

HERBERT SMITH FREEHILLS ADVISES ARARAT WIND FARM ON INNOVATIVE CORPORATE PPAS WITH FLOW POWER

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News

Herbert Smith Freehills has advised Ararat Wind Farm (**AWF**) on its entry into two innovative corporate power purchase agreements with [Flow Power](#), a Melbourne based electricity retailer.

AWF is a 240MW wind farm located in Victoria and jointly owned by Partners Group and OP Trust. The offtake agreements supplement the existing 80.5MW feed-in tariff offtake agreement entered into by AWF and the ACT Government in 2015.

OP Trust announced on 16 February that it will be acquiring 51% of the shares in Flow Power.

The Herbert Smith Freehills team was led by partner David Ryan, with assistance from Alexandra Carr and Luisa Giannone. David Ryan commented:

“We have seen a lot of different models for corporate PPAs in the Australian electricity market. The key issues are always about managing the difference in generation and load volumes at any point in time, managing locational pricing risks, and dealing with credit and default scenarios. The Flow Power offtake agreements provided a balance that satisfied the credit and revenue certainty requirements of AWF’s project financiers, yet provided Flow Power with the flexibility to offer cheap renewable energy products to its large commercial and business customers and help build its business.”

Herbert Smith Freehills has recently advised on a number of other corporate offtake/power purchase agreements in the Australian renewable energy industry, including advising:

- ANZ, Melbourne University and Coca Cola Amatil on their PPAs for the Murra Warra Wind Farm project;
- Pacific Hydro on its corporate PPA with Orora for the Clements Gap Wind Farm;
- project proponents on corporate PPA processes runs by AB InBev, Coles, UTS, Kleenheat, Powershop among others; and
- a number of other offtakers and project proponents on corporate PPAs that remain subject to confidential negotiations.

Herbert Smith Freehills Partner, and energy specialist, Peter Davis commented:

“The recent uptake of corporate PPAs has been remarkable. Electricity users are taking advantage of very competitive pricing and the opportunity to make significant contributions to their sustainability goals. A variety of models are being utilised including “sleeved” or retailer-facilitated arrangements as well as contracts for differences entered into directly between projects and customers. Customers are also moving the market with alternative approaches to pricing, commercial operations targets, security and quantity commitments”.