apparel impact institute

RE Procurement Guidelines

November 2025

Contents


Intro to RE

RE Procurement Strategies

- RE procurement is central to Tier 2's electrification strategy and a key element of decarbonization in electricity-intensive production in Tiers 1 and 2.
- Achieving 2030 targets requires brands to specify the percentage of renewable electricity their suppliers must procure. Brands must also plan for any opex increases in in for the short-, medium-, and long-term, dependent on the geography.
- All supply chains should be fossil free by 2040 or 2050, depending on a brand’s net zero target date.
- Mapping out how this will be achieved in the next five years is a crucial part of the decarbonization planning process.
- While Aii currently focuses on the implementation of of electrification technologies, RE procurement is necessary for all those projects. Therefore, we have created this document.

The Importance of Renewable Electricity Procurement

Grid Electricity

Electrifying industrial processes without renewable electricity simply shifts emissions to power generation.

Corporate RE Procurement

Companies can secure low-cost, low-emission electricity through EACs, PPAs, and onsite generation.

Introducing Renewable Electricity Procurement

Corporates have three main alternatives for procuring renewable electricity. One of the simplest methods is through Energy Attribute Certificates (EACs), which can secure renewable electricity. When choosing an approach, companies should evaluate factors such as climate strategy, stakeholder requirements, business cases, risk mitigation, and securing access to electricity. To claim 100% renewable electricity consumption, a company can match its electricity usage with EACs or contracts.

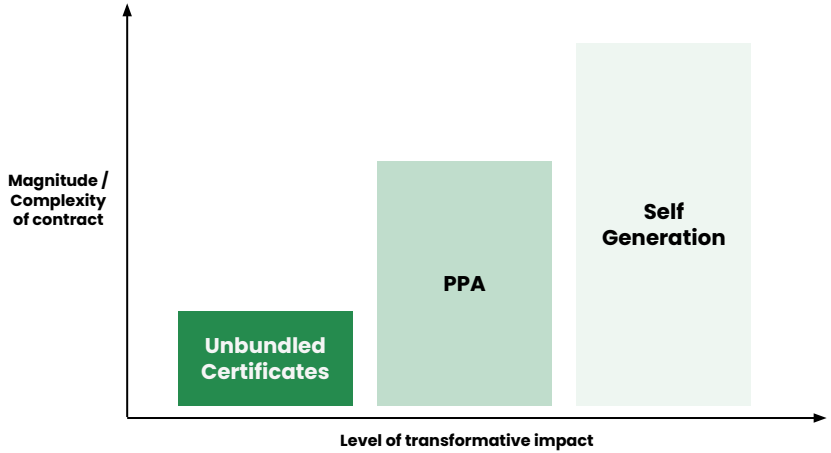
Unbundled EACs can be purchased separately from both the generated electricity and the company's grid procurement. The price of EACs can vary widely, currently prices vary with a factor of 10x across markets. Cancellation statements serve as proof that the EACs have been used for the specific period.

Power Purchase Agreements (PPAs) are long-term renewable electricity contracts that can be signed with newly built or existing assets such as solar parks and wind farms. PPAs with new assets enable projects to be financed and constructed. In a physical PPA, EACs are delivered with the electricity. Financial PPAs are contracts with EACs included but without physical delivery of electricity.

Self Generation allows organizations to invest in their own onsite or offsite renewable electricity assets. This requires capital investment but can save costs from purchasing grid electricity.

Looking ahead, new requirements and taxes can potentially impact RE procurement, potentially requiring more long-term contracts to claim low carbon electricity. In markets with low penetration of renewable electricity, access can become an issue if not secured long term. While the outlook is uncertain, these are important dynamics to monitor.

Three main renewable electricity procurement alternatives



Level of transformative impact is about how much the different alternatives contribute to the energy transition. While Self Generation is deemed to directly contribute, PPAs can enable new renewable electricity being built.


EACs

Energy Attribution Certificates (EACs)

“Standardized, tradable instruments issued to a unit of generation (generally, one MWh) which are used to aggregate and track energy attributes. Depending on the system that issues them and the market where they are used, corporate buyers may purchase them bundled with or unbundled from the underlying generation to secure the property rights to energy attributes. EACs are often interchangeably referred to as Renewable Energy Certificates (RECs).” - **RE100**

Purchasing EACs

Purchasing unbundled EACs is often the simplest way to credibly claim that the consumed energy comes from renewable sources.

EACs are generated when renewable energy plants, such as solar parks or wind farms, produce electricity. These certificates can be sold either as a bundle with electricity or separate.

Regardless of the method, EACs add value to the generator and serve as a tool to promote further investments in renewable energy.

While procuring EACs can be straightforward, there are several challenges to consider:

- **Lack of official market prices**: EAC prices are not standardized.
- **Price fluctuations**: EAC prices can vary significantly.
- **Quality variations**: Different qualities of EACs must be taken into account to ensure the choice being made is delivering impact and meeting brand/supplier minimum requirements.
- **Administrative requirements**: Proper administration is necessary to claim renewable electricity.
- **Sourcing considerations**: EACs should ideally be sourced from production facilities linked to your company's market of consumption.

Quality Considerations

EACs come with various qualities that corporate buyers need to consider.

The prioritization of these qualities can depend on the company's commitment and price differences. To follow best practice, companies should follow RE100 recommendations when procuring EACs.
Some key RE100 quality criteria include:

- **Energy Source** – Solar PV, wind, hydro, biomass, biogas. (Some brands purchase solar and wind for their own consumption)
- **Geography** – EACs should be generated in the same country as the electricity is consumed. For example, if a facility consuming grid electricity is in Country A, the EACs should come from Country A.
- **Vintage** – The timing of EAC generation should be reasonably close to when the electricity is consumed. Generally, this means the EACs should be generated within the same calendar year as the electricity consumption or, at most, within a 12-month period surrounding the consumption.
- **Exclusive Ownership** – EACs should come from a standard where double-counting is not possible, meaning they cannot be sold and not used also as carbon credits simultaneously.
- **15 Year Limit** – Generating power plants should not be older than 15 years.

Depending on the quality requirements, the price of EACs may vary due to different generation costs, supply and demand, and market regulations.

EAC Standards

EACs are available in many parts of the world. Buyers should confirm whether a market standard complies with global requirements.

A key concern is whether the standard allows double-counting or double-claiming.

Below is a list of major EAC systems that have referenced in claims made by RE100 members and recognized by RE100.

The absence of an EAC system from this list does not imply a lack of credibility. It just means that no RE100 member has claimed its use for renewable electricity to RE100.

The standards use different registries to verify and issue valid certificates and work with different time frames for cancelling certificates.

- REC (US and Canada)
- GOs (Europe)
- REGO (UK)
- T-REC (Taiwan)
- J-Credit, NFC, GEC (Japan)1
- I-REC (International)
- TIGR (International)
- GEC (China)
- LGCs (Australia)
- NZECS (New Zealand)
- Korean national EAC system
- Indian national EAC system
- zaRECs (South Africa)

Prices

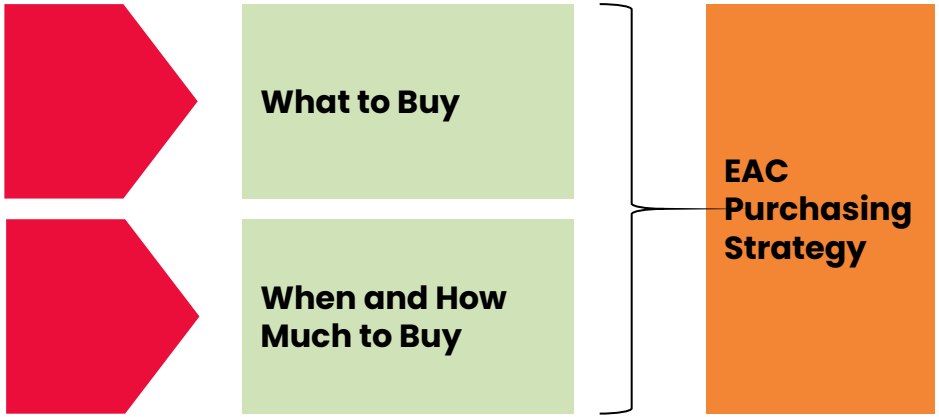
As previously mentioned, prices for EACs can vary based on quality requirements. Additionally, market prices lack transparency because they are typically negotiated bilaterally between buyers and sellers. To gain better insights into market prices, one effective approach is to follow newsletters published by EAC brokers. However, it's important to consider various factors that can influence EAC prices such as supply and demand dynamics, regulatory changes, or regional market conditions. Approaching EAC procurement means making a number of strategic decisions. Below are choices that can influence the price at a given time.

Quality – Energy source, Vintage, Age of RE Asset etc. All of these aspects will either give higher or lower price with availability and the cost of production.

Origin – The price of EACs differ between countries, mainly explained by market dynamics and regulatory requirements. For example, Taiwan and Singapore are very expensive, while Vietnam is much cheaper.

Volume – A larger order will be cheaper than smaller orders.

Time – Prices fluctuates with time, meaning the same purchase but in different months would give different prices.



Sellers

EACs can be procured through generators, brokers, or on broker platforms, all offering different benefits. Platforms are a relatively new concept to easily purchase EACs according to specifications. Regardless of the procurement method, it is crucial to ensure that documentation and cancellation statements are properly structured, delivered, and contain accurate information at the right time. An example of a cancellation statement is found on the next page.

Generators

Purchasing EACs directly from a renewable electricity generator has the advantage of saving margins for intermediating brokers and to get transparent project specific EACs allocated (for example geography, vintage and 15 year limit) is easier.

Potential benefits for corporate buyers:

- Price transparency
- Project specific
- Quality secured directly from source

Brokers

Purchasing EAC through a broker is a simplified transaction process which saves time for the buyer. You ask to purchase an amount of EACs according to specifications, and get an offer back from the broker. A broker can offer a price benefit from having market experience and can pool larger volumes to offer more competitive prices.

Potential benefits for corporate buyers:

- Competitive price
- Less administration

Platforms

Brokers have developed platforms enabling buyers to purchase EACs directly online. The process is relatively simple and can help corporates to organize documents.

Potential benefits for corporate buyers:

- Simple process
- Structured documentation
- Clear follow up

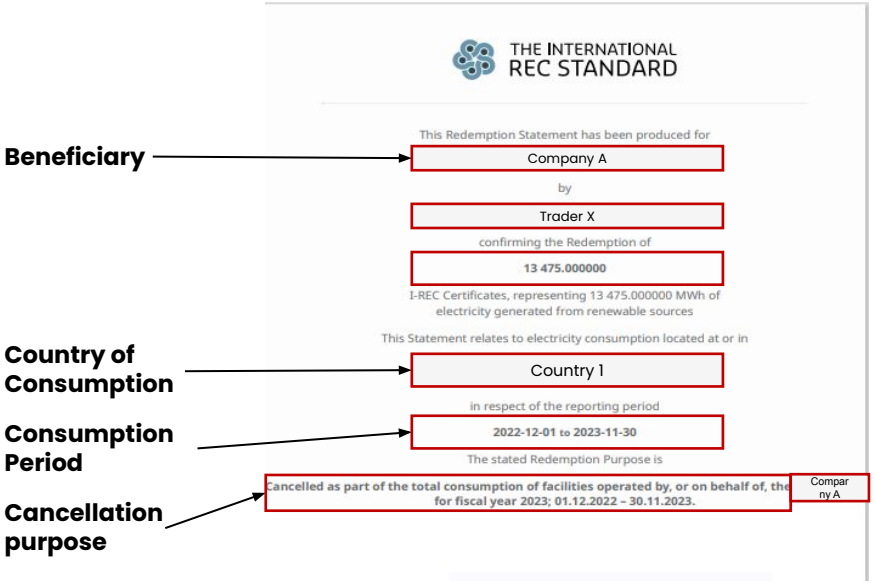
Cancellation Statement

To correctly claim your level of renewable electricity for your electricity consumption you need a cancellation statement. The cancellation statement shall include the key details such as:

- **Name of beneficiary**
- **Country of consumption**
- **Consumption period**
- **Cancellation purpose**

Some type of cancellation statement can also include Organization ID, Location of beneficiary and Type of beneficiary. A QR code can sometimes be included to verify the status the cancellation statement.

When audited, cancellation statements serve as evidence for renewable electricity claims. Therefore, it is crucial that the information provided is accurate.



QR code

QR code is sometimes included to verify the status

Procurement Process

This process description outlines the steps involved in procuring EACs, ensuring that your electricity consumption contributes to a cleaner and more sustainable future. By understanding and following these steps, you can effectively participate in the renewable electricity market and claim your level of RE.

Decide Volume

Gather electricity consumption data for the period to be matched by unbundled EACs. RE100 recommends to match grid electricity with EACs for each disclosure period (in most cases yearly). Depending on market conditions corporates can decide whether to purchase EACs proactively based on forecasts or reactively based on actual consumption data.

Recommend that suppliers purchase EACs regularly (quarterly if volumes allow) & latest by Q3 for the full year (based on forecast).

Quote

Request quote from Generator, Broker or via a platform. Specify quality requirements and volume.

If you do not have your own account at a EAC registry ensure that the broker or other counterpart has an account within the registry that the certificates shall be cancelled in.

Contract

Secure contract for the volume of the quotation and establish an invoicing procedure.

Contract can be either per single quotation or a frame agreement and/or long term agreement for purchasing over several years.

Delivery and cancellation

Delivery of EACs can either be considered when the ordered certificates is delivered to a the buyer's or buyers appointed registry account. If the generator or broker also performs the service of the cancellation of the EAC, delivery can be in the final form of a cancellation statement (Pdf file) of the EAC.

To use a EAC to claim RE for the disclosure period the certificate need to be cancelled within the valid time period, this depends on which type of EAC.

Report

Report renewable electricity volume according to set routines and attach cancellation statement as proof.

Reporting cadence will depend on brand requirement.


PPAs

Power Purchase Agreement (PPA)

“A Power Purchase Agreement (PPA) is a long-term contract between a renewable energy generator (the seller) and a purchaser of renewable electricity (the buyer). PPAs typically span 10 to 20 years and outline all commercial terms for the sale of renewable electricity, including the start of commercial operations, delivery schedules, penalties for under-delivery, payment terms, and termination conditions.“ **RE100**

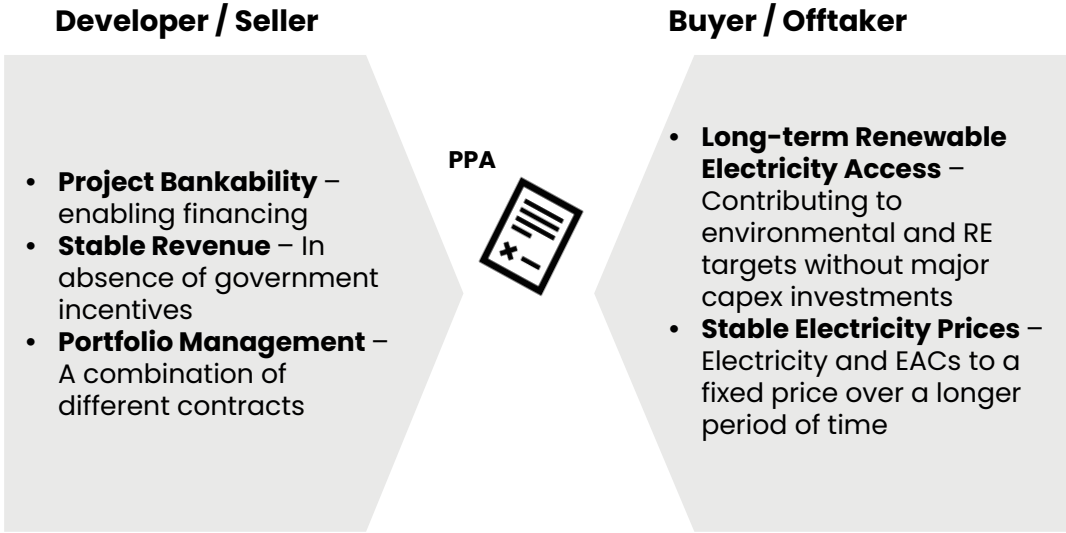
Why Power Purchase Agreements (PPAs)

PPAs have been a key enabler behind growing investments in Renewable Electricity projects. PPAs are able to create long-term access to renewable electricity, create financial security for developers (sellers) and its investors, while for buyers (offtakers) it mitigates development and operational risks, it can provide cost predictability and cost savings compared to market prices and, finally, PPAs support corporates in meeting their sustainability targets while supporting the development of new renewable energy projects.

RE100 considers there to be three features of impactful procurement: long term, project-specific contracting, with recently commissioned renewable electricity projects (RE100 technical criteria section, section Five). These are common features of a PPA.

An increasing number of corporates are signing PPAs for their renewable electricity needs. Regulatory conditions for corporate PPAs differ across regions and countries but are steadily developing and showing signs of improvement.

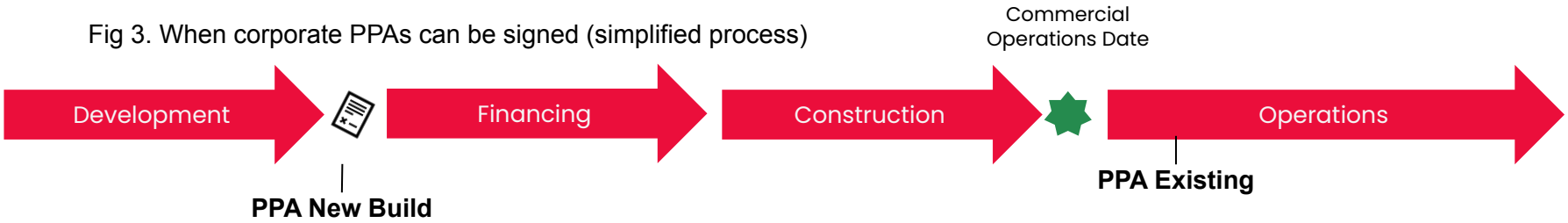
Fig 2. Why corporate PPAs are signed



When PPAs Are Signed

PPAs are signed before the RE Park is operational (typically before financing) or when it is operational. In the first case, a buyer can claim it has contributed to the park being built.

Fig 3. When corporate PPAs can be signed (simplified process)



PPA Market Availability

As industries seek to electrify more processes, securing a reliable supply of renewable electricity becomes essential for meeting climate objectives.

Corporate PPAs are not yet available in every country, but the number of countries allowing renewable electricity contracts between generators and corporate buyers is steadily increasing.

Across key fashion production hubs, PPAs remain relatively new. Policies are still taking shape, and some countries are moving to develop and implement enabling measures.

In immature PPA markets, implementation is often slower as both sellers and buyers are still learning the regulations, the renewable electricity market, and PPA contracts.

When corporate PPAs become more widespread, they will create new opportunities for developers to invest in renewable electricity assets.

- Algeria
- Argentina
- **Bangladesh (nascent)**
- Brazil
- Burkina Faso
- Chile
- Egypt
- Eritrea
- **EU (most)**
- Ghana
- **India**
- **Japan**
- Kenya
- **Mainland China**
- Mexico
- Morocco
- Namibia
- **North America**
- **South Korea**
- **Thailand**
- **Vietnam**

Considerations When Procuring PPAs

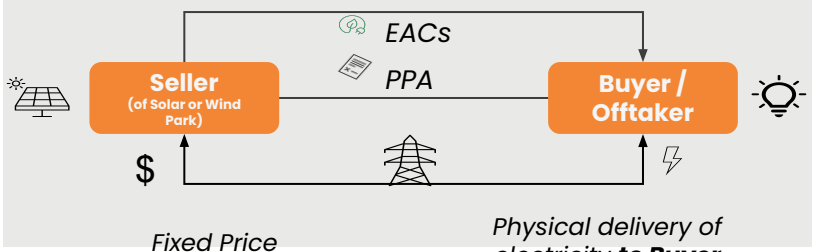
Main Driver	**Company climate strategy (e.g., SBTi, Net Zero goals)**	OR	**Long term access to renewable electricity at a predictable price and/or cost savings**
Electricity	**Physical PPA** **On-site**: The renewable electricity system is installed on the customer's property and customer receives the physical delivery of electricity at a set price over the contract term. **Off-site:** The renewable electricity system is located elsewhere, but the electricity is delivered to the customer through the grid. This type is common for large-scale projects like wind farms or solar parks.	OR	**Financial PPA** These agreements do not involve physical delivery of electricity. Instead, they are financial contracts where the buyer agrees to purchase the renewable electricity at a fixed price. The actual electricity is sold into the grid, and the buyer receives the EACs associated with the electricity. This means the buyer needs to purchase physical electricity separately.
Strike Price	**Fixed** A set strike price throughout the tenor of the contract. If a financial PPA, settlement is calculated as the difference between the market price and the strike price times the volume.	OR	**Floating** Price structure can include different types of floating prices, such as an indexed strike price or a mark-to-market strike price. Hybrid structures (fixed and variable) are becoming more common in more mature PPA markets.
Volume	**Pay as Produced** The volume a PPA delivers may be dependent on a Pay-as-Produced basis. It means the volume delivered or settled on is whatever is produced by the underlying asset (wind or solar) which in turn depends on the sun and wind conditions.	OR	**Nominal** If the volume in the PPA is pre-agreed and independent of what is produced by the underlying asset, it is called nominal or sometimes baseload.
Tenor	**Short** Common corporate PPAs are between 10-15 years. In a certain context, even shorter PPAs are negotiated. Among the drivers behind the timeframe offered by the seller, is expectations from creditors.	OR	**Long** In some industries and in utility PPAs (or government contracts), PPAs can be 20-25 years.

PPA Types – Physical and Financial PPAs

There are two general PPA types: Direct, which includes both physical electricity and EACs, and Financial, which secures EACs and physical electricity is bought separately.

Physical PPA

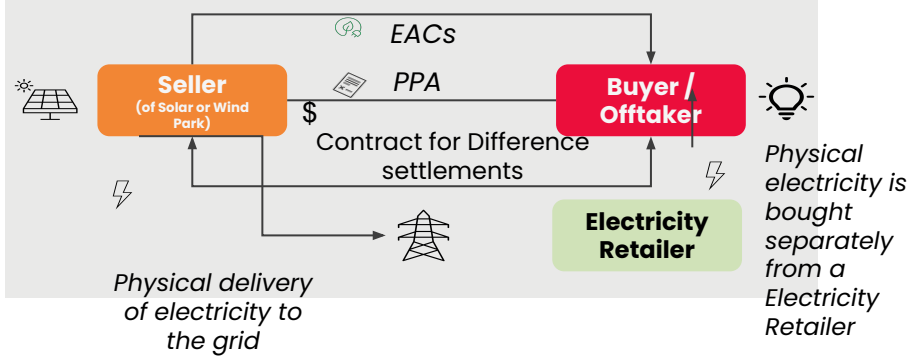
Also referred to as Direct or Sleeved PPA



A Physical PPA is a contract for delivery of physical electricity, and often involves a sleeving agreement with an electricity retailer to deliver the electricity through the grid from the RE park to the final consumption point.

Financial PPA

Also referred to as Synthetic or Virtual PPA



A Financial PPA is a financial arrangement between a the seller (renewable electricity generator) and a buyer enabling both parties to hedge against market price volatility.

PPA Types – Pros & Cons

Physical PPA

Most commonly used by corporates with large and concentrated electricity loads (e.g. heavy industries, big data centers etc.). Corporate and Generator need to be on the same grid system.

Pros

- No accounting implications
- Provides long term predictable electricity prices
- One financial flow for the physical electricity delivery
- Both physical electricity and EACs secured in same delivery

Cons

- Geographic limitations
- Contract complexity involving three parties
- Added costs for sleeving
- Less flexible and scalable compared to Financial PPAs

Financial PPA

An organization with a distributed load, such as many retail outlets, may consider a financial PPA to secure long term access to renewable electricity while hedging against market price volatility.

Pros

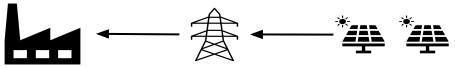
- No change of the existing electricity contracts for physical delivery (if not needed to adapt to hedge)
- Flexible and scalable in terms of volume and project location
- Hedge against electricity price volatility

Cons

- Financial PPAs are financial contracts that can be difficult to navigate with effects on cash flow, accounting and financial statements.
- Two separate financial flows, one for PPA settlement and one for physical electricity
- Need to consider activity regulations and reporting compliance

PPA Types – Onsite vs Offsite PPA

Location of PPAs can be either onsite (built on or in connection to the premises of a buyer) or offsite (not directly in connection the premises).

	Onsite	Offsite
Location		
Electricity Delivery	Direct to customer facility	To the grid
Grid Impact	Reduce physical grid use (lowering "grid" costs)	Use of grid
Scalability	Limited by site	More Scalable
Contract complexity	Lower	Higher

PPA Procurement Process

Step 1

- Set a plan and decide priorities (RE reporting and/or stable electricity prices)
- Identify the internal stakeholders to be involved in the process and decision making
- Evaluate need of involving external resources such as commercial, technical, and/or legal advisor

Step 2

- Determine what type of PPA structure is best for the supplier
- Discuss requirements and non negotiable items

Step 3

- Sourcing – Depending on the market and volume, sourcing involves either quoting PPA offers from sellers, or issuing a request for quotation to potential sellers
- If, RFQ is sent to potential sellers, the offers are compared on a number of criteria, such as Type, Price, Status, Volume, Structure, Tenor etc.

Step 4

- Negotiation with Seller to determine the details in the PPA. Negotiations can run from a few months and up to 12 months.

Step 5

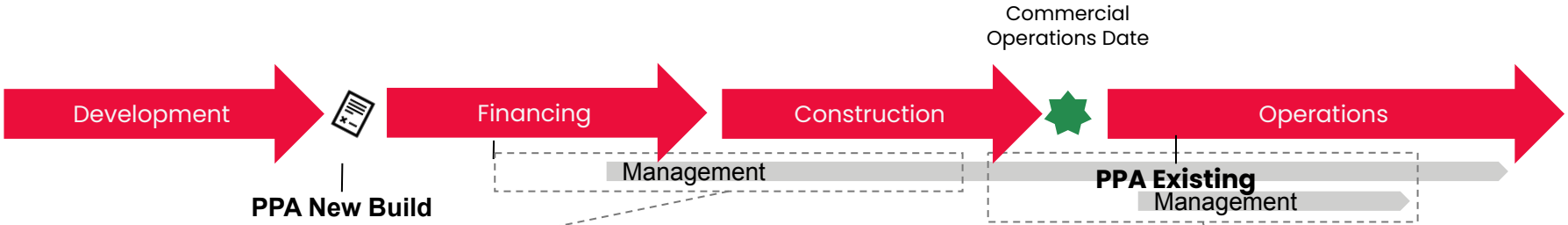
- Sign the contract.

Step 6

- If PPA with a new-built park – Follow up project development and potentially handle potential delays or re-negotiations before PPA start date.
- If PPA with an existing park – Follow up through generation reports (if pay as produced), invoicing, payments and accounting.

PPA Management

The level of management required for a PPA depends on the type, the timing of signing, and the complexity.



Pre-COD Management

- Contract compliance and obligations
- Project development follow up
- Reporting & Communication
- Etc.

Operational Management

- Monitoring Renewable Electricity generation against PPA
- Manage Sleeving and Balancing services (if Physical PPA)
- Invoice and Settlement validation and payments
- Accounting treatment
- Contract compliance and obligations
- EAC Management (transfer and cancellation)
- Monitor Market Risks
- Reporting & Communication

PPA Risks

While PPAs offer significant benefits, they also come with various risks that corporates need to consider, prepare for, mitigate, and be comfortable with. In general there are two types of risks; market risks and contract-related risks. Understanding and managing these risks is crucial for companies entering into PPAs. Proper risk assessment, careful contract negotiation, and ongoing monitoring can help mitigate these risks and ensure the successful implementation of PPAs.

Market

Market Price Risk – Fluctuating electricity market prices can make a buyer pay more than the market rate over time.

Regulatory Risk – Regulatory changes can affect the terms and viability of PPAs.

Operations

Volume Risk – Wind and solar are dependent on weather conditions and will generate more or less electricity than projected. It can also lead to an imbalance between generation and consumption demand which the buyer needs to balance.

Credit Risk – The financial stability of the PPA counterparties (both the buyer and the seller) is crucial. If not stable, the contract may not be fulfilled.

Operational Risk – Construction delays, Force Majeure events, and curtailment will impact the delivery of renewable electricity.

Legal, Tax & Accounting Risk – PPAs can be complex and lead to misunderstandings and disputes. Accounting treatment can also be complex that can impact a company's financial statements.

Learnings

This document was created as a high-level guide on how to approach PPA procurement. Several lessons can be learned from brands' recent procurement experiences to improve efficiency:

- Involve internal stakeholders from the start. Secure internal alignment and establish priorities early in the process.
- Negotiations take time. Be prepared by knowing your non-negotiable items.
- PPAs can be both extensive and complex. Ensure you have the right expertise involved, whether through internal experts or external technical and legal advisors.
- If you have the opportunity, put effort and time into finding the right Seller. Experience of delivering RE projects and signing PPAs matters, while overall company fit can matter under long PPA contracts.
- A management plan for the PPA once it becomes operational will support a smooth transition to renewable electricity.