

# CROSS-BORDER AUCTIONING IN EUROPE

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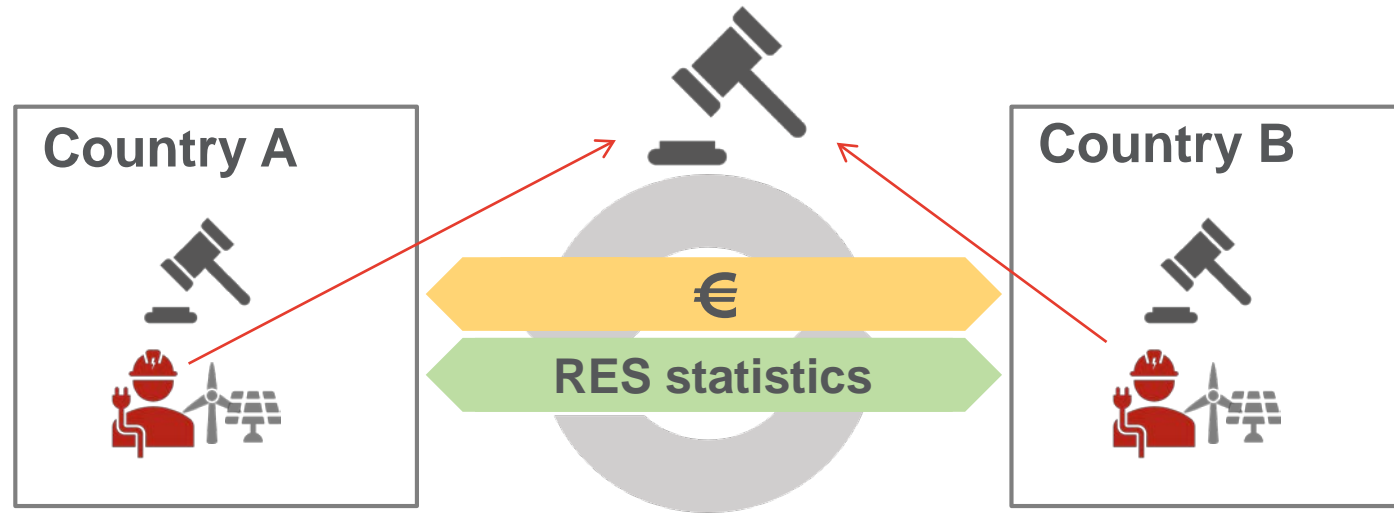
25TH ENERGY COMMUNITY ELECTRICITY  
FORUM

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NAVIGANT

# WHAT ARE CROSS-BORDER RENEWABLE ENERGY AUCTIONS?



## Cross-border auctions are characterized by:

- being open for participation of projects from more than one country,
- creating competition between project developers from different countries,
- typically resulting in cross-border flow of support payments and RES statistics

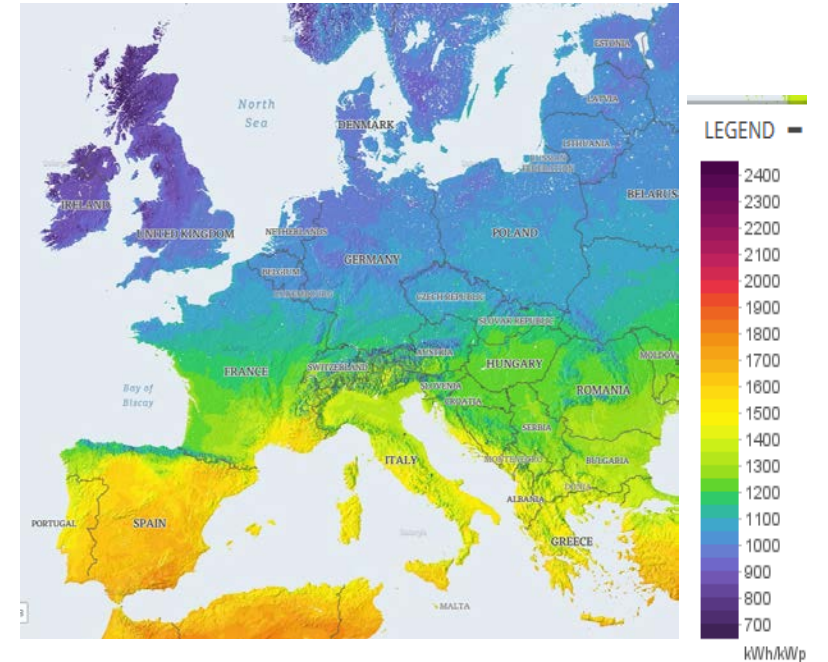
# ECONOMIC RATIONALE OF CROSS-BORDER AUCTIONS

## Decrease in support costs for RES deployment as a result of access to:

- Better natural resource potential
- Higher market values
- Lower cost of capital

**Enhancing competition:** countries may use x-border auctions to increase competition in their domestic scheme

**Transfer of knowledge and policy convergence**



# PARTICIPATION PRESENTS **BENEFITS** BOTH AS CONTRIBUTOR OR HOST



## Benefits to **Contributing MS**

- ✓ Access to cheap RES potentials and technologies across sectors
- ✓ Support cost savings (vs. natl. deployment)
- ✓ May be a solution for the requirement of opening support schemes

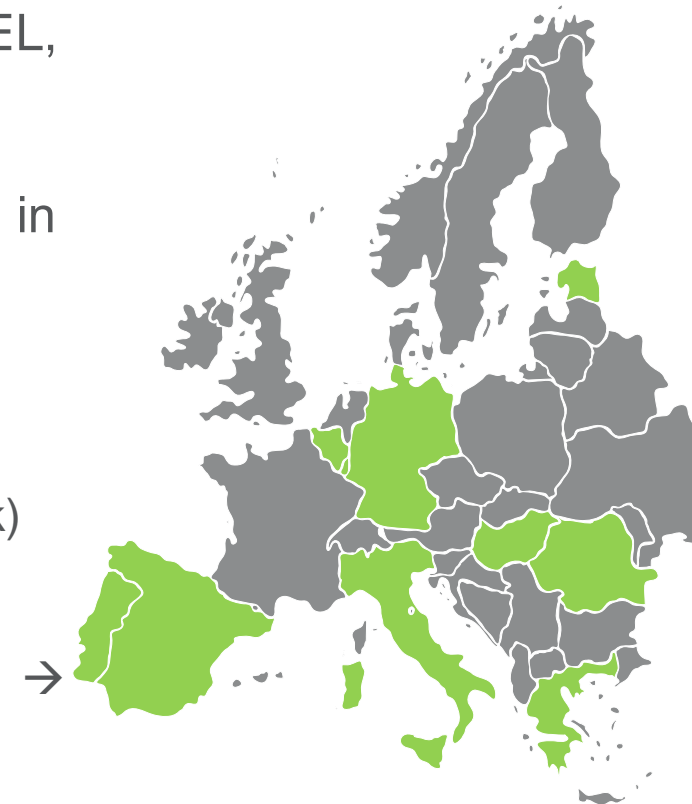


## Benefits to **Hosting MS**

- ✓ Local investments and job creation
- ✓ Greenhouse gas reductions
- ✓ Reduced import dependency
- ✓ Modernization of national energy system
- ➔ **These benefits come free of support costs**

# WHY ARE INTERNATIONAL AUCTIONS AN **EMERGING TOPIC** IN THE EU?

- **NOW: State aid:** requires schemes to be open in principle, currently following Member States has opening obligations: DE, LU, ES, EE, RO, EL, IT, PT, BE, HU
- **FUTURE: RED II, Article 5:** Voluntary opening of national schemes ( $\geq 5\%$  in 2023-26; afterwards 10%); potentially binding as of 2025
- **Two additional EU instruments** to incentivize cross-border cooperation:
  - **2030 RES governance:** “Financing Mechanism” (gap-filler + enabling framework) may trigger EU wide RES auctions
  - **New funding line under future CEF:** for “cross-border renewables projects” available grants (~ 1.2€ billion 2020 - 2027)



Countries with opening obligations

# NEW INSTRUMENTS AT EU LEVEL WILL FACILITATE CROSS-BORDER APPROACHES TO THE DEPLOYMENT OF RES



## The EU financing mechanism...

... introduces **EU wide auctions** (“gap filler”)



## New funding line under CEF

... **allocates grants** (~ €1.3 bn) to cross-border RES projects, provided there is if there is a funding gap and the project has “EU added value” (cost savings, innovation, GHG, etc.)

→ **grants for studies** (e.g. preparatory studies, technical studies) and **grants for works** (investment aid to RES plants)

→ Member State **governments** and private **project promoters** can apply for funding

# HOW ARE INTERNATIONAL AUCTIONS **RELEVANT FOR ENERGY COMMUNITY COUNTRIES?**

- **NOW: State Aid**

- EU Member States can open schemes to Energy Community countries, it is even „considered positively“ by the EU COM.
- EU Member States can fulfill their current opening obligations by opening to Energy Community countries if individual state aid decisions allow this.

- **FUTURE: RED II, Article 5**

- Limits opening to “another Member State”.
- 11 Joint projects between Member States and third countries but physical link with country needed and interconnector capacity booked

- **Funding from EU instruments:**

- **2030 RES governance: “Financing Mechanism”**: third countries can be a project host
- **CEF**: projects including both EU Member States and third countries can receive funding

