Task: Give the answers to the provided questions

Topic: Responses to Questions

Type: Coursework

Length: 4 pages

Formatting: APA

Requirements:

Prepare answers to 12 given questions on renewable energy markets. Responses should be insightful and be based on the actual research of the topic.

RESPONSES TO DISCUSSIONS

Name

Course

Date

Law Discussions

What is the PPA Structure for Renewable Energy Portfolio Management?

I concur with the writer that power purchase agreements should detail the commissioning process, the sale and purchase of energy terms that includes variables like billing, pricing and invoicing. Such agreements also outline the financial liability subject to contract parties and outline the actions to be taken in case of failure by either party. The agreements should clarify transmission issues, credit access, milestones and defaults, insurance and environmental matters. However, I differ with long periods for PPA that varies between 15-25 years. I think the governments should reduce it to be between 4-8 years (CA.gov. et, al, 2014).

How should the Pricing of Energy in Power Purchase Agreements be Structured by Developers and Utilities

I believe developers and utilities of renewable energy should use available pricing structure, they should take into account many variables like the quality of renewable energy resources in order for investors to be able to recoup their investment. These considerations will help investors to determine their revenue values throughout the life of the project. It is important when it comes to negotiating flat rates and negotiating for high rates in the initial years of the projects in order to recover the high-capital outlays associated with projects on renewable energy. The provision for PPA agreements to allow investors negotiate for lower rates at the start of the projects and increase gradually depending on the projected increase in costs like labor

Comment [AwfulEssa1]: The sentence structure is a bit confusing.

Comment [AwfulEssa2]: Comma here is best.

Comment [AwfulEssa3]: Mmm… that's unclear. Did you mean, "I disagree?"

Comment [AwfulEssa4]: "Should" can be capitalized.

Comment [AwfulEssa5]: Missing an article here.

maintenance and procurement of equipment should be reversed and allow them to negotiate for higher rates at the beginning (National Renewable Energy Laboratory, 2011).

What is the Probability of Investors getting Reasonable Returns given the Intensive Capital Outlay for Renewable Energy Facilities and the Uncertainties Associated with the Projects in the Long Term?

From the response, it is evident that there is controversy over the use of renewable energy. For instance, the use of renewable energy is minimal in the world over with the US using only 13% of renewable energy by the year 2013. For how long will this controversy persist? As demand for renewable energy keeps on growing, it means that renewable energy will continue to capture more market share; the investors will recoup reasonable returns that will cover the intensive costs used to invest. Few companies will lose their investment for embracing renewable energy; however, they will not make huge returns. The annual returns for such companies should be good enough for them to break even their costs early enough (Leal, 2013).

The policies on the renewable energy should also be market based in order to increase competition to improve the efficiency for investors and reduce costs. It can be achieved through international exchanges, power exchanges, and futures' contracts through the introduction of initiatives that promote retail competition. Reliability and safety of the power grid should be managed well to ensure that investors get good returns from their investment (Salamone, 2010).

Comment [AwfulEssa6]: This entire sentence would be easier to understand if you bothered to use at least some punctuation marks.

Comment [AwfulEssa7]: This is a terrible subheader. Way too long.

Comment [AwfulEssa8]: Which response?

Comment [AwfulEssa9]: The way you phrased this sentence makes it super confusing.

Comment [AwfulEssa10]: Don't need this article.

Comment [AwfulEssa11]: Did you mean "future contracts?"

Comment [AwfulEssa12]: Only one power grid?

Why do Renewable Energy Power Standards of Many Jurisdictions Require the Purchase of Renewable Energy to be done at Existing Market Rates?

The pegging of PPA's on the existing market rates aims to identify risks and allocate them according to the risk allocation structures supported by the existing interest rates in the various markets. By basing them on the existing rates, investors can negotiate key PPA risks and select the most favorable energy investment project based on the projected returns. The use of existing interest rates also helps investors to have a clear comprehension about the context, which their PPA is operating and other important matters that relate to the trends that drive the market for renewable energy and the power of its consumers. The existing interest rates will also determine the chances of success or failure of investment activity in renewable energy regarding efficiency, regulation, investment, reliability, and exchanges in the power market (Bishop & Atkinson, 2012).

I disagree that entities and the market be forced to purchase renewable energy at the existing market rates in order to force the market to adopt and grow the use of renewable energy. This will violate the rights of consumers; rather the US government should come with a framework and strategies for increasing the use of renewable to 33% by the year 2020. In order to achieve this growth, the returns on investment for investors in renewable energy must be sustainable. Which strategies will sustain it? The purchase of the green energy must be based on demand and supply. The purchase may be done at market rates in order to leverage on sustainable targets.

Comment [AwfulEssa13]: Once again: subheaders are never this long.

Comment [AwfulEssa14]: Don't need.

Comment [AwfulEssa15]: The phrasing right about here turns crazy.

Comment [AwfulEssa16]: Missing something....

Comment [AwfulEssa17]: Renewable what?

Comment [AwfulEssa18]: Not needed.

What is the Price Structure for PPAs?

I agree that the price structure for PPAs should consider a number of variables aimed at addressing the various aspects of the nature of the projects, the long duration of time and a large capital outlay invested initially. However, the pricing should include other aspects like the financial structure, the available resources for transmission and the performance of equipment among others. Therefore, depending on the nature of these variables the argument that pricing of PPAs may be deescalating, flat, or escalating according to the production costs during the production period and the need to recover the invested costs within a set time is valid (Energy.gov., 2014).

The argument that the pricing of PPAs be based on the capital structures of the investing companies, however, may violate the rights of consumers as such pricing will take into account the repayment of loans. Other considerations like the geography of the area where they are producing renewable energy, the transmission lines, development costs for plants and the projected profits for the projects in the long term are inconsequential (Casazza & Delea, 2003).

How is The PPA Structured to Cater for the Unknown Long-Term Production and the Need for Investors to get Reasonable Returns?

Because of the unknown long-term production, PPAs tend to make the sale of renewable energy close to existing market levels. They also ensure that prices charged for renewable energy are affordable enough and sustainable. In order to cut costs on investors and enable them to get reasonable returns, the government may assist them to develop other infrastructures necessary for their success like construction of transmission lines, financing, or integrating them to existing

Comment [AwfulEssa19]: A comma should be here. In fact, the whole sentence is a bit confusing.

Comment [AwfulEssa20]: Again, missing a comma.

Comment [AwfulEssa21]: A tiny comma somewhere between these two words could greatly contribute in the matter of comprehension.

Comment [AwfulEssa22]: You don't like commas much, I see.

Comment [AwfulEssa23]: Come onnnnnnnn.

Comment [AwfulEssa24]: Mmm... how's that?

Comment [AwfulEssa25]: Comma, please.

power grid. Other significant considerations in pricing include the length of the PPA agreement, the commissioning process, sale and purchase of the produced energy. In addition, the quality of the produced energy, curtailment, credit compensations, progress, and defaults are considered (Martin, 2011).

What are the Solutions for Transmission Issues?

I agree the government should pool enough resources for investors to develop transmission infrastructure as opposed to investors covering 50% of the costs(Causey, 2010). Investors should be allowed to use the existing transmission lines through secured provisions for access under PPAs (Goldemberg, 2012).

What factors lead you to your conclusion?

I agree that the government has enough resources to facilitate the provision of supportive infrastructure to producers of renewable energy (Sayigh, 2013).

Does the Solution Work for All Sources of Energy?

Largely, this solution will work for all energy sources because of integration of the power grid.

What is the Rationale for Integrating the Power Grid?

I think it is prudent to combine the power grid to integrate the various sources of energy. It is significant to solve current power problems in the United States and ensure a consistent supply of sustainable energy that gradually moves towards green energy (Kaplan, 2009).

Comment [AwfulEssa26]: Another comma, please.

Comment [AwfulEssa27]: You don't like spaces between your words and parentheses?

Comment [AwfulEssa28]: Why do you capitalize some headings and de-capitalize other headlines?

Comment [AwfulEssa29]: Doesn't sound like a detailed answer to me.

Comment [AwfulEssa30]: One sentence is enough?

Comment [AwfulEssa31]: This seems to be one awesome grid.

Comment [AwfulEssa32]: One power grid?

References

Bishop, I. D., & Atkinson, S. D. (2012). Understanding New Landscapes: Support for Renewable Energy Planning. *International Journal of E-Planning Research (ijepr), 1,* 4, 1-16.

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Energy.gov. (2014). The smart grid: An introduction. . Retrieved July 27, 2014,

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National Renewable Energy Laboratory (U.S.), United States., & United States. (2011).*Quick Guide: Power Purchase Agreements (Fact Sheet)*. Washington, D.C: United States. Dept. of Energy.

Salamone, S. (2010). Going ultra: New directions in transmission. *EnergyBiz*. 7(1), 22-24. Retrieved on July 27, 2014

Sayigh, A. (2013). *Sustainability, energy and architecture: Case studies in realizing green buildings*. s.l.: Elsevier academic press.

Overall Impression

This paper is not bad, actually. Its seems to be a pretty well-conducted analysis of the situation in the renewable energy markets, and it is obvious that the author understands what he or she writes about. However, there are some small mistakes that kind of spoil the general impression. But actually, this is one of the best papers I've been proofreading recently.