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
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
• **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 (≥ 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)
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