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Energy

QTS locks in solar supply through ENGIE PPA in ERCOT market

Published : 19 Aug 2026 | News

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Data center operator signs 48-MW solar deal with ENGIE

Three-party structure streamlines procurement

QTS Realty Trust LLC has secured a 48-megawatt alternating current solar power purchase agreement with ENGIE to supply renewable electricity to its data center operations in Irving, Texas, as the operator seeks long-term price certainty amid growing electricity demand and wholesale market volatility.

The agreement was signed alongside a separate long-term PPA between ENGIE and ABEI Energy for output from the Lubio Solar project in Kaufman County, Texas, according to an Aug. 18 QTS statement.

The three-party structure is a streamlined procurement arrangement that simplifies execution for customers navigating multiple counterparties, ENGIE told Platts on Aug. 19.

"Power purchase agreements generally provide customers with long-term price certainty through fixed-price structures," ENGIE Regional Vice President of Key Accounts Group and Energy+ Taymur Bunkheila said. "Combined with Engie's market expertise and risk management capabilities, these solutions can help customers manage exposure to wholesale price volatility, as well as risks associated with congestion and basis differentials."

The deal allows QTS to scale up its renewable power contracting strategy as electricity demand rises across its Texas data center portfolio. For ENGIE, the agreement strengthens its renewable energy position in ERCOT, where the company operates the largest battery storage fleet in the market.

Integrated delivery model

ENGIE's role as both renewable procurement counterparty and retail electricity supplier allows it to consolidate what would typically be separate transactions into a single contract structure.

"Rather than requiring customers to manage both a PPA settlement and a separate retail power bill, ENGIE can integrate those components into a single, streamlined solution, making the process simpler and more efficient for customers," Bunkheila told Platts.

Although ENGIE declined to comment on whether the QTS deal was for a physical or virtual PPA, it said it can structure both.

"Demand from data center customers for innovative energy solutions continues to grow," Bunkheila said. "ENGIE leverages its integrated capabilities across origination, trading, and renewable PPAs to deliver customer-centric customized solutions that simplify execution."

The Lubio Solar project is at the pre-commercial-operation stage and is expected to generate approximately 150 gigawatt-hours of electricity annually once operational, according to the statement. The facility will avoid about 100,778 metric tons of carbon dioxide emissions each year.

Firming intermittent generation

Solar generation is intermittent, but data centers require 24/7 uptime. ENGIE declined to say whether its agreement with QTS included battery storage alongside the PPA, but said it does operate the largest battery storage fleet in ERCOT.

"While we cannot comment on this specific transaction, ENGIE operates the largest battery storage fleet in ERCOT, providing us with unique flexibility to support customers through firming, shaping, and ancillary service capabilities," Bunkheila said. "Combined with dedicated customer, dedicated 'service account' and direct access to ENGIE's wholesale traders, this integrated approach enables ENGIE to deliver reliable, competitively priced energy solutions tailored to each customer's specific needs and timing."

The transaction represents ABEI Energy's first renewable energy deal with ENGIE in the US, extending into the US renewable energy market a partnership that the companies already have in Europe.

"Every energy market is different, which is why local expertise matters," Bunkheila said. "ENGIE has a long-standing presence in Texas and extensive experience operating in ERCOT, supported by a substantial portfolio of assets in the region. As one of the largest global energy companies, we benefit from continuous collaboration across our 15-country retail supply global footprint, sharing best practices with our international colleagues while also incorporating innovations and insights developed in Europe and elsewhere around the globe."

Long-term solar PPA prices in ERCOT

Solar PPA pricing in ERCOT has strengthened recently as both buyers and sellers navigate multiple cost pressures, including expiring tax incentives, Section 232 tariffs on polysilicon imports, supply chain bottlenecks and higher financing expenses.

Platts Aug. 19 assessed the ERCOT North Hub long-term solar PPA price up 10 cents from the prior session to $48.72/MWh. The price was up 51 cents from the week-ago session Aug. 12, when Platts assessed it at $48.21/MWh. The Platts assessment was based on a bid, bundled with RECs, at $40/MWh; and a bundled offer at $52.87/MWh. Platts is part of S&P Global Energy.