

Interview with Christian Hürlimann, MET Group

"PPAs require a lot of trading expertise"

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Frankfurt/Main - The Swiss energy company MET, previously primarily active in trading, is expanding its generation business with renewable energies. The utility has also built up a project pipeline in Germany. energate spoke to Christian Hürlimann, CEO Renewables at MET Group, about its ambitions in the German market, the challenges of concluding PPAs and the opportunities in the storage market.

energate: Mr Hürlimann, MET has so far mainly developed renewable energies in other European markets. Now you are increasingly looking to enter the German market. What are your plans?

Hürlimann: Our current focus is on internationalising our renewable energy portfolio based on our first successful projects in Southern, Central and Eastern Europe. As part of this, we have acquired our first German solar project in Kentzlin (Mecklenburg-Western Pomerania), which will go into operation in the middle of the year. However, we have also realised that there is intense competition on the German market for pre-developed projects and prices are correspondingly high. We are therefore focussing on building up our own pipeline, with a focus on PV. We are therefore currently endeavouring to develop more of our own projects and to secure grid connection points and the corresponding land. For example, we currently have a 60 MW project in Saxony at an advanced stage of development. This start forms a good basis for further expanding our activities in the German market.

energate: What goals have you set yourself?

Hürlimann: We have decided to build solar parks in Germany in combination with a battery storage system as standard. The 60 MW project in Saxony, for example, will also include a 60 MW/240 MWh battery storage system. We see that the capture prices for solar have come under severe pressure due to the cannibalisation effect. In addition, our projects are increasingly moving towards a size for which Renewable Energy Sources

Act surcharges are no longer granted. In this respect, we will structure the business case in such a way that we also optimise the marketing of solar power via the batteries and use it to structure PPAs, for example.

energate: But the additional installation of a battery storage system increases the up-front investment costs of a project enormously.

Hürlimann: That's right, but optimising the marketing of solar power through colocated battery storage is a very interesting business case. This is also due to the fact that the prices for batteries have fallen massively as a result of technical progress and the expansion of production capacities. And secondly, a storage system in combination with a solar park has the advantage that the space and grid connection are already available. We can utilise and utilise both better in the combined set-up.

energate: Stand-alone storage systems are currently being planned on a large scale. Is that also interesting for you?

Hürlimann: Absolutely. We are currently building up a large project pipeline for stand-alone battery storage systems for the German market and are currently offering the first ready-to-build projects with a total volume of 200 MW on the market. As these are attractive locations with secure grid access, we are confident of finding investors in the short term. We are also open to remaining on board as a partner and marketer.

energate: What plans do you have when it comes to marketing the green electricity from your generation portfolio?

Hürlimann: There are various options. If the solar park is integrated into the Renewable Energy Sources Act subsidy system, then we market the electricity via the market premium model, as is common in the industry. For plants outside the subsidy system, there is the option of marketing the electricity merchantly via the trading floor. Due to the existing cannibalisation effects, we are also active in the area of direct supply contracts and PPAs with end customers.

energate: How do you perceive the demand?

Hürlimann: There is a fundamental level of interest, partly because ESG requirements are playing an increasingly important role for commercial enterprises. Solar power in particular is a comparatively favourable option for meeting sustainability requirements. However, the corresponding negotiations can be quite complex in detail. The solar park must also be of a certain size to make the effort worthwhile. Another challenge is that the generation profiles of solar parks do not match the load profile of commercial production. This is why a more structured offer is needed via so-called sleeving.

energate: What are the challenges?

Hürlimann: It takes a lot of trading expertise to fill the profile, i.e. to procure the missing quantities. This also has a lot to do with risk assessment. If you conclude a long-term purchase agreement, it's about buying the required quantities at the right time to fulfil the load profile. Liquidity in wholesale is only available for a time horizon of two to three years. In order to manage the contract, a PPA provider must continuously purchase additional quantities - at current prices. The market risks are therefore generally on the provider's side.

energate: You mentioned the high level of competition in the project market. How do you see the situation and what does this mean for your plans?

Hürlimann: Basically, there is a lot of movement on the market, especially in the solar sector where a lot of project rights are changing hands. In the wind power sector, we tend to see that competition for sites is extremely high, particularly in defined wind priority areas. In addition, there has now also been a run on older wind power projects that are suitable for repowering. We have project development specialists on board who are endeavouring to acquire the sites, for example. This means that we are less reliant on acquiring projects at an advanced stage, where prices are typically higher.

energate: In Germany, the unbridled expansion of renewable energies has recently sparked discussions, as the grid is reaching the limits of its capacity in some places. Do you have to be prepared for the expansion of solar and wind parks to be more limited in future?

Hürlimann: It is true that the situation with uncontrolled feed-in from wind and solar parks when there is an abundance of electricity is not sustainable. But we do have a solution in the form of the batteries I mentioned earlier. From a systemic perspective, it makes perfect sense to equip the generation plants with storage systems to enable better integration of the electricity. The batteries also ensure that grid connection points experience higher utilisation, which can relieve the burden on grid expansion. Grid connections are not utilised very efficiently, especially in the case of solar systems that only achieve 1,000 full-load hours per year. If we incentivise such hybrid set-ups behind the grid connection point, then we can definitely talk about the contribution that renewable energies can make to security of supply.



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I have been part of the energate editorial team since 2011. For the energate messenger, I focus in particular on what companies in the energy industry are up to - from large listed corporations to provincial municipal utilities.

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