Can auctions deliver?

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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

Source: 2nd State of the Energy Union report

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)
What do auctions need to deliver?

Policies behind auctions
The trend is clear:
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

Investment stability

- Security of supply
- Reduction of emissions

Pilar of decarbonisation

Competitiveness

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

Innovation leadership

- 30% of global patents in EU
A tool for EU and state managed policies

Individual country outlooks – a varying picture

Figure 6: Member States current progress towards their 2013/2014 and 2015/2016 indicative RED targets.

(source: Öko-Institut, EUROSTAT)
A tool for EU and state managed policies

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

### Electricity

![Graph showing renewable electricity production by source](source: EUROSTAT, Öko-Institut)

**Figure 4:** EU-28 renewable electricity production by source

Source: 2nd State of the Energy Union report
How do auctions deliver?
A few recent examples
Policy effectiveness in UK 2014/2015 CfD auction

Policy effectiveness in UK 2014/2015 CfD auction

Figure 9: Capacity allocation by technology across both technology groups

Policy effectiveness in UK 2014/2015 CfD auction

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

- WindEurope: new wind
- WindEurope: total
- TSO total

GC phase out / transition to auctions

- 2012: 2496
- 2013: 894
- 2014: 444
- 2015: 1266
- 2016: 682

WindEurope: total

2012: 880
2013: 3390
2014: 3834
2015: 5109
2016: 5782
First test auction in Poland / December 2016

Types of installations eligible for 2016 budgets (first four)

*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 auctioned)
- **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 ancillary 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

Investment schedule and strategy
What investment risk required?
Impact of transition phase – risk assessment
Underbidding
Thank you

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