Can auctions deliver?

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on European Energy Law

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Instead of a foreword

- Auctions are about delivering RES electricity
- CEER 2017: Support schemes for renewable energy sources (RES) are a key mechanism to help achieve **national and European renewables objectives**
- Binding 2020 targets

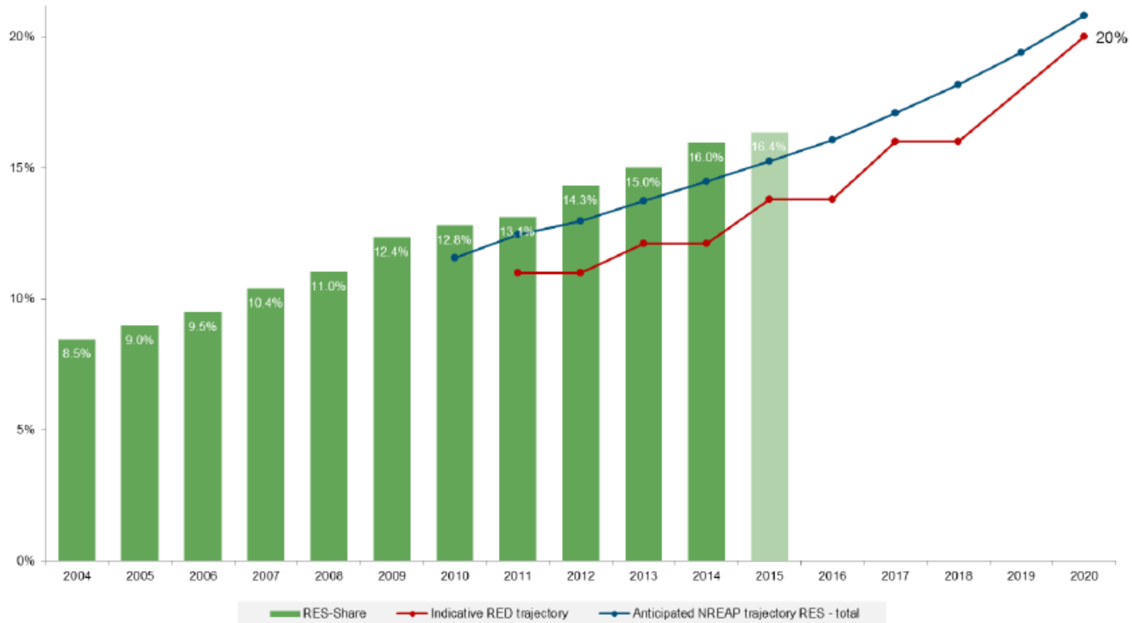


Figure 1: Renewable energy shares in the EU vs. Renewable Energy Directive (RED) and National Renewable Energy Action Plan (NREAP) trajectories (based on EUROSTAT, Öko-Institut)

Source: 2nd State of the Energy Union report

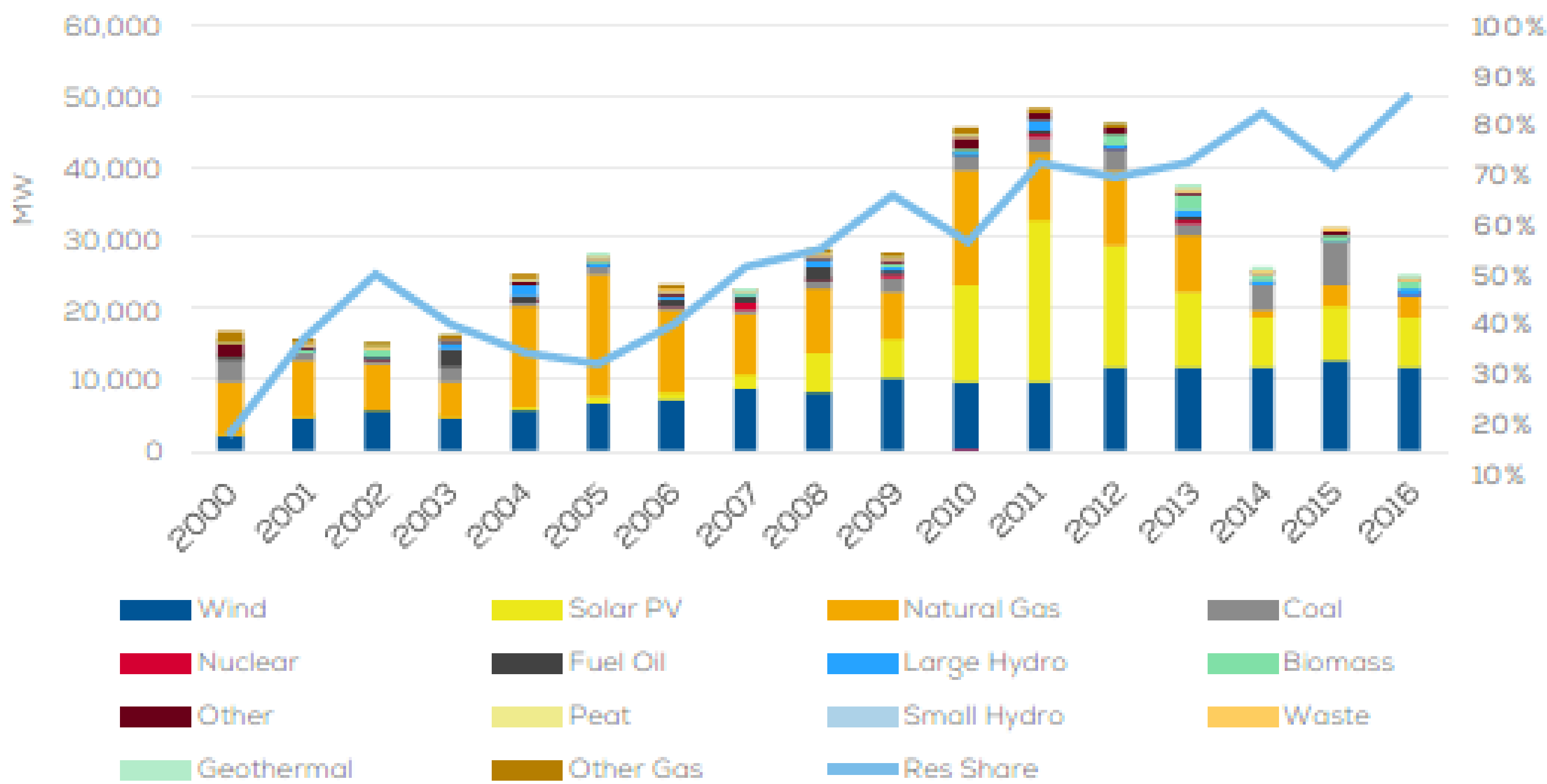
What do auctions need to deliver?

Policies behind auctions

The trend is clear:

FIGURE 7

Annual installed capacity and renewable share



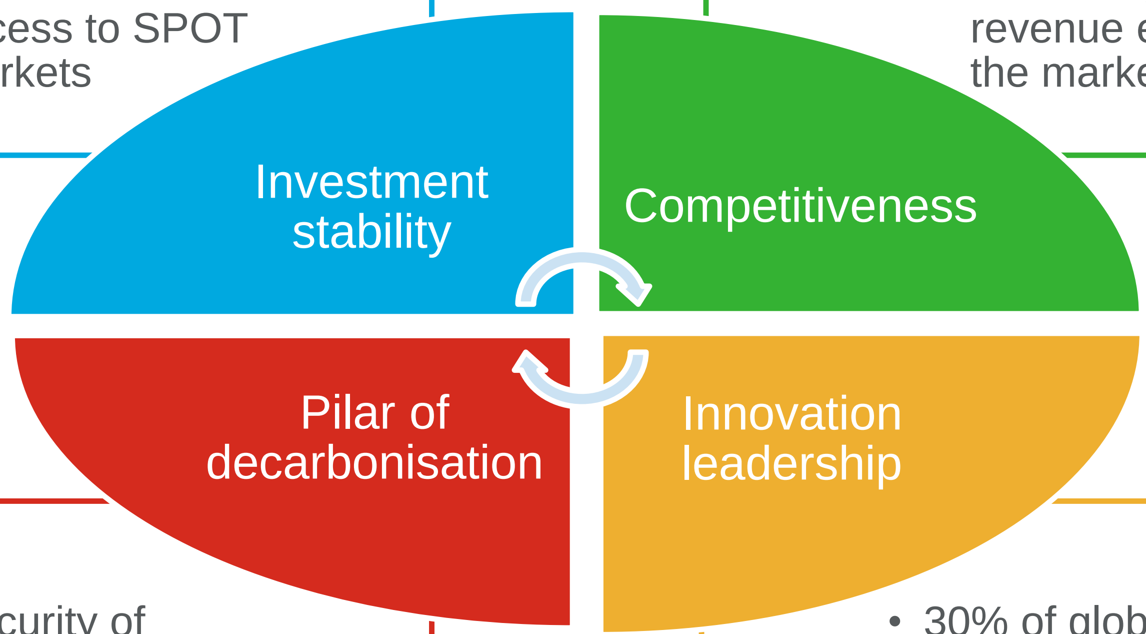
Source: WindEurope

A tool for EU and state managed policies

Source: Commission factsheet Nov. 2016 and RE progress report 2017

- Regulatory certainty [?]
- Improved access to SPOT markets

- Equal footing among technologies
- Increasing share of revenue earned from the market



- Security of supply [?]
- Reduction of emissions

- 30% of global patents in EU

A tool for EU and state managed policies

Individual country otulooks – a varying picture

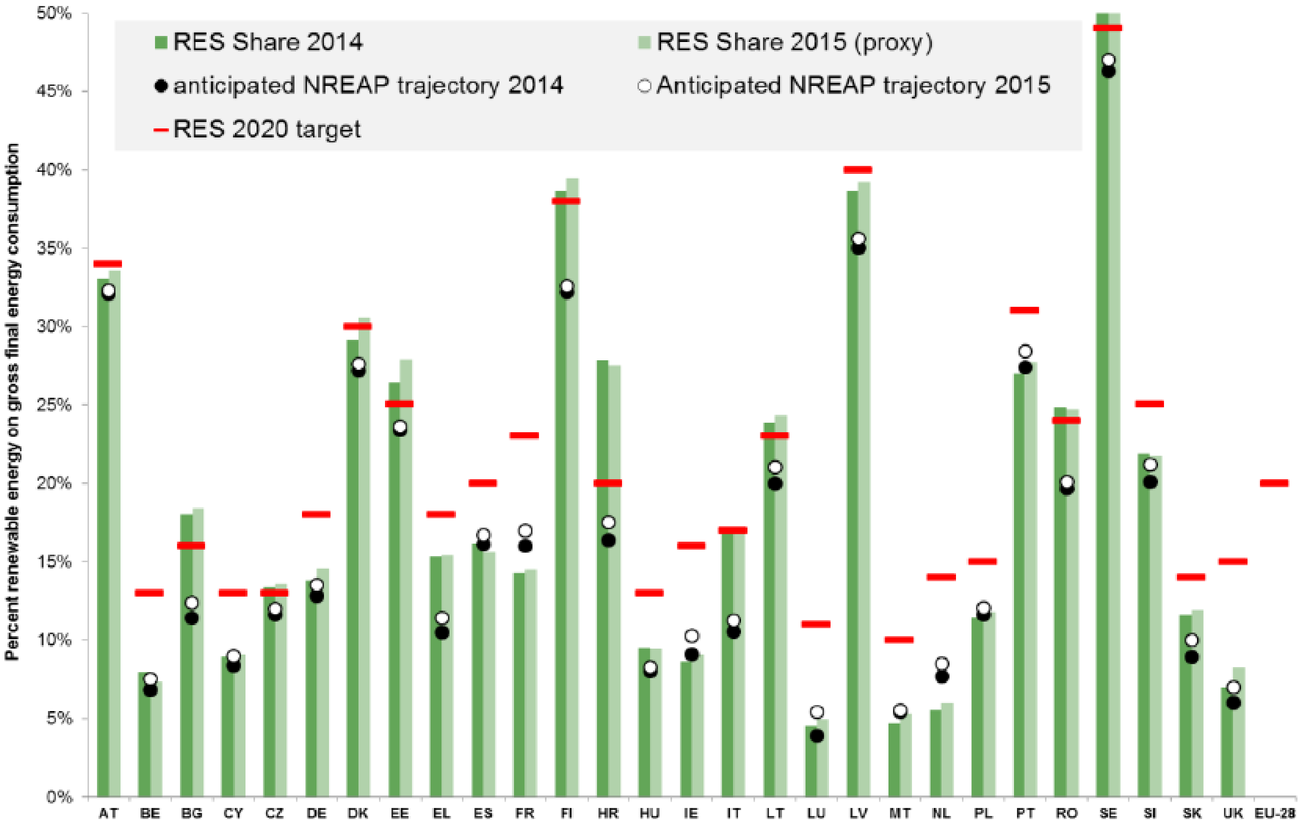


Figure 6 : Member States current progress towards their 2013/2014 and 2015/2016 indicative RED targets. (source: Öko-Institut, EUROSTAT)

Source: 2nd State of the Energy Union report

A tool for EU and state managed policies

Energy mix – nice statistics but can/should it be unified?

ii. Electricity

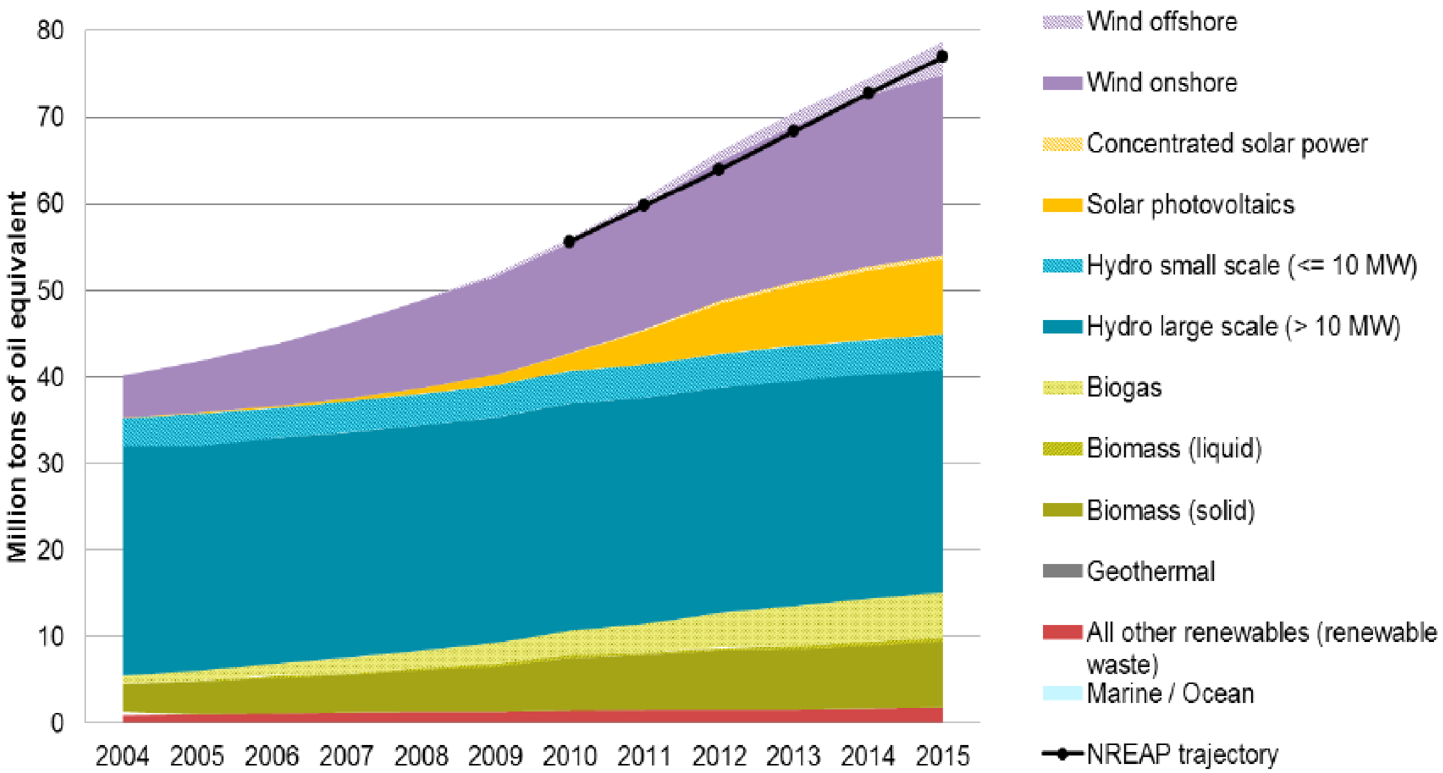
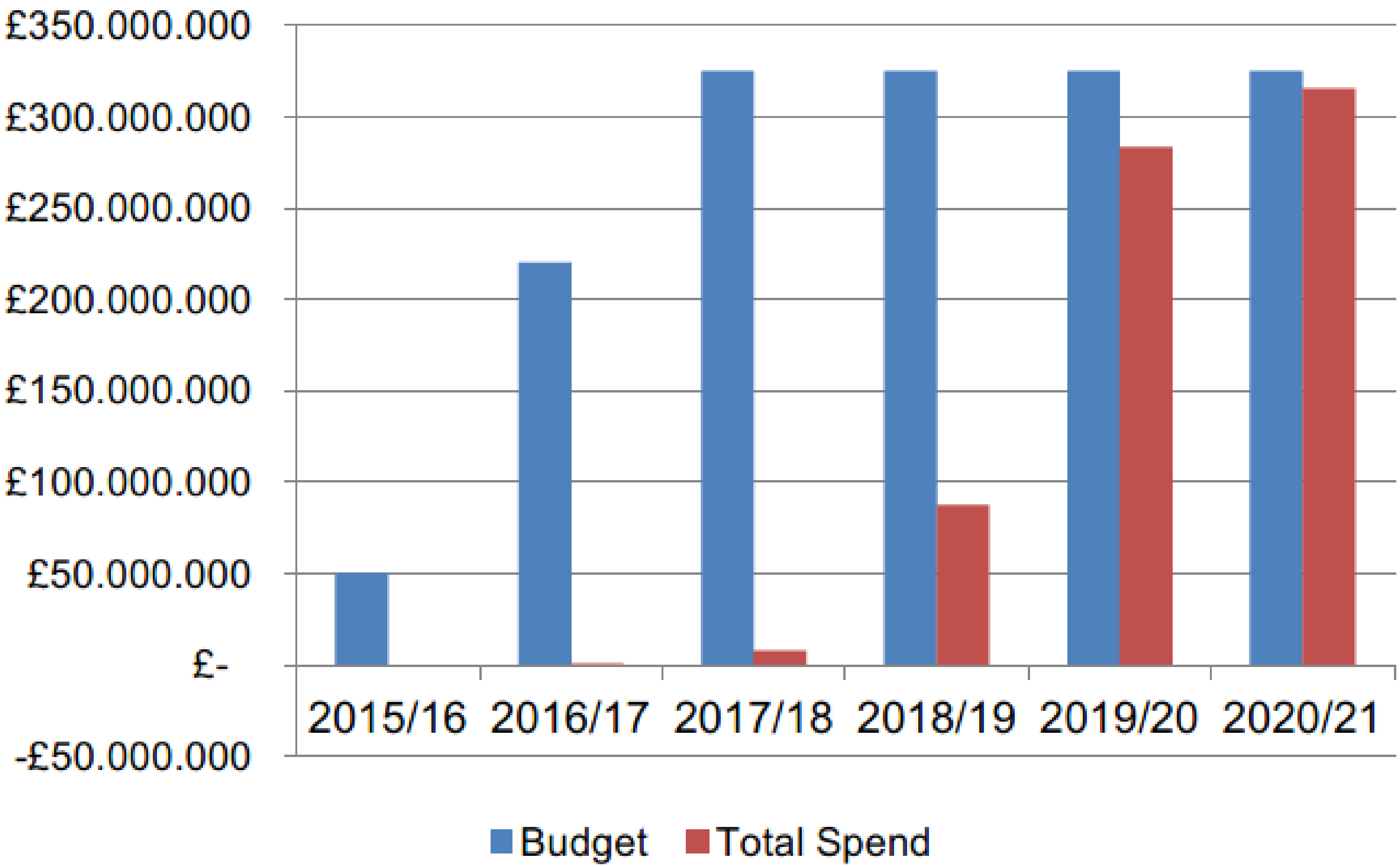


Figure 4 : EU-28 renewable electricity production by source (source: EUROSTAT, Öko-Institut)

Source: 2nd State of the Energy Union report

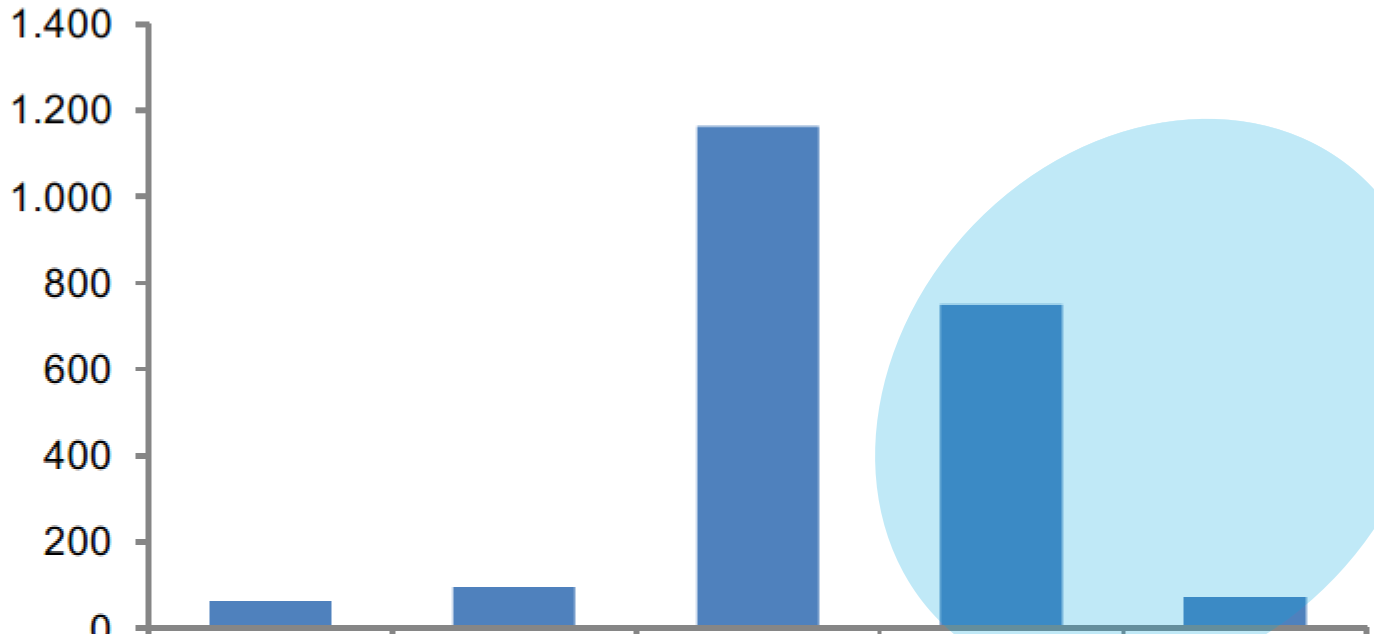
How do auctions deliver?
A few recent examples

Policy effectiveness in UK 2014/2015 CfD auction



Source: AURES Report D4.1-UK, March 2016

Policy effectiveness in UK 2014/2015 CfD auction

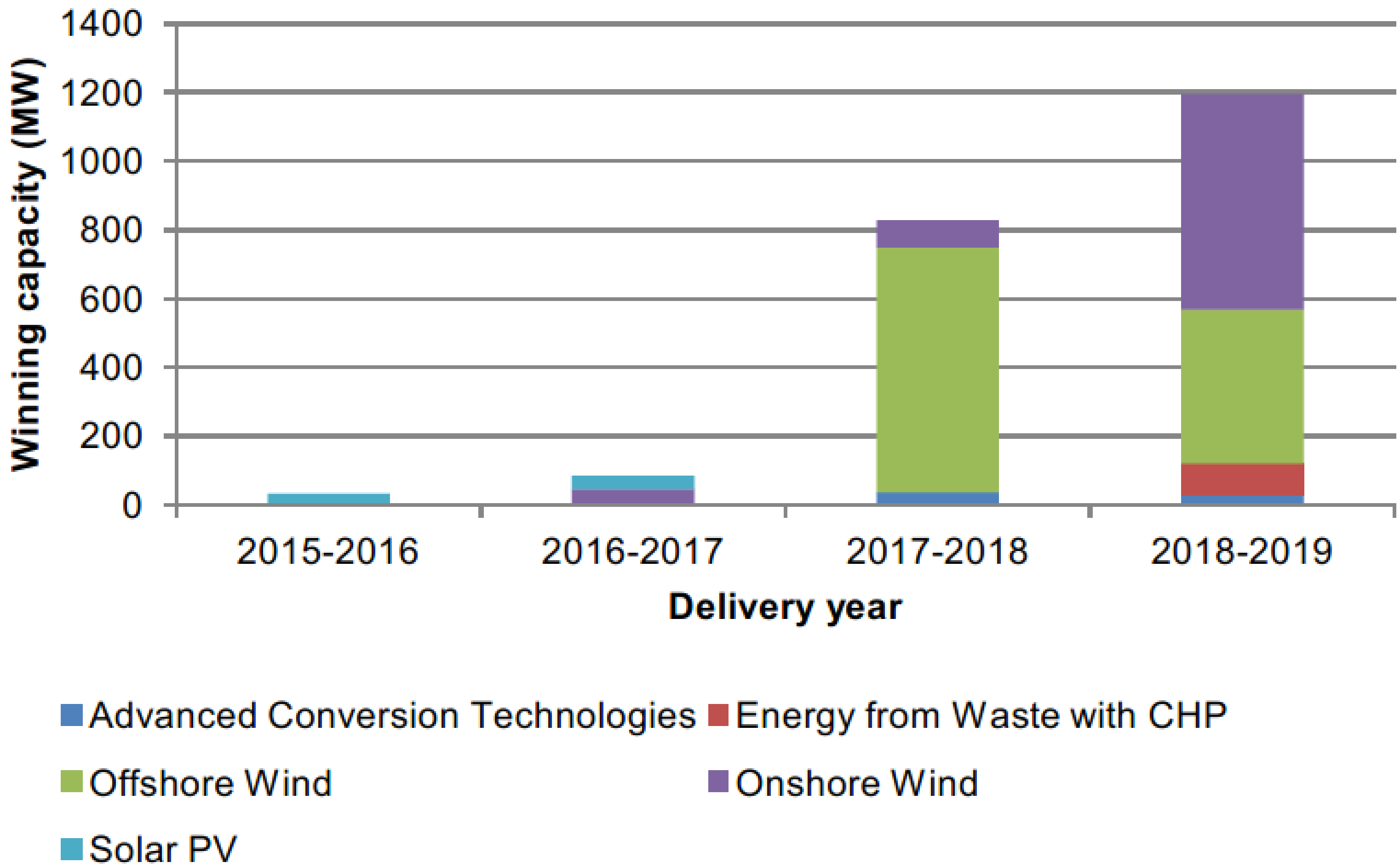


	Advanced Conversion Technologies	Energy from Waste with CHP	Offshore Wind	Onshore Wind	Solar PV
Capacity	62,00	94,75	1162,00	748,55	71,55

Figure 9: Capacity allocation by technology across both technology groups

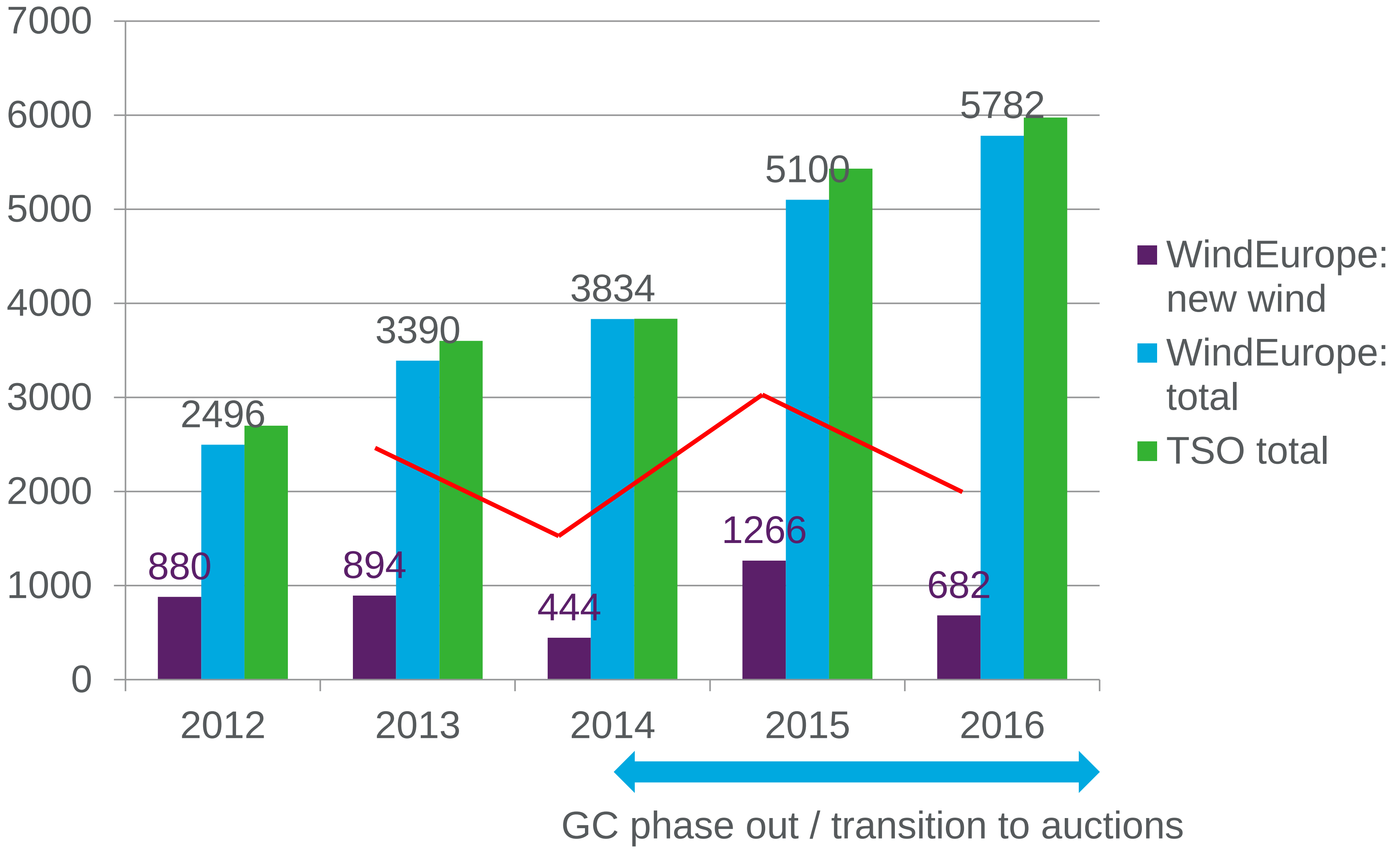
Source: AURES Report D4.1-UK, March 2016

Policy effectiveness in UK 2014/2015 CfD auction

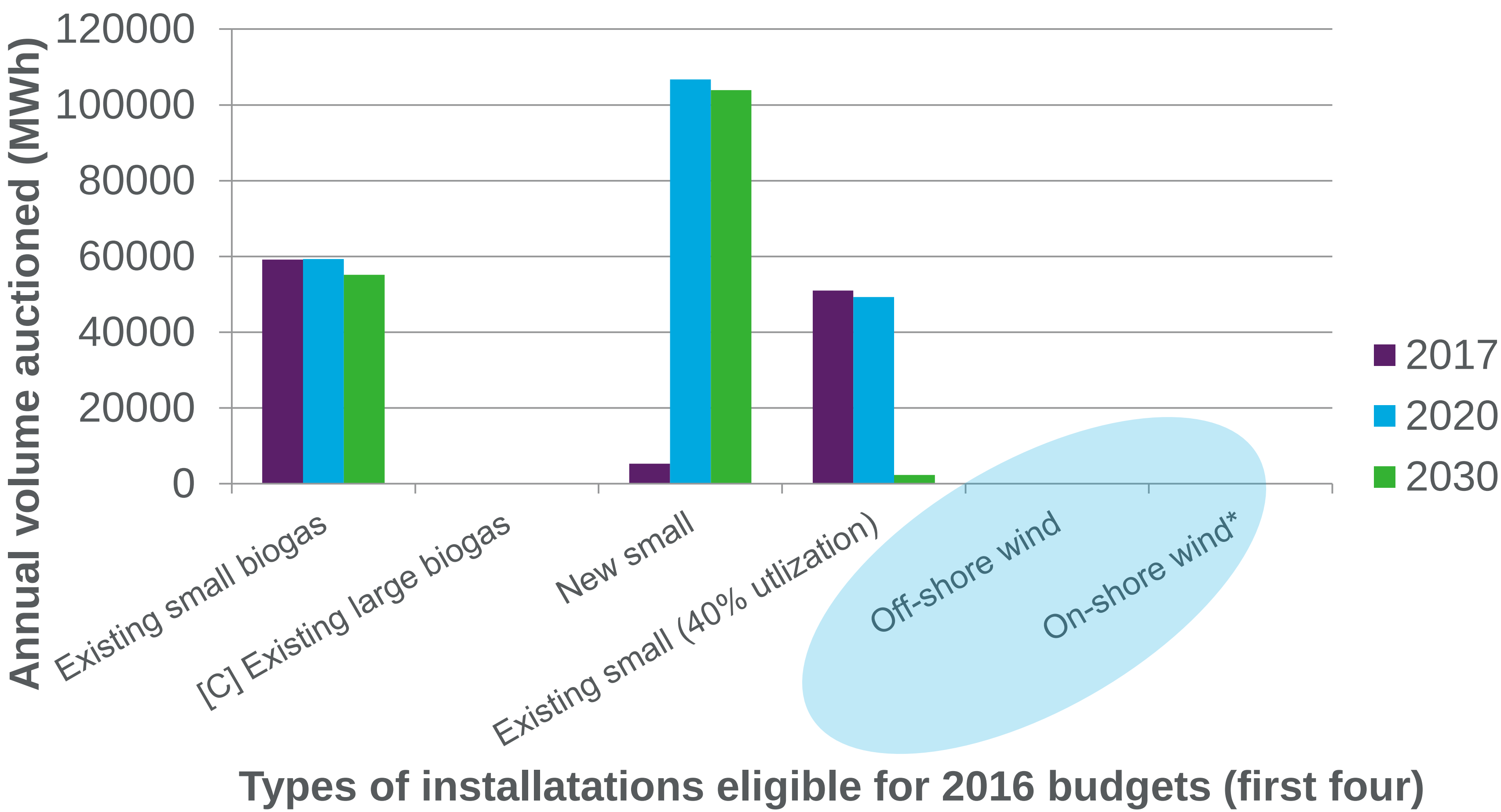


Source: AURES Report D4.1-UK, March 2016

Impact of auction roll-out (Poland) on wind investment



First test auction in Poland / December 2016



*Except for small on-shore wind (up to 1 MW per installation)

Source: official auction results / NRA

Germany 2017 – newly approved auction scheme

2017

- **PV** from 750 kW (pending 200 MW + 200 MW acutioned)
- **Off-shore wind** 1.490 MW auctioned (0,00-6,00 ct/kWh)
- **On-shore wind** pending (800+1000+1000 MW)
- **Biomass** pending (150 MW)

2018

- **Off-shore wind** (2nd round/April)
- **Biomass** (2nd round/Sept)
- **Joint PV/wind** auctions of 2x200 MW/y

Some thoughts for consideration

No national binding targets for 2030

CEER 2017: By the end of 2016 only 9/28 defined targets

Winter package: tough negotiation outlook?

Claim on benefits?

Grid integration issues

Germany: technology targeted auctions approved for this reason

What participation in ancilary services possible?

Externalised costs?

Setup driven by policy

Optimum price and value of support

Tender volumes disclose policy bias (technology mix)

Auction roll-out impacts on project planning and development

Invesment schedule and strategy

What investment risk required?

Impact of transition phase – risk assessment

Underbidding

Thank you

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