



# State of the Corporate PPA Market Report 2024: Highlights

Day 1

Wednesday 23<sup>rd</sup> October 2024

# About BRC-A's State of the Australian Corporate PPA Market Report 2024

Since 2019, BRC-A has produced an annual State of the Market Report to:

- Profile the Australian Corporate PPA market.
- Highlight key issues and perspectives amongst PPA buyers and sellers.
- Identify key and emerging trends shaping PPA market.

Our SOM Report 2024 is based on:

- Industry survey of the views and perspectives from corporate energy buyers, service providers, retailers and developers.
- BRC-A PPA database: overview of market trends and statistics.
- Stakeholder input.



**CORPORATE RENEWABLE  
POWER PURCHASE  
AGREEMENTS IN AUSTRALIA**

**STATE OF THE  
MARKET 2019**



# Overview: Australian Corporate PPA Market in 2024

## Market features

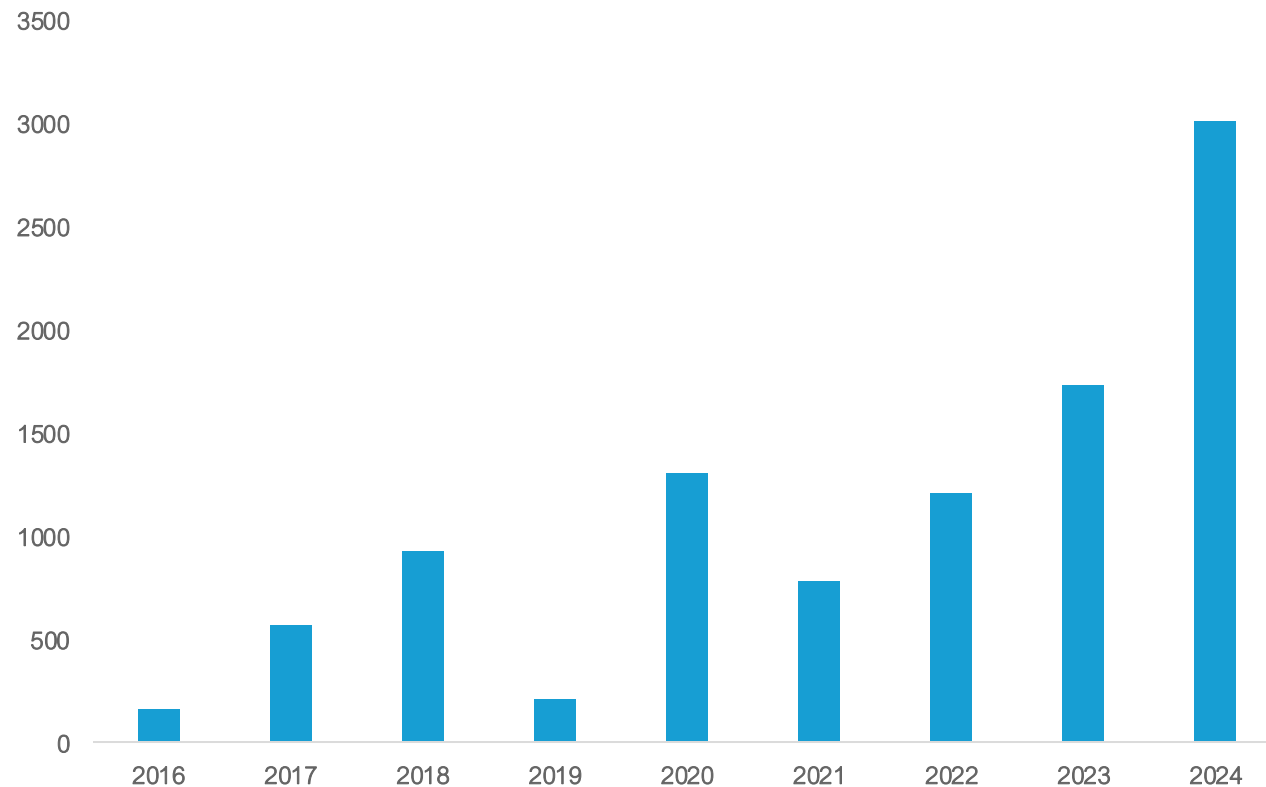
- Record year for deal volumes – but lower activity outside a handful of very large PPAs.
- More of the same – wider slowdown in project volumes impacting on PPA supply and market.
- Queensland continues to be the leading state for Corporate PPAs by some margin.
- PPA market has generally diversified across buyer sizes – but market split between large and small buyers in 2024.
- Growth in buyers retiring LGCs ahead of 2025 targets.

## Drivers & trends

- Net Zero & ESG commitments continue to be the primary driver for PPA buyers and underpin demand.
- 'Sellers market' continues – shortage of supply relative to demand reflecting supply-constraints, strong demand but coming off peak as buyers lock in LGCs for 2025 targets.
- Government schemes (CIS, LTESA's etc) shaping market. Increased confidence amongst developers and advisers about REZs – still high uncertainty about the impact of the Capacity Investment Scheme on PPAs.
- PPAs signed by retailers increasing.
- Strong growth in utility-scale batteries – but still marginal compared with PPAs.



# Large PPAs headline record year ...



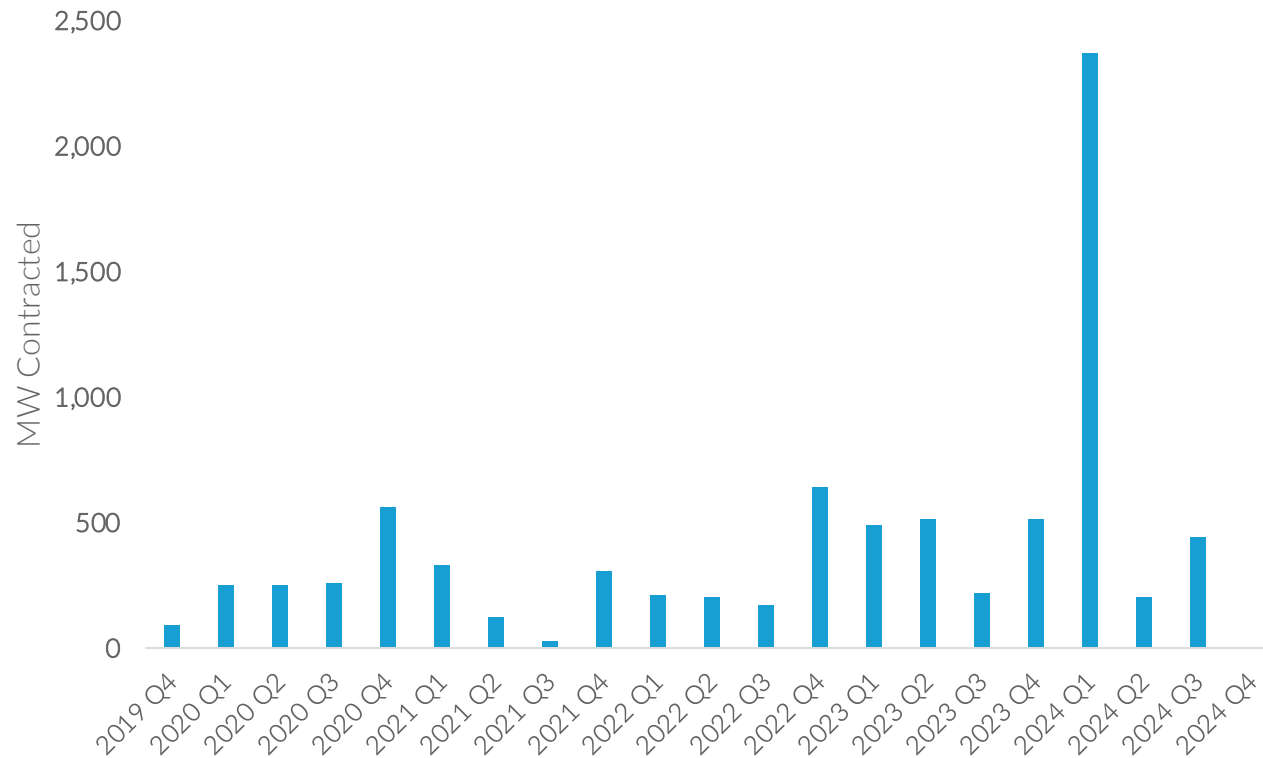
## Highlights

- 2 huge PPAs by Rio Tinto with Bungaban wind farm (1.1 GW) and Upper Calliope solar farm (1.1 GW).
- Handful of other larger PPAs by BHP Mitsubishi Alliance (~300 MW), IFM/QIC (190 mw), Equinix (151 MW) & Telstra (130 MW).
- Smattering of smaller PPAs by La Trobe Uni, Asahi, SBS, IAG.

*Note: Figures are up to date as of 10 October 2024. The database is based primarily on publicly available information and therefore does not include all PPAs.*



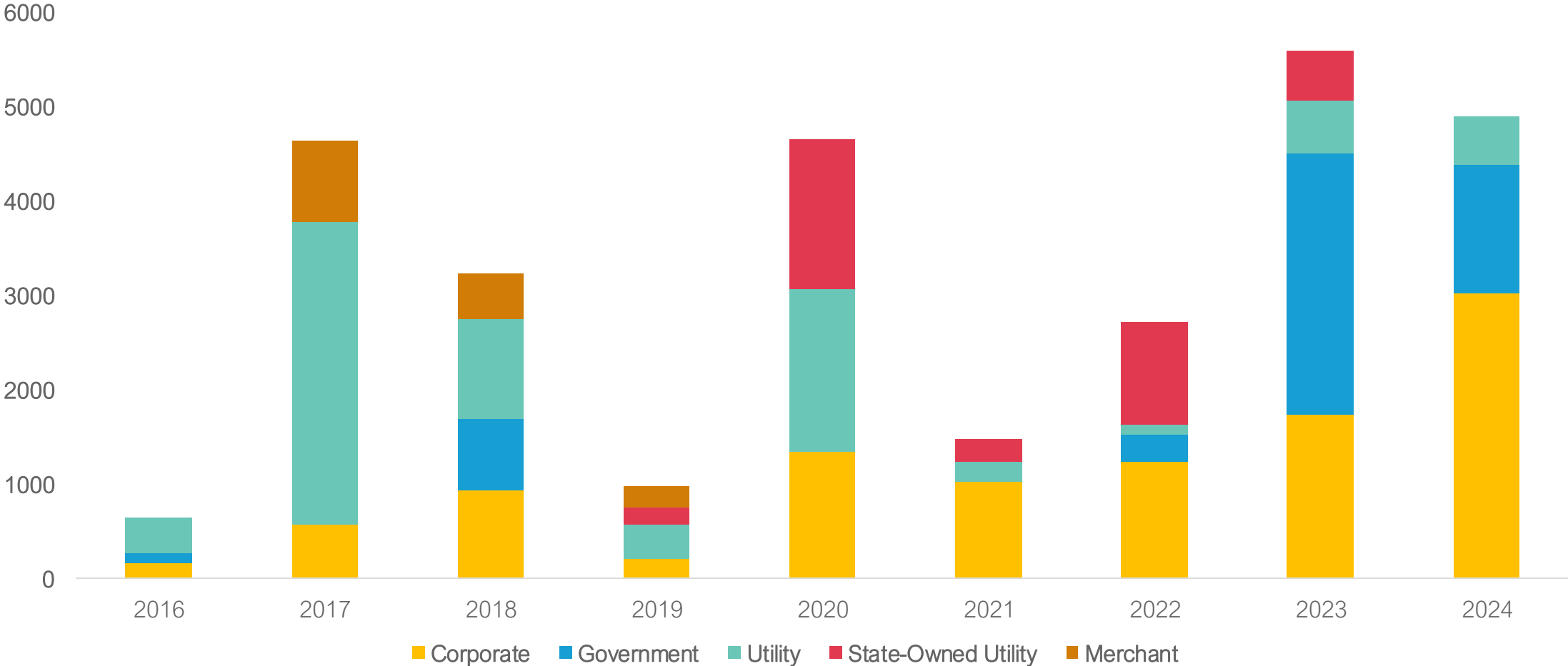
## ... but slower deal volumes across the year



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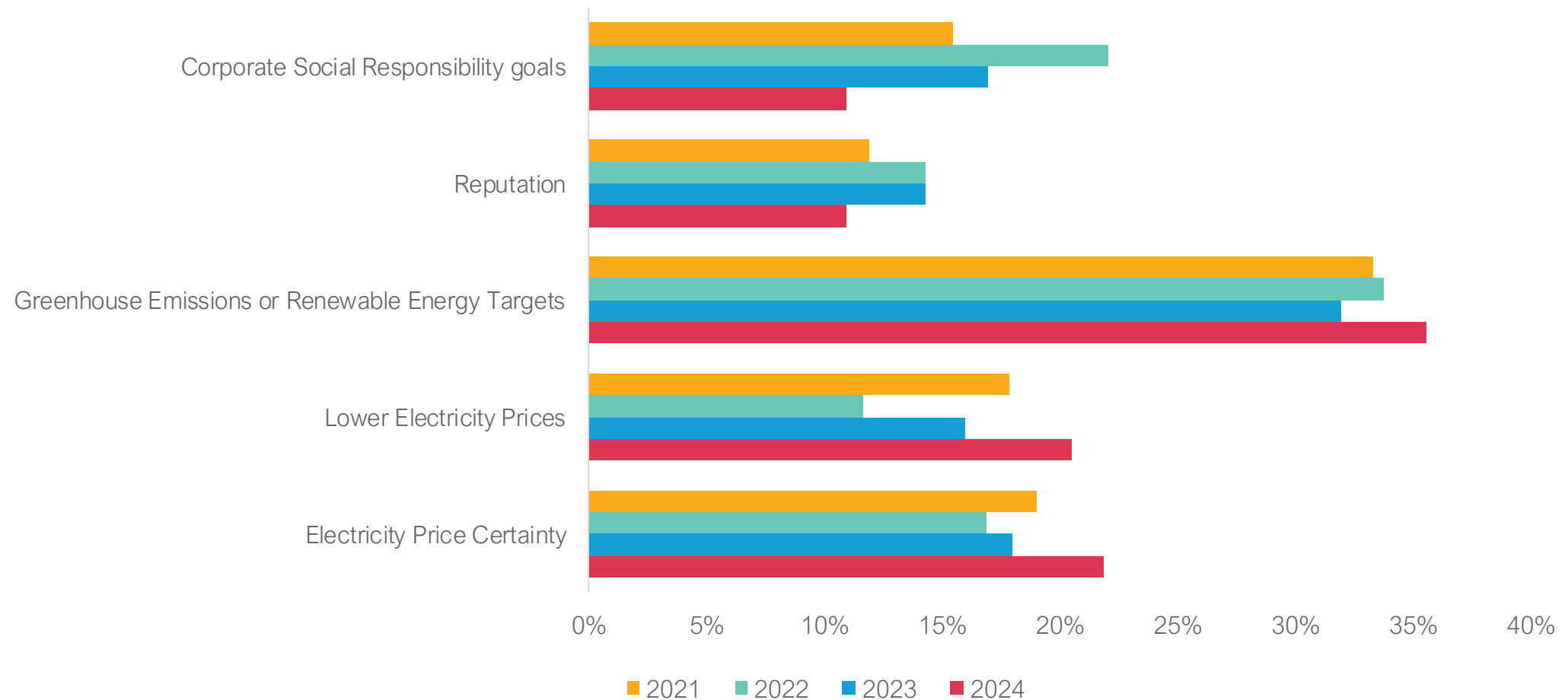
- After the big bang at the start of the year, low deal volumes through the middle of year.
- Anecdotally, there are PPAs to be announced/ finalised late in year which has been a feature of past years (Energetics estimates 1200 GWh).
- These trends reflected in other market features e.g. wholesale PPAs dominate market share due to Rio Tinto PPAs.

# Mixed market between utility, government auctions and corporate PPAs





# Sustainability targets continue as main driver for PPA buyers





# Market dynamics - more of the same

## Slower project development impacts on supply-demand balance

- Market stagnation has slowed supply of new projects due to a variety of factors (transmission constraints, planning approvals etc.) – some constraints especially acute (e.g., new wind farms in NSW).
- Strong buyer demand that was driven by 2025 greenhouse targets mostly run its course. Are buyers waiting for a better supply-demand balance as REZs start moving? Will the supply-demand balance flip in next couple of years?
- What could be the impact of the CIS and REZs on the Corporate PPA sector?
  - **Crowded out:** projects focus on CIS and see less need for PPAs
  - **PPAs support CIS bids:** criteria reward projects with PPAs
  - **Growth in retailer PPAs** once projects reach financial close based on CIS and state tenders

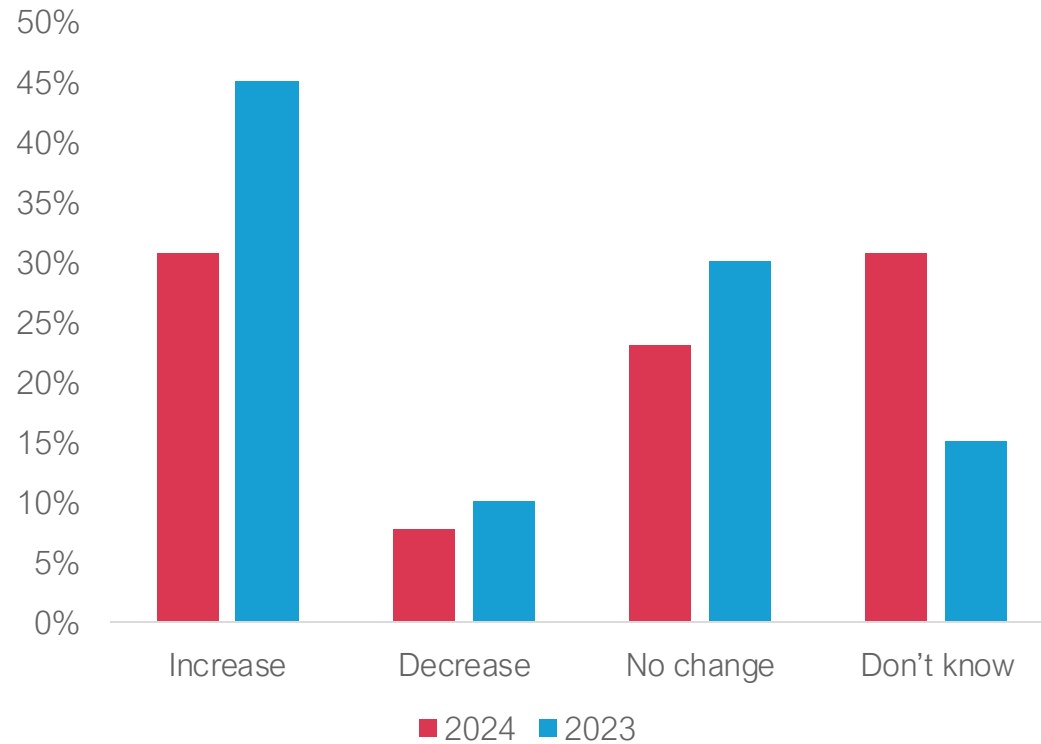




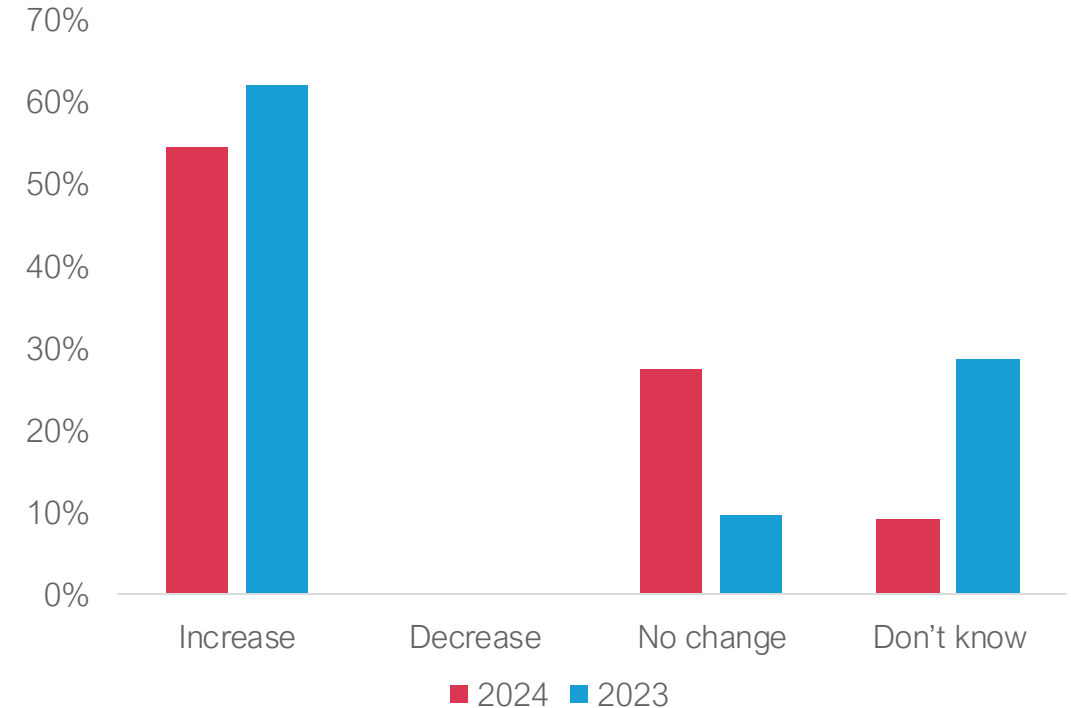


# Advisers are more optimistic than developers about the impact of REZs on Corporate PPAs

## Developers



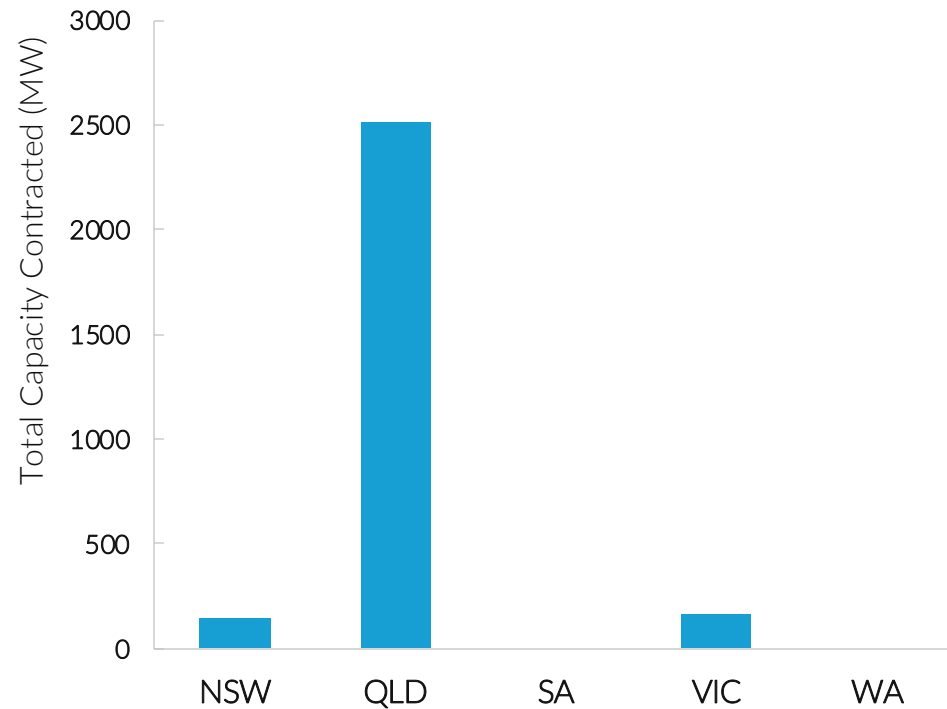
## Service providers



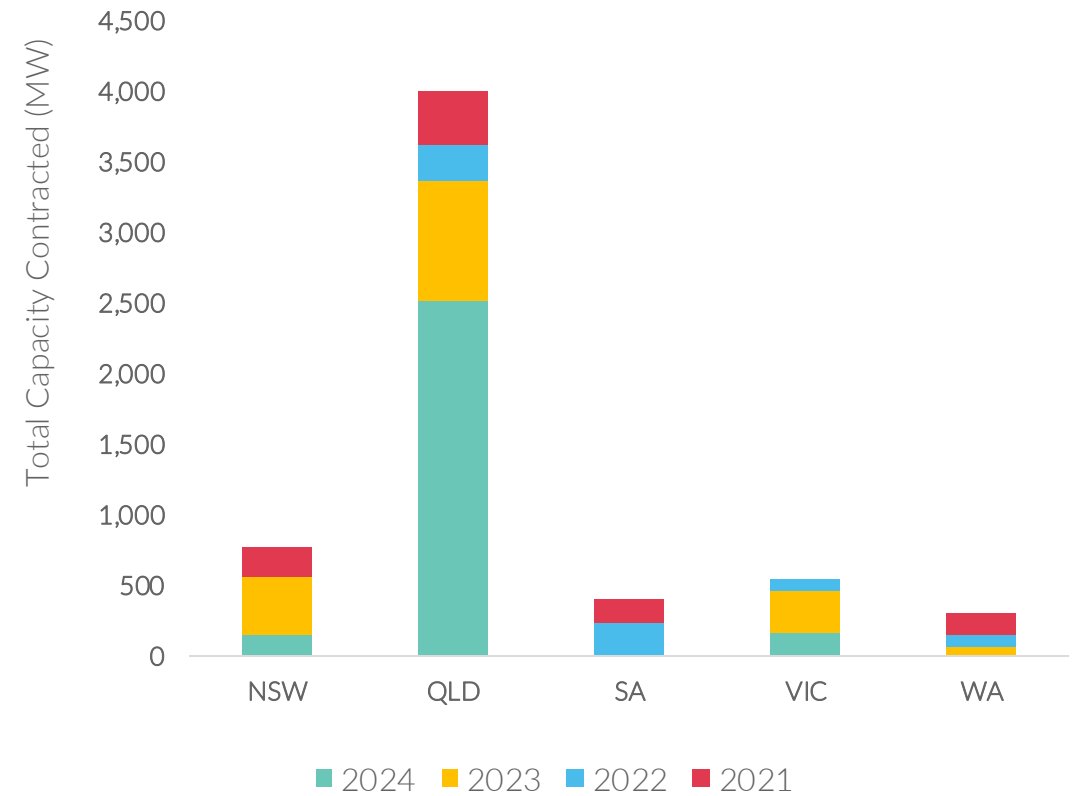


# Queensland continues as the leading state for Corporate PPAs

### PPAs by state, 2024



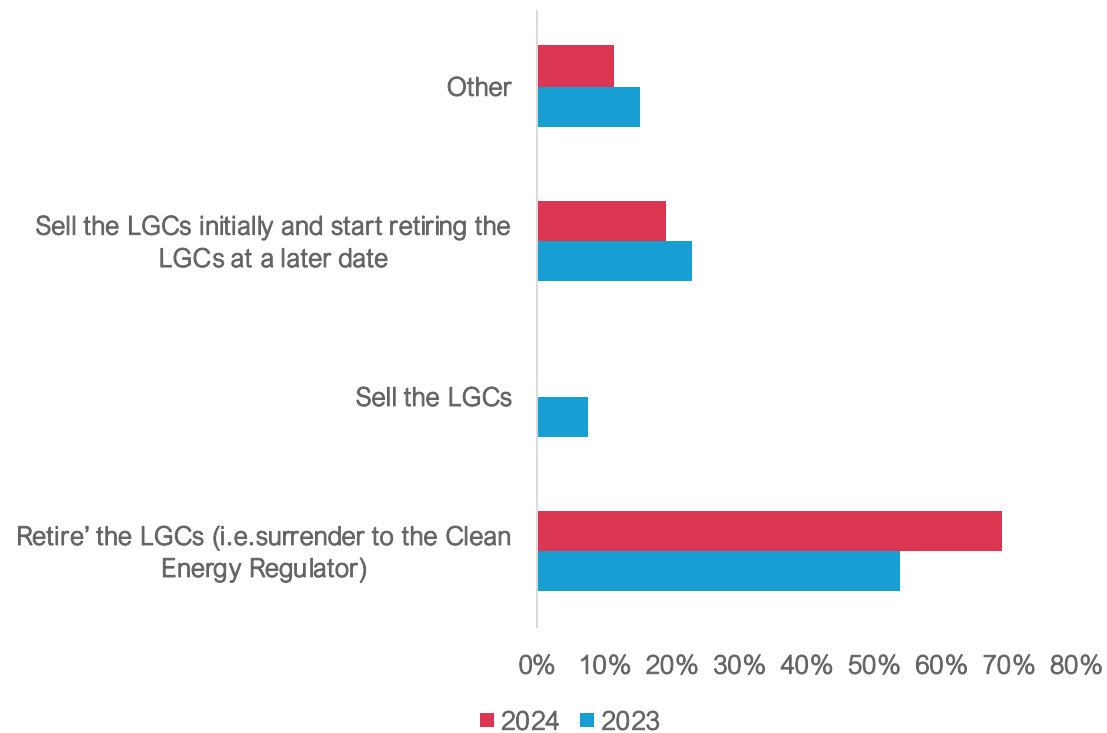
### PPA by State, Total



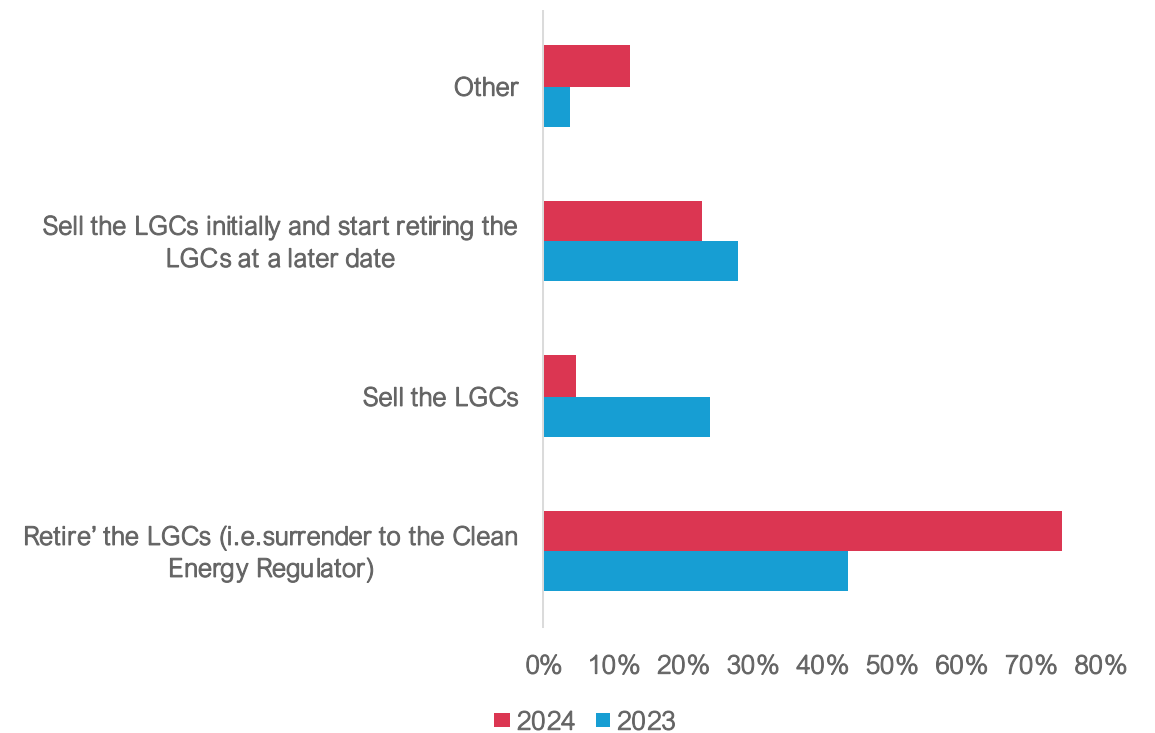


# Growth in buyers retiring LGCs ahead of 2025 targets

## Buyers

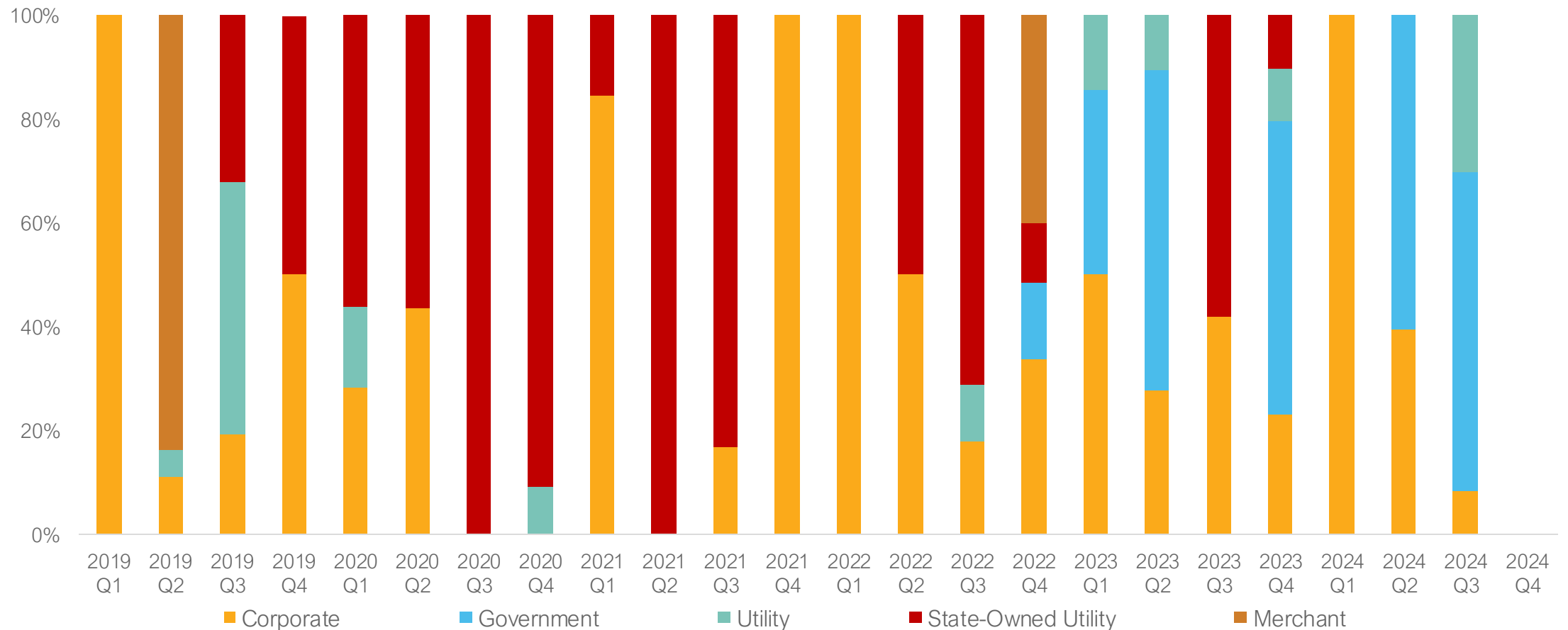


## Service Providers





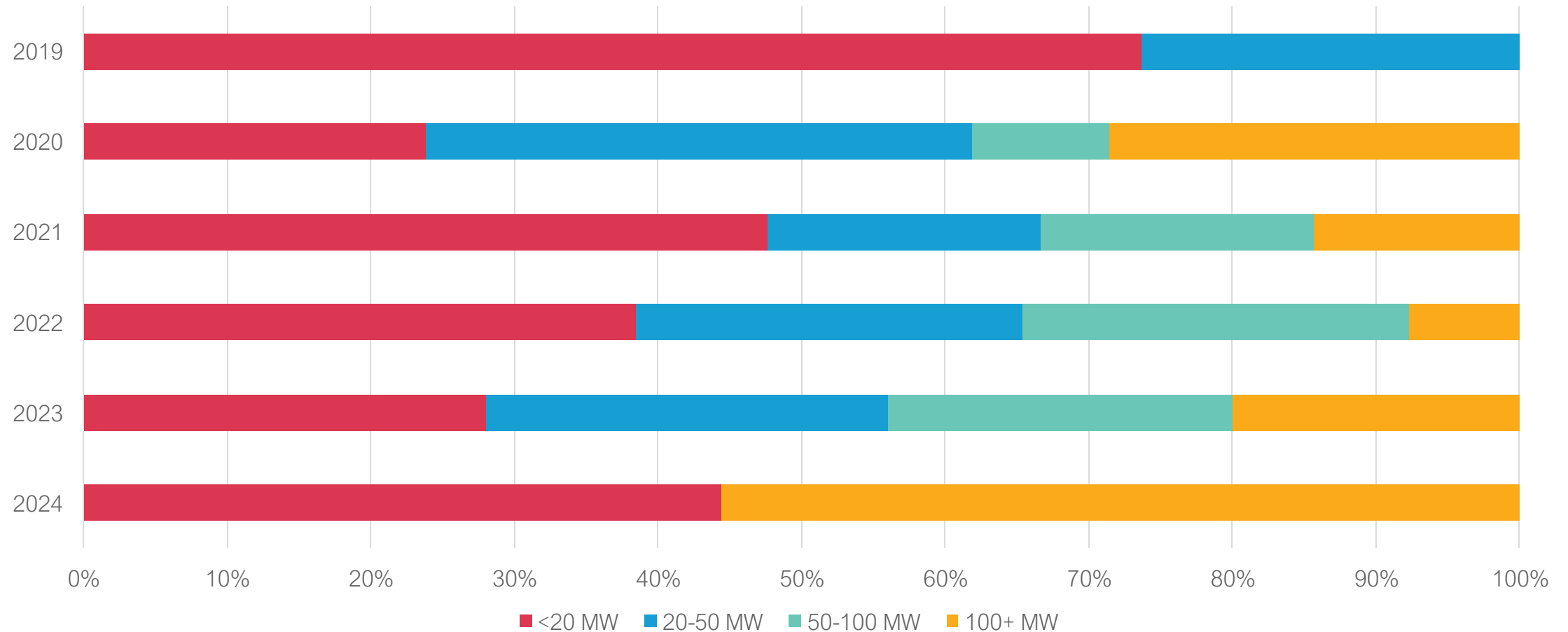
# Corporate PPA market share waxes & wanes depending on market changes



# The vanishing middle - 2024 PPA market bifurcated between large and small buyers



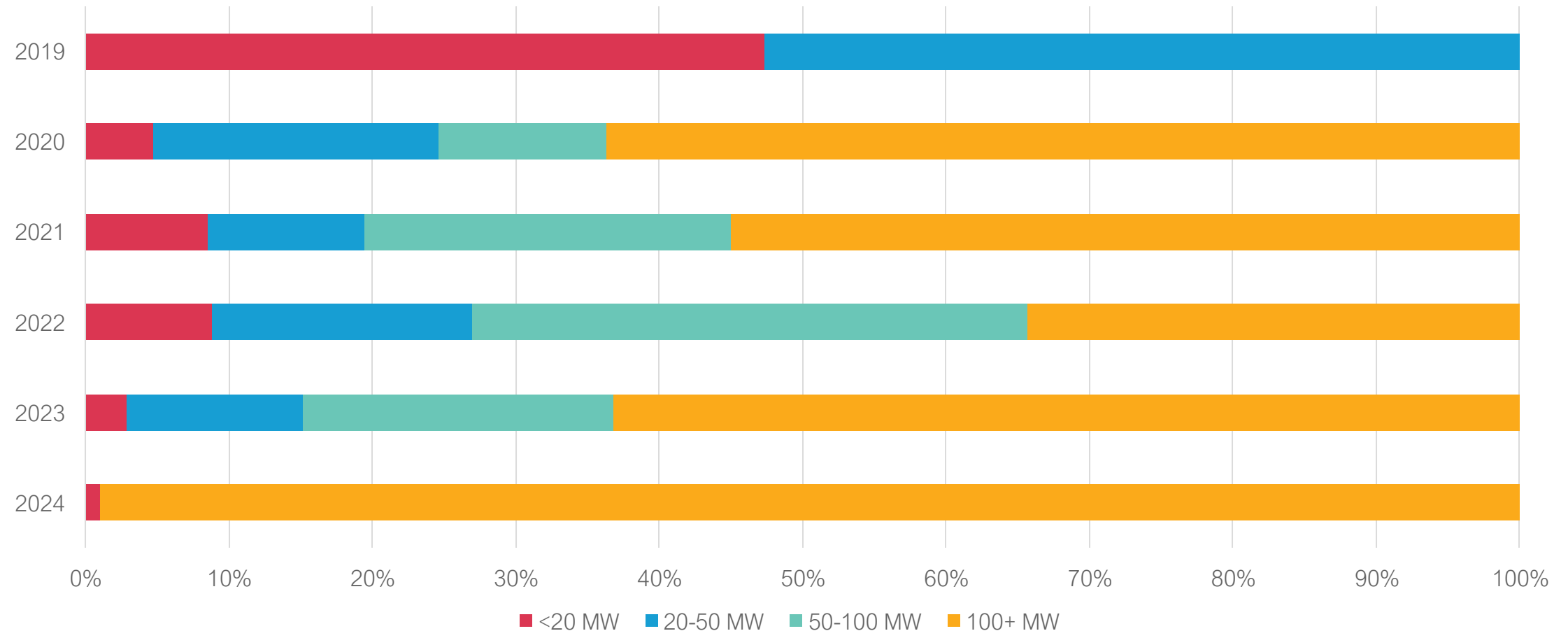
Number of corporate PPAs, by deal size (%)





.... but larger PPAs account for the majority of volume

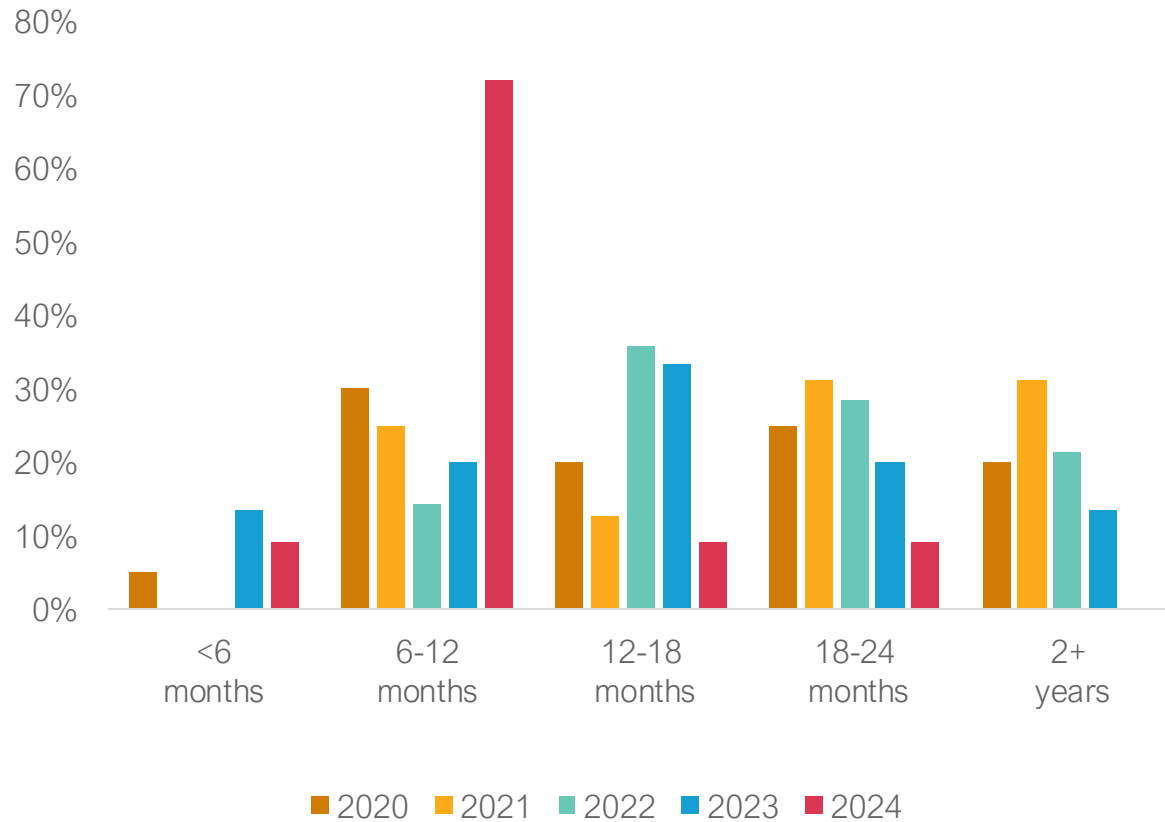
Volume contracted by corporate PPAs, by deal size (%)



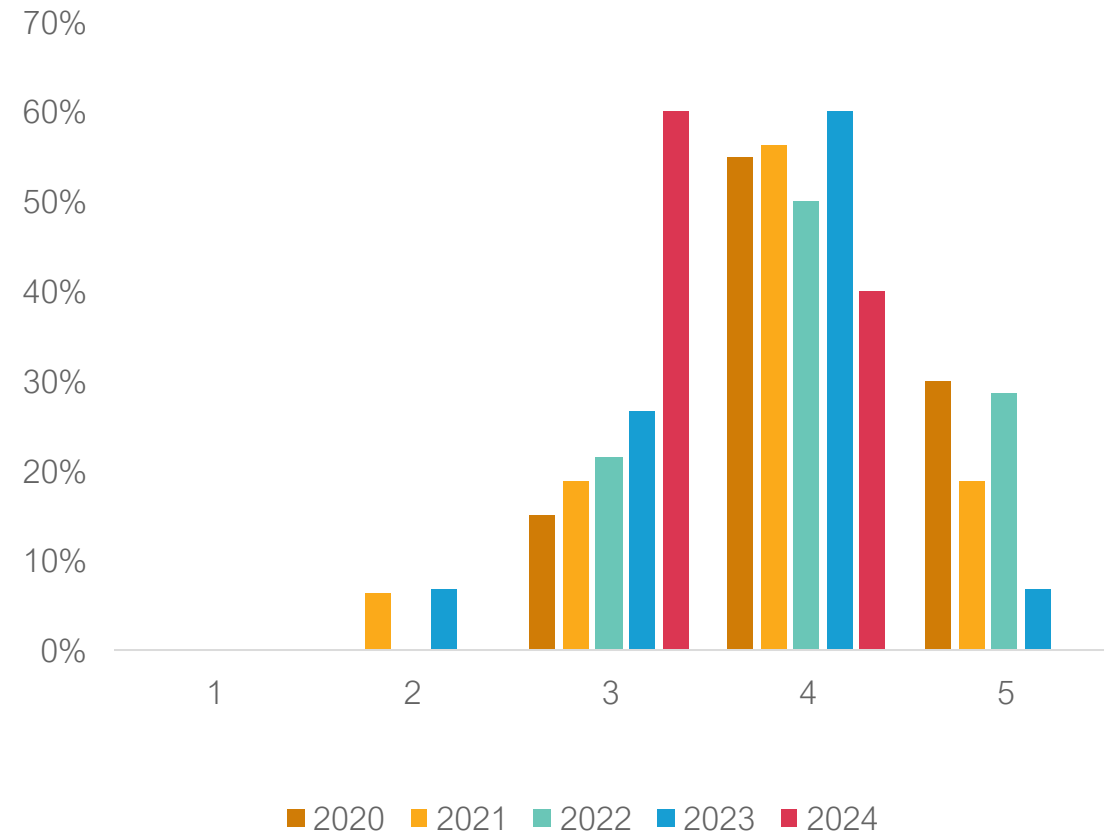


# Are PPAs getting easier? Maybe a little...

### How long did it take?

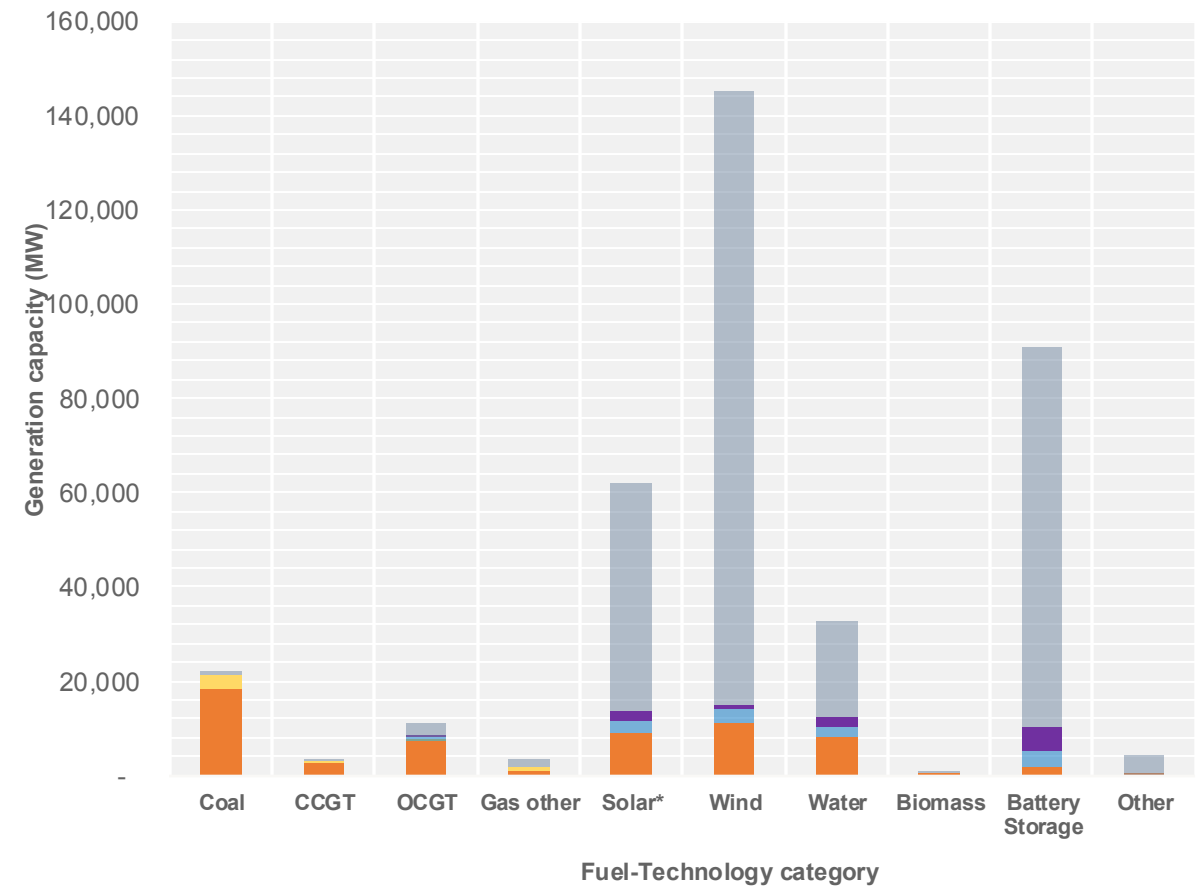
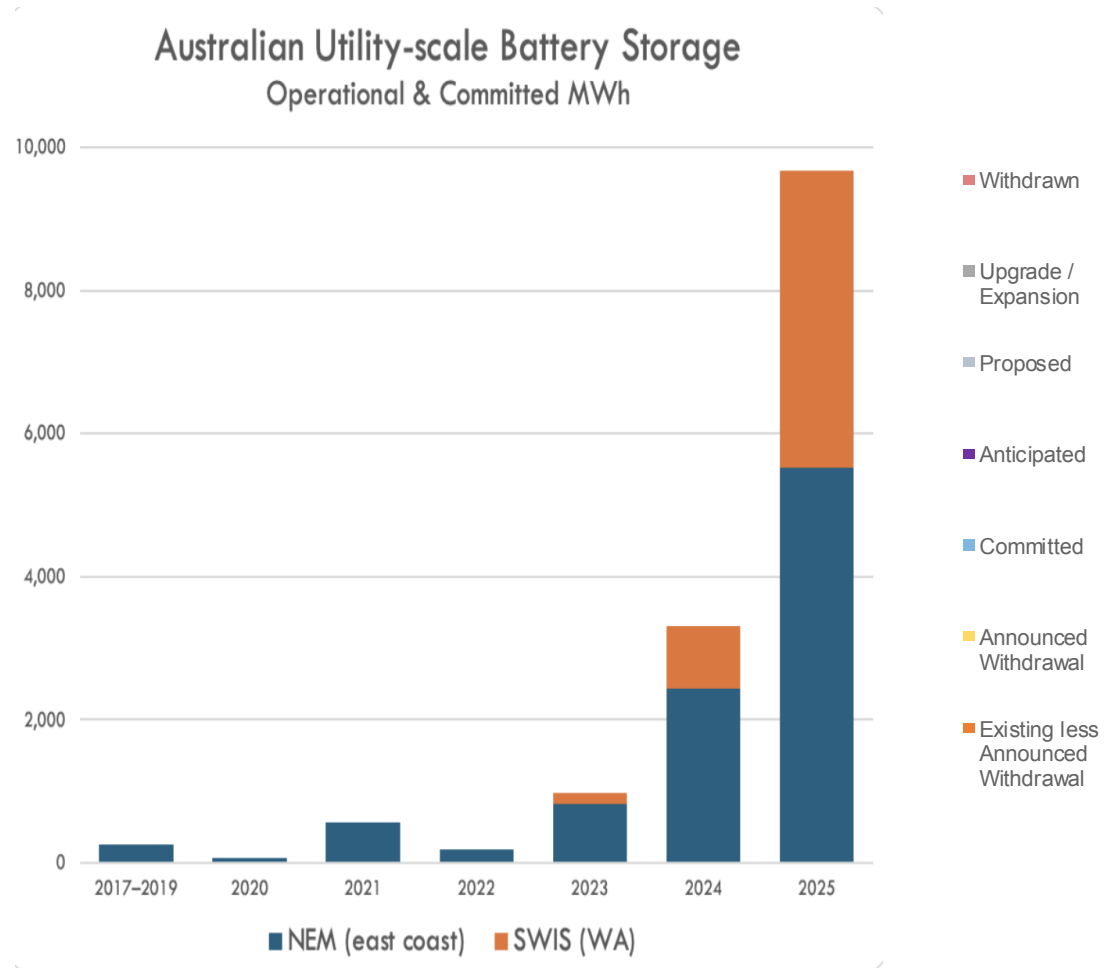


### How difficult was it? (1 = easy; 5 = difficult)





# Surge of utility-scale battery storage ....



Source: AEMO, Generator Information, July 2024.

Source: Simon Holmes a' Court.

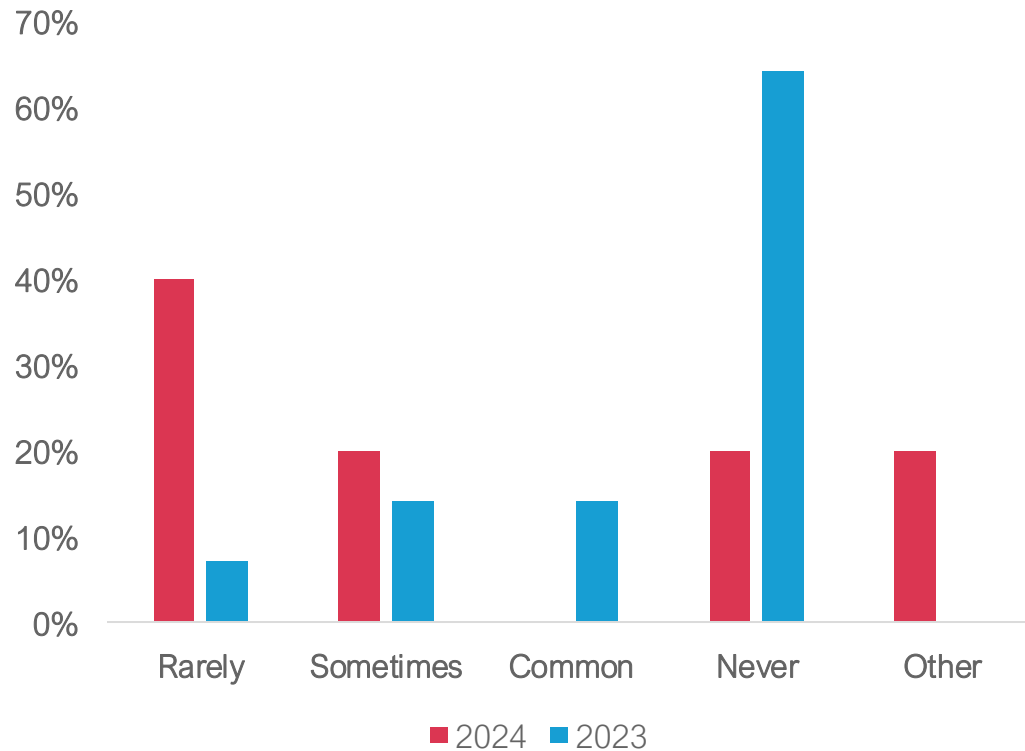




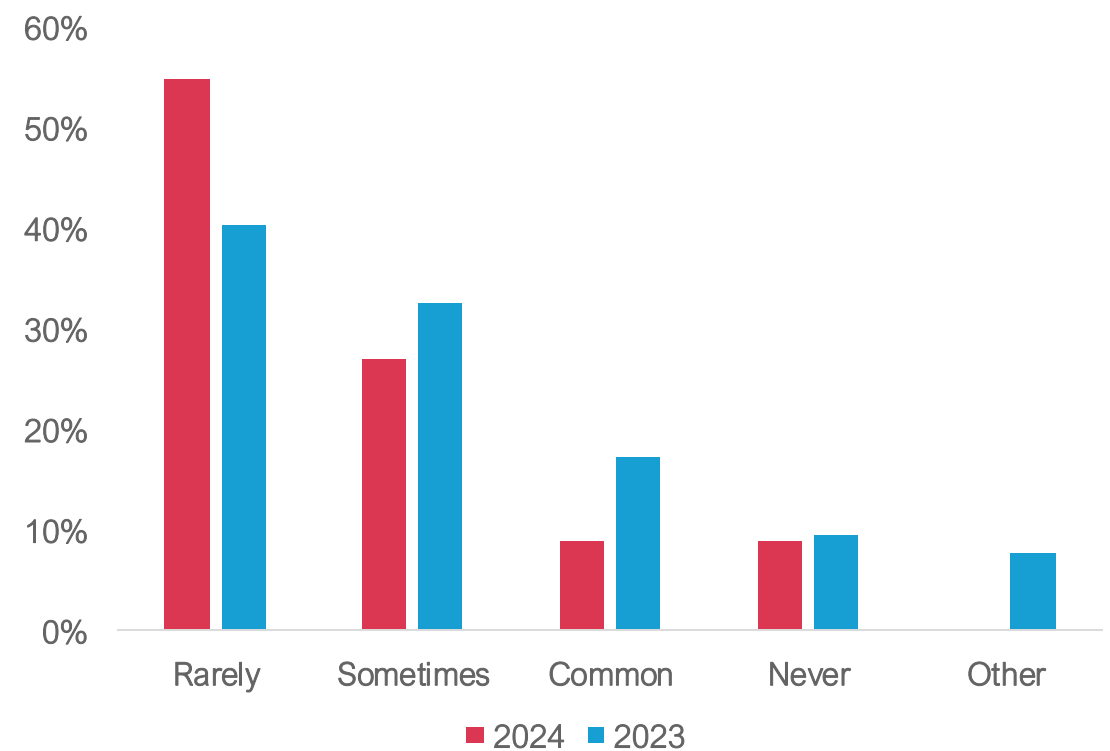
# ... but firming & battery storage still not a common part of PPAs

How often did PPAs include firming?

Developers



Service Providers





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**R**ENEWABLES  
**C**ENTRE  
**A**USTRALIA

Thank you.

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