
Power Purchase Agreements Negotiation Training: Tariff Design, Risk Sharing and Exit Rights

8 – 12 March 2027
Cape town





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Ref: 342_22118 **Date:** 8 – 12 March 2027 **Location:** Cape town **Fees:** 4800 GBP

Programme Summary

Power purchase agreements negotiation is the subject of this five-day training course for commercial, legal and project leaders, ending in a negotiation brief for one power purchase agreement. These contracts fix prices, risks and exit rights for the life of a project, yet terms are often agreed under time pressure and read differently by each side. The programme moves from contract structure and tariff design, through risk sharing, credit support and termination, to negotiation tactics and contract management. Mars Training Centre UK delivers this programme in power purchase agreements negotiation.

The Business Case

When commercial and legal teams read a power purchase agreement separately, price terms are agreed without their risk consequences, and disputes surface years later when conditions change. Leaders who see the whole contract can trade terms deliberately and protect the project from avoidable exposure.

- Revenue and Cost Certainty: Improves as tariff, indexation and payment terms are tested against realistic operating cases.
- Dispute Exposure: Falls as change in law, force majeure and termination terms are drafted with their consequences in view.
- Financing Position: Strengthens as credit support and risk allocation meet the expectations of lenders and offtakers.

Principles and Evidence Base

- Risk allocation matrix: Placing each risk with the party best able to manage it structures the clause review in Session 2.
- Interest-based negotiation: Separating positions from interests guides the bargaining practice in Session 4.
- Bankability analysis: Lender tests of revenue certainty and security shape the credit support work in Session 3.
- Time value of money: Discounting of payment streams underpins the tariff comparison in Session 1.

Intended Participants

- Commercial leaders who set tariff, volume and payment positions for a power sale or purchase.
- Legal leaders who draft, review and defend the risk and termination clauses.
- Project leaders who must deliver a generating asset within the agreed contract terms.
- Officials in energy bodies who approve or oversee agreements on behalf of the public.



The programme serves electricity utilities, renewable developers, industrial buyers and government energy bodies.

Learning Outcomes

1. Participants will be able to analyse the structure of a power purchase agreement and map each clause to a commercial purpose.
2. Participants will be able to compare tariff and payment structures by their effect on revenue and cost.
3. Participants will be able to evaluate how risks are shared between seller and buyer, including change in law and force majeure.
4. Participants will be able to assess credit support and termination provisions against the needs of lenders and offtakers.
5. Participants will be able to prioritise negotiation objectives and concessions before a meeting.
6. Participants will be able to justify a negotiation brief to a steering group with its positions and fallback limits.

Programme Structure

Day 1: Contract Structure and Tariff Design

What does the agreement fix, and how is the price built?

- Power Purchase Agreement Clause Map
- Contract Term and Commissioning Milestones
- Tariff Structure and Indexation Options
- Take-or-Pay and Minimum Offtake Terms
- Payment Stream Discounting Comparison

Day 2: Risk Sharing Between Seller and Buyer

Which party should carry each risk, and at what price?

- Risk Allocation Matrix
- Availability and Deemed Energy Provisions
- Change in Law Clause Review
- Force Majeure Definition and Relief
- Performance Shortfall and Liquidated Damages

Day 3: Security, Termination and Disputes

What protects each party if performance or payment fails?



- Credit Support Instruments Comparison
- Lender Bankability Checklist
- Default and Termination Event Table
- Termination Payment Calculation Logic
- Dispute Resolution Ladder

Day 4: Negotiating and Managing the Agreement

How are terms won in negotiation and kept during operation?

- Position and Interest Separation Sheet
- Concession and Trade Planning Grid
- Counterparty Profile and Leverage Review
- Contract Management Calendar
- Variation and Amendment Control

Day 5: Applying Power Purchase Agreements Negotiation to One Contract

Is the negotiation brief ready for approval?

- Applying the Session 1 Clause Map to the Chosen Agreement
- Testing the Session 2 Risk Matrix Against Likely Scenarios
- Checking the Session 3 Security and Exit Terms
- Rehearsing the Session 4 Concession Plan
- Completing the Negotiation Brief

Methodology

The programme is built around case analysis and role play. Participants work in small teams on anonymised agreements from solar, wind and thermal projects, take the seller and buyer sides in turn, and test each term as a lender and a regulator would.

- Suggested activity: Redrafting a change in law clause so that the risk sits with the party able to manage it.
- Suggested activity: Comparing two tariff structures on a discounted payment basis.
- Suggested activity: Rehearsing a negotiation over termination payment with a role-played counterparty.

Capstone Output

Each participant completes a negotiation brief for one power purchase agreement. It holds a clause map, a risk allocation matrix, a security and exit summary, ranked objectives and a concession plan. The brief is used to align commercial and legal teams and to lead the negotiation with the counterparty.



Frequently Asked Questions

Is power purchase agreements negotiation suitable for leaders without a legal qualification?

Yes. Power purchase agreements negotiation is set at senior managerial level and assumes familiarity with commercial contracts or energy projects, not legal training.

Which models does power purchase agreements negotiation rest on in this training?

Power purchase agreements negotiation rests on a risk allocation matrix, bankability analysis, interest-based negotiation and discounting of payment streams.

How is the brief from power purchase agreements negotiation used at work?

You use the negotiation brief to align commercial and legal colleagues, set positions and fallback limits, and lead discussions with the counterparty.

How does power purchase agreements negotiation differ from a project finance modelling programme?

Power purchase agreements negotiation centres on contract terms, risk sharing and bargaining, while a project finance modelling programme centres on building the financial model that tests those terms.