clean energy transition. Trio provides integrated strategy and implementation services – in sustainability, renewables, energy procurement, energy optimization and transportation electrification – to help the world's largest organizations meet their strategic, financial, and sustainability goals. Visit trioadvisory.com.

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