PPA vs. Full Supply: Which renewable energy solution is right for your business?

As organizations look to reduce energy costs and meet ambitious sustainability targets, many are exploring renewable electricity procurement options. Depending on existing procurement and prioritization, options could include layering a renewable electricity source into the existing power supply (PPA) or outsourcing electricity procurement to an independent power producer (Full Supply).

What is a PPA?

A large-scale Power Purchase Agreement (PPA) is a contract under which a company purchases electricity from specific offsite renewable energy assets, typically wind or solar farms. PPAs establish an energy-based pricing structure, allowing organizations to pay for their renewable power per MWh like they would pay for power from a utility (eg. avoiding upfront capital expenditure). Exact pricing terms and length of the contract can vary, with recent agreements typically ranging from 1-10 years.
For many energy-intensive companies, PPAs offer:

- Access to renewable electricity at predictable prices
- Progress toward sustainability and decarbonization targets
- Line of sight to renewable energy projects associated with procurement
- Opportunity to decrease overall electricity spend via low-cost renewables

The PPA can be layered into an organization’s electricity supply with little-to-no adjustment to existing procurement strategy. Given swings in renewable energy generation over time, PPAs can additionally be shaped to an organization’s consumption, either by combining wind and solar, or by establishing a fixed production profile. A customized renewable profile is best optimized to client load when the remaining power is managed by the same party through a Full Supply agreement.

What is Full Supply?

Instead of purchasing only renewable generation, the buyer secures a complete electricity supply solution from a single provider. Full Supply combines renewable energy from PPAs with additional market-based procurement to ensure electricity is available whenever it is needed. Under Full Supply, Encavis includes market procurement, delivery-point management, billing, and renewable energy documentation.
A Full Supply solution can include:
Power:

- Renewable electricity from wind and solar assets
- Potential price fixations at client´s desired profile
- Spot market purchases for residual consumption

Services:

- Energy balancing and scheduling
- Billing and delivery-point administration
- Guarantees of Origin for sustainability reporting

In summary, Full Supply goes one step further, expanding on a PPA through comprehensive power portfolio management.

ENCAVIS

Which solution is right for your business?

The simplest way to think about it is:
With a PPA, the customer remains responsible for managing the remaining portions of electricity demand that are not covered by renewable generation.
With Full Supply, the supplier manages the entire supply portfolio, combining renewable generation and market procurement into a single solution.

PPA	Full Supply
Covers renewable generation only	Covers total electricity demand
Suitable for companies seeking to maintain their existing supply setup	Suitable for companies seeking a turnkey solution
Primarily a decarbonization tool	Provides utility-style supply
Potential for savings from renewable electricity generation	

A PPA may be the right option if your organization wants direct access to renewable generation and can manage residual market exposure separately. Alternatively, opt for Full Supply if you would benefit from a single provider for all electricity needs, simplified energy procurement processes, and increased access to renewable power without multiple contracts or market interfaces.

The future of corporate energy procurement

The energy market is evolving rapidly. PPAs remain an important tool for securing renewable energy, and can be structured to meet your needs through innovative renewable shaping. Simultaneously, many businesses are looking for solutions that combine sustainability, supply security, and operational simplicity as in the Full Supply model.
By integrating renewable generation with professional market procurement, Full Supply can provide companies with a practical pathway toward a lower-carbon electricity supply while maintaining the convenience of a traditional energy contract.

Interested in exploring how a PPA or Full Supply solution could support your energy strategy? Encavis can help assess your consumption profile and identify the structure that best aligns with your commercial and sustainability objectives.

Homepage Encavis Energy Solutions