Risks in PPA’s

* Credit risk 🡪 risk of buyer to seller
  + Probability of default
    - Strength of firm
    - Market volatility
    - Contract length
  + Exposure at default
    - Settlement risk exposure 🡪 how much is delivered but not yet paid for?
    - Replacement risk 🡪 difference between contracted price and valued market price
  + Loss given default
* Position risk strategies:
  + <https://pexapark.com/blog/managing-position-risk/> 🡪 monte-carlo simulation
* Balancing risks 🡪 difference between nomination and realization
* Revenue risk 🡪 exposure to the market (i.e. non-hedged volumes)
* Profile risk 🡪 intermittent nature of renewable energy sources