



**MEDREG**

# **RES-E auctions in Med Region**

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# Outline

- 1. SUPPORT SCHEMES FOR THE PROMOTION OF RES DEVELOPMENT**
- 2. CATEGORIES OF COMPETITIVE PROCEDURES**
- 3. RES AUCTION DESIGN ELEMENTS**
- 4. RES-E AUCTIONS SCHEMES CASE STUDIES**

# Support Schemes for the Promotion of RES Development

- **FEED-IN TARIFF (FIT)**
- **FEED-IN PREMIUM (FIP)**
- **TRADEABLE GREEN CERTIFICATES (TGC)**
- **COMPETITIVE AUCTION SCHEMES**
- **INVESTMENT GRANTS**
- **TAX EXEMPTIONS/ OTHER INCENTIVES**

# Categories of Competitive procedures

- **PRICE-BASED TENDERS**, WHERE THE BIDS WITH THE LOWEST OFFERED SUPPORT LEVELS WILL BE AWARDED
- **MULTI-CRITERIA TENDERS**, WHERE THE AWARDING OF A BID IS SUBJECT TO AN EVALUATION OF VARIOUS CRITERIA.

# RES Auction design elements

## What is auctioned and how often?

- Technology-specific /neutral
- Support duration, adjustments
- Frequency of tendering rounds

## How much is auctioned?

- single item/multiple items
- volume (capacities)

## How should the winners be selected?

- price-only
- multiple criteria

## How should the price be determined?

- pay-as-bid
- Uniform/ pay-as cleared

## Should there be special bidding rules?

- price caps/floors
- Quotas for diversity

## Should there be safeguards?

- pre-qualification rules
- penalties (non compliance delays)

# RES-E Auctions Schemes Case Studies- 1

RES WG has circulated a questionnaire among MEDREG Members and up to date there are 10 responses (Albania, Cyprus, France, Greece, Israel, Italy, Lebanon, Palestine, Portugal, Turkey).

*Note: 1. The questionnaire is focusing on the current policies that MEDREG Members are using and data concerning competitive auction schemes were provided from 2013 and beyond.  
2. Italy is not included in the initial results of this presentation since the presentation was prepared prior to ARERA's response*



The image shows a questionnaire form titled "RES auction schemes and other support schemes in Mediterranean countries". The form includes the MedReg logo (Mediterranean Energy Regulators) and the European Union flag with the text "Co-funded by the European Union". The form contains a table for personal and contact information:

Name	Surname	Title/Position	Name of the Regulatory Authority	Email

Section A: Overview of support schemes

1. If yes, what kind of policies do you use?

# RES-E Auctions Schemes Case Studies- 2

## (Overview of Support Schemes)

	FIT	FIP	TGC	AUCTION	INVEST. GRANT	OPEN WINDOW	TAX EXEMPT.	OTHER
Albania	Green	Green	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Cyprus	Green	Yellow	Yellow	Green	Green	Yellow	Green	Green
France	Green	Green	Yellow	Green	Yellow	Green	Green	Yellow
Greece	Green	Green	Yellow	Green	Green	Yellow	Green	Green
Israel	Green	Yellow	Yellow	Green	Yellow	Yellow	Green	Yellow
Lebanon	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Green
Palestine	Green	Yellow	Yellow	Yellow	Yellow	Green	Green	Green
Portugal	Green	Yellow	Yellow	* Auctions before 2013	Yellow	Yellow	Yellow	Yellow
Turkey	Green	Yellow	Yellow	Green	Yellow	Yellow	Green	Yellow

# RES-E Auctions Schemes Case Studies- 3

## (Role of the Regulator)

	Competent Authority	Comment
<b>Albania</b>	Ministry	
<b>Cyprus</b>	Ministry	
<b>France</b>	Ministry & NRA	The indicative planning of auctions (which includes the frequency of auctions and their design in terms of technology and capacity) as well as the auctions' ToR are determined by the Gov. The NRA is consulted on both the planning and the ToR. The competent authority for carrying out the auction is the NRA.
<b>Greece</b>	Ministry & NRA	
<b>Israel</b>	NRA	
<b>Lebanon</b>	Council of Ministers	
<b>Turkey</b>	Ministry & TSO & NRA	<p>For Licensed Projects: EMRA (NRA) is responsible for receiving the pre-license applications and making the pre-evaluation of these applications. The projects passing the pre-evaluation phase (both in terms of technical and financial eligibility) are sent to TEIAS (TSO) for conducting auctions.</p> <p>For YEKA (Gov.) projects: EMRA has no responsibility in application and tendering sessions; it only carries out the licensing operations after tender was completed.</p>



# RES-E Auctions Schemes Case Studies- 4

## RES Technologies (year and capacity in which tendering process has been carried out)

	PV	Wind on shore	Wind offshore	Biomass	Technology Neutral	Other
<b>Albania</b>	<b>2018 (50MW)</b>					
<b>Cyprus</b>	<b>2013 (40MW)</b>					
<b>France</b>	<b>2017 (1575MW)</b>	<b>2018 (626MW)</b>		<b>2018 (53MW)</b>	<b>2018 (wind &amp; PV)</b>	Hydro <b>2016 (27MW) &amp; 2018 (29,6MW)</b>
<b>Greece</b>	<b>2016 (40MW) &amp; 2018 (169MW) &amp; 2019 &amp; 2020 plans</b>	<b>2018 (337MW) &amp; 2019 &amp; 2020 plans</b>			<b>2019 (PV &amp; wind on shore) (437,87MW)</b>	
<b>Israel</b>	<b>2017 (355MW) &amp; 2019 (700MW)</b>					
<b>Lebanon</b>		<b>2018 (206,7MW)</b>				
<b>Turkey</b>	<b>2015 (600MW) &amp; 2017 (1000MW)</b>	<b>2017 (1000MW-2019 (n.a.))</b>				geothermal

Implemented

No plans so far

Potential plans

**Note: data from 2013 and onwards.**

# RES-E Auctions Schemes Case Studies- 5

	Type of auction used	Special IT tool	Safety net value
<b>Albania</b>	n/a	n/a	n/a
<b>Cyprus</b>	Descending bid auction	Electronic Platform	YES
<b>France</b>	Pay-as-bid	Electronic Platform	YES
<b>Greece</b>	Descending bid auction	Electronic platform	NO
<b>Israel</b>	1 <sup>st</sup> & 2 <sup>nd</sup> price sealed bid auction	Electronic platform	YES
<b>Lebanon</b>	Descending bid auction	NO	NO
<b>Turkey</b>	Several types (e.g. Reduction from a predetermined ceiling price as sealed-bi type followed by an open session for further reduction of the auction price by the participation of 5 min. offers)	NO	NO



# RES-E Auctions Schemes Case Studies- 6

## (Requirements or Constraints for the bidders)

	Legal Requirements	Proof of financial adequacy	Past experience	Technological & professional requirements	Location constraints	Guarantee from a bank or credit institution	Grid access permit	other	Same terms apply for all eligible technologies?
Albania	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cyprus									NO
France									NO
Greece									YES
Israel									NO
Lebanon									YES
Turkey									NO

# RES-E Auctions Schemes Case Studies- 7

## (SWOT Analysis of Auctions)

### Strengths

1. Cost Efficiency due to price competition
2. Useful to establish competitive pricing
3. Investor security linked to long term PPAs
4. Policy objectives can be achieved through auctions
5. Auctions are useful for volume and budget control

### Weaknesses

1. Long and cumbersome administrative procedures
2. Discontinuous market development
4. Participating in auctions requires resources that small scale or new project developers may not have
5. Competitive bidding may lead to underbidding

### Opportunities

1. Development of different RET
2. Large-scale established developers are more likely to win a bid
3. Winning prices resulting from healthy competitive bidding can be used to establish cost-based FIT levels for certain RET

### Threats

1. Fail to deliver on time projects due to unrealistically low bids
2. Countries that have legally binding targets for RES-E, can easily fall back on their plan and targets
3. Failure to achieve the minimum mass of participants

# RES-E Auctions Schemes Case Studies- 8 (Initial Recommendations)

- ✓ **Clear and Transparent Auction Procedures and framework**
- ✓ **Use of safety cautions** (such as critical mass of participants, safety net value, financial guarantees, penalties etc.)



# MEDREG

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