

# e-POWER: GET THE BEST DEAL FOR YOUR POWER

In an industry full of complexity, e-POWER is proving to be a popular route for independent generators looking to get the best deal for their power.

In today's renewable electricity market there's a growing number of independent generators looking for new ways to maximise the value of their power. At the same time, electricity suppliers are keen to have access to a portfolio of generating assets across different renewable technologies. Enter 'e-POWER' - an online auction platform designed to service the requirements of both buyers and sellers.

e-POWER was developed by The Non-Fossil Purchasing Agency (NFPA) in 2000. Auctions for six month Power Purchase Agreements (PPAs) are held twice a year, providing a simple and straightforward route to market for independent generators under the RO or FIT schemes, selling electricity and associated renewable benefits to the highest bidder.

The team behind e-POWER has a strong track record in the energy market. Founded over 20 years ago, the NFPA administers the Non-Fossil Fuel Orders (NFFO), the first Government backed support scheme for the renewable electricity market. In 2000, following the opening up of the energy market, the NFPA developed its unique online auction trading platform initially to sell the NFFO contracts to the electricity suppliers.

Generators and suppliers who trade via the e-POWER platform value the simplicity of the model; it is proving an

attractive option for smaller generating companies too. Rod Edwards of Bro Dyfi Community Renewables, a 500 kW wind turbine in Powys, Wales says selling their electricity on the platform helps manage cash flow and eradicate laborious reporting requirements. "We are a community owned generator, run by volunteers. The renewable energy market is complex, and it can be quite difficult for smaller, largely non-professional volunteers to understand and operate within it. We have found that the e-POWER auction offers us a service that has made it relatively easy to understand and use," he says.

Testament to this popularity, the recent e-POWER auction completed in January 2014 sold over 500 MW from 105 generating sites, with commercial PPAs - as well as the statutory NFFO contracts - now accounting for around one third of contracts auctioned. NFPA commercial director Stuart Stephens explains that e-POWER covers all renewable technologies and sizes of plants, from 85 kW right through to 45 MW. "We cover the whole market, meaning we are able to service the small



independent generator right through to the bigger players," says Stuart. He adds that generators are attracted by NFPA's full-service offering, and particularly the ease of access they have to the whole supplier market.

Industry commentators Cornwall Energy have highlighted e-POWER as an excellent route for generators looking to maximise the value of their electricity. "The winter 2013-14 e-POWER auction continued the strong performance of recent auctions, with the vast majority of sites achieving over 95% of typical maximum values," they say. e-POWER attributes this success to the large number of suppliers taking part in

the auction, thus creating competitive tension. In its most recent auction, 19 suppliers took part with an average of 11 bids received per generator. This led to many of the generators achieving well in excess of £100 per MWh for their power (assuming 1 ROC per MWh).

Triodos Renewables has a 62 MW portfolio and uses the e-POWER platform for some of its renewable projects. Managing director Matthew Clayton says that as the company continues to grow its portfolio of projects, it's important they have a range of options to access the power purchase market. "The e-POWER auction has enabled us to access the short-term PPA

market efficiently, and at a price that's presently higher than what we were offered on fixed term contracts. That means we can deliver better returns to our shareholders," says Matthew. He adds that the fixed price per kWh from e-POWER means they do not need to wait for the ROC and LEC transfers before the settlement takes place. "This is very helpful from a cash flow management perspective," he says.

In an important development for the e-POWER platform, generators under the Feed in Tariff (FIT) scheme can now also auction their export power. FIT generators that are half hourly metered

and over 30 kW are able to opt out of the standard scheme fixed rate export tariff. Via the e-POWER auction, it is estimated that these generators could receive in excess of £55 per MWh, a significant premium to the administered fixed rate. Another bonus is that although financiers of new FIT projects may require the security of a long term electricity off-take arrangement, they are usually able to provide finance off the FIT Generation tariff only. This allows the generator to take full advantage of the higher export prices available via e-POWER by opting out of the standard export tariff.

Assynt Hydro is a small community-owned 240 kW hydro plant on the North Lochinver Estate in the Scottish Highlands. Company secretary John Mackenzie acknowledges that it has been a major challenge to operate their project in such a remote community. "The e-POWER auction operated by NFPA is of considerable benefit. It enables us to access the widest possible potential market for our energy output at a price we know to be competitive," he says.

As well as securing better prices, sellers report other benefits. The cost - and time - of negotiating bilateral PPAs with suppliers is saved as e-POWER operates under a standard PPA already accepted by all suppliers. Also the PPA includes no financial penalties or minimum requirements for generation as the supplier guarantees to buy at the auction price, all that the plant produces. Any internal administration costs are reduced by e-POWER managing the whole billing and settlement process. In addition, for schemes under the RO (Renewables Obligation) there are significant cash flow benefits as the generator is paid for their ROCs two months before they have even been issued by Ofgem.

Similarly, there are several benefits for the electricity supplier: entering the e-POWER auction means it's a convenient and flexible route to buy power without having to commit to longer term PPAs.

So for any organisation looking to maximise the value of their renewable electricity, the e-POWER auction offers a simple and commercially effective route to the market and looks well worth investigating.

#### FOR FURTHER INFORMATION

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