



***Draft Policy Guidelines on Competitive
Selection and Support for
Renewable Energy
EBRD-EnC-IRENA***

Gabriela Cretu
Energy Community Secretariat

1. Rationale – why auctions?

State Aid Guidelines on Environmental Protection and Energy 2014-2020

- *to ensure cost-effective development of RES for the benefit of end-customers*
 - **support granted based on competitive process - clear, transparent, non-discriminatory criteria;**
(exceptions: small scale < 1 MW and wind <6 MW or 6 generation units)
- *to integrate renewable energy into the market*
 - **feed-in premium (FIP) instead of feed-in tariff (FIT)**
(sliding) premium paid on top of electricity price (contract for difference)
(exceptions: small scale < 500 kW and wind <3 MW or 3 generating units)
 - **standard balance responsibility unless no liquid intra-day market exists**

Structure of the Guidelines



- 1. the overall framework for the competitive process;***
- 2. choices relating to what is being procured;***
- 3. choices relating to the selection process; and***
- 4. the mechanism for the delivery of RE support***

1. Guidelines on the Overall Framework



1. *Develop an overall strategy for RE development*
2. *Have clear plans for future RE auctions*
3. *Structure initial auction schemes to learn lessons*
4. *Nominate a credible institution to administer the auction*
5. *Manage the competitive process transparently*
6. *Establish a process for dispute resolution*

2. Choices Relating to what is Being Procured



- 1. Set a limit on the total size of the auction***
- 2. Consider using a price ceiling***
- 3. Set size limits for individual projects***
- 4. Start with technology specific auctions***
- 5. Consider location specific auctions***
- 6. Completely define the project scope***

3. Choices Relating to the Selection Process



- 1. Rely on appropriately sized bid bonds to ensure a sufficient number of well qualified bidders***
- 2. Ensure that bidders have the technical capacity to deliver the project***
- 3. Ensure that bidders are in good standing***
- 4. Award projects on the basis of the price bid***
- 5. Use a simple procedure for selecting projects***
- 6. Use pay-as-bid to determine the level of support***
- 7. Ensure successful bidders deliver the project with the characteristics requested***

4. Delivery of renewable energy support



- 1. Establish a support counterparty***
- 2. Define the support mechanism***
- 3. Document the support arrangements in a contract***

The background is a satellite-style image of the Earth at night, showing city lights. Overlaid on this are numerous glowing blue lines that represent energy transmission paths, connecting various points across the globe.

*Thank you
for your attention!*

www.energy-community.org

www.ebrd.com