

Renewable Energy Auctions in the EU

Workshop om udbud
og planlægning om vind og sol

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Background for AURES

AURES: Auctions for Renewable Energy Support

The new EC State Aid Guidelines¹

- Market-based instruments, **including competitive bidding processes** but also feed in premiums (FIPs), should gradually replace existing renewable support schemes from 2015 onwards
- From January 2017, Member States shall set up **competitive auctions** (also called tenders) to grant support **to all new installations** (with only very few exceptions).

Limited experience with auctions in Europe

Need for analysis and coordination

- Which auction types and designs are specifically applicable for RES-E support?
- What effects (desired or undesired) do different design options have under different market conditions?
- What are lessons learnt and best practices for implementing auctions in Europe?

RES auction design elements (selected)

What is auctioned?

- Technology-specific / neutral
- Output-based / investment grants
- Sliding / fixed premiums
- Support duration, adjustments,...

How much is auctioned?

- Single-item / multiple items
- Volume (capacities / budget)

How should the winners be selected?

- Price-only
- Multiple criteria

How should the price be determined?

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

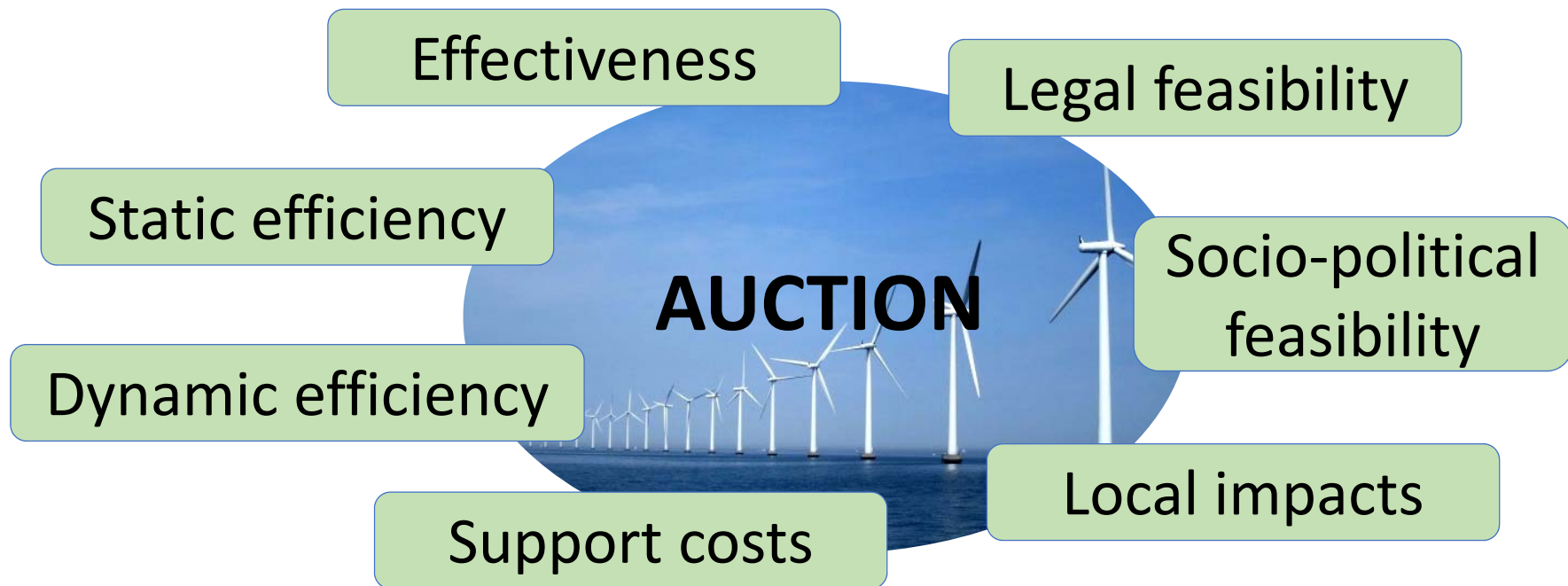
Should there be special bidding rules?

- Price caps / floors
- Quotas for diversity

Should there be safeguards?

- Pre-qualification rules
 - Penalties (non-compliance/delays)
-

Successful RES-E Auctions



Secondary objectives in auctions

- Apart from getting the lowest price, the auctioneer may pursue further objectives in an auction:
 - a certain geographic distribution
 - development of the domestic industry and value chain
 - actor diversity or the promotion of certain actor types
 - system integration
 - certain technical characteristics of projects
- A policy maker may choose to address secondary objectives within the auction design itself or outside the auction.

Technology-neutral vs. technology-specific auctions

- A trade-off exists between an auction technology specific and technology neutral. Whether the advantages or disadvantages of technology-neutrality prevail depends on:
 - The level of technology costs
 - The market potential
 - Technology differences in system integration costs and technology maturity.
- REDII should allow for the application of technology-specific auctions so that auction design can be adapted to the specific needs of individual RES-technologies.
- Technology clusters may be an option to foster competition between technologies instead of using pure technology-neutral auctions.

Increasing the diversity in technology neutral auctions

- Discrimination enables technology¹ steering, e.g. regarding network expansion or load distribution.
 - Lower integration costs.
- Discrimination can reduce support level.
- Target conflict regarding non-discrimination and cost-effective RES.

¹ or regarding location, alignment, type of company.

Conclusion

- Many design options
 - Affect both competition level and ability to realise project
- No one-size-fits-all
 - Design needs to match the market environment
 - Past experiences guide towards best practices

Website *www.aresproject.eu*

AURES PROMOTING EFFECTIVE RENEWABLE ENERGY AUCTIONS

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AURES

AURES is a European research project on auctions for renewable energy support (RES) in the EU. The general objective of the project is to promote an effective use and efficient implementation of auctions to improve the performance of electricity from renewable energy sources in Europe.

[ABOUT AURES >>](#)

AUCTION TOOLS

1. The "About Auctions" overview and glossary
2. The cash flow model simulating single investment appraisals
3. The policy memos
4. The interactive policy support tool

[TOOLBOX >>](#)

NEWS

Status for implementation of auctions in Germany
21. April 2017 | News
In Germany 2017 has heralded the wide-scale implementation of auctions for biomass, onshore and offshore wind as well as solar PV.

PUBLICATIONS

Comparison of auctions and alternative policy options for RES-E support
5. January 2017 | Report
This report compare auctions with alternative policy instruments and examines under which circumstances auctions may be superior and inferior to achieve intended policy targets.

TWITTER

AURES project @AURESproject
Don't forget to register for our international workshop in Brussels on 26 April #CleanEnergyEU #EnergyUnion...
t.co/EgCtumYsk4
28 March 2017 - 08:53

AURES project @AURESproject
Renewable Energy Auctions: Always the Right Choice?
Policy Memo 4

Renewable Energy Auctions: Always the Right Choice?

20. March 2017 | Event
Registration is open for our international workshop in Brussels on 26 April

Thank you!

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