

PPA - Northmore Gordon

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PPA

A Power Purchase Agreement (PPA) is a direct contractual arrangement between a renewable energy project developer and an end-user for the sale of renewable electricity. PPAs function as contractual instruments that assign renewable electricity attributes to an organization's operations, similar to purchased renewable energy certificates. They are relevant to market-based accounting under frameworks like the GHG Protocol's Scope 2 guidance, where they serve as evidence of ownership and retirement of renewable electricity attributes. PPAs establish the legal rights to the renewable energy generation and are essential documentation for organizations making renewable-electricity claims about their energy consumption.

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What is a Power Purchase Agreement (PPA)?

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How do behind-the-meter PPAs differ from off-site PPAs?

Behind-the-meter PPAs involve on-site renewable energy projects, typically solar installations located at the end-user's facility. Off-site PPAs, by contrast, supply renewable energy from projects connected to the same electricity grid as the end-user but located elsewhere. Behind-the-meter systems directly serve the site's consumption, whereas off-site PPAs represent a contractual claim to renewable attributes from distant generation. Both types function as contractual instruments for renewable electricity accounting, but their operational characteristics differ significantly in terms of location, grid connection, and the relationship between generation and consumption.

What evidence and documentation does a PPA need to support renewable electricity claims?

A PPA must establish several key pieces of evidence to support renewable electricity claims. These include confirmation of the applicable reporting framework, contractual instruments establishing ownership of renewable attributes, ownership evidence documenting legal rights to the electricity, and registry transfer and retirement or cancellation evidence. The GHG Protocol's Scope 2 Guidance provides quality criteria for contractual instruments used in market-based accounting. Organizations making renewable-electricity claims must ensure their PPA includes site consumption data, instrument generation location and vintage, exclusive claim rights, and clear allocation of benefits across sites or entities. Documentation of the proposed public statement and its supporting calculation should also be retained.

How does a PPA relate to environmental certificate procurement and due diligence?

A PPA is one type of contractual instrument available for renewable attribute procurement alongside standalone renewable energy certificates. When selecting a PPA or renewable certificate pathway, organizations should conduct environmental-attribute due diligence to verify the integrity and validity of the purchased renewable attributes before procurement and retirement. This assessment process ensures the instrument meets quality criteria and aligns with the intended accounting framework. Our carbon advisory services include instrument selection, due diligence, procurement and retirement strategy, helping organizations evaluate whether a PPA or alternative renewable pathway best suits their emissions accounting objectives and renewable electricity claims.

Can an organization retain its existing electricity retailer when using a PPA?

Yes, an organization can typically retain its existing electricity supply contract while procuring renewable energy attributes through a PPA or similar mechanism. The moREnewable100 service offered by us explicitly enables certificate and attribute procurement without requiring replacement of existing electricity supply contracts. The commercial and accounting arrangements must be clearly established for each portfolio, ensuring that the organization's physical electricity supply and its renewable attribute procurement operate compatibly. This flexibility allows organizations to optimize their renewable electricity strategy without disrupting their primary electricity retailer relationships or requiring major changes to existing commercial arrangements.

What distinguishes a renewable electricity claim supported by a PPA from other emissions reduction strategies?

A renewable electricity claim supported by a PPA is distinct from carbon offsets or physical reductions in site fuel consumption. The GHG Protocol's Scope 2 Guidance clarifies that renewable-electricity attributes represent rights to specific electricity generation, not comprehensive emissions elimination across all scopes. A PPA-based claim establishes that an organization has purchased and retired renewable attributes for a specific consumption period and volume, supporting market-based Scope 2 accounting. This is different from claiming emissions avoidance through efficiency improvements or from purchasing carbon offsets for other emissions sources. Organizations must maintain separate evidence and calculations for each type of claim, avoiding overlap or misrepresentation of what the PPA actually supports.

How should organizations handle the relationship between PPA consumption, generation, and reporting periods?

Generation, consumption, and the period represented by a PPA must be handled consistently in renewable electricity claims. Organizations must clearly document the consumption period, electricity volumes, site locations, and reporting framework that the PPA supports. The PPA must establish which generation is being claimed and ensure that the generation period aligns logically with the consumption period being reported. A carbon accounting checklist should include site consumption boundaries, instrument generation location and vintage, and confirmation that the beneficiary and allocation across sites is clearly documented. Our carbon advisory services help organizations establish these boundary statements and ensure consistency between physical consumption data and the contractual attributes

being claimed.

What role does Northmore Gordon play in assessing PPAs and renewable attribute procurement?

We provide carbon advisory services that include support for instrument selection, environmental-attribute due diligence, and procurement and retirement strategy for renewable energy contracts including PPAs. The moREnewable100 service specifically addresses renewable energy certificate procurement, offering multi-site coverage, procurement flexibility, and RE100-aligned sourcing support. We can assist organizations in establishing the intended claim, documenting organizational and consumption-period boundaries, and confirming that selected instruments meet applicable accounting framework requirements. Our advisory services connect emissions information with engineering and procurement decisions, helping organizations assess whether a PPA or alternative renewable pathway best aligns with their business objectives and reporting requirements.