



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

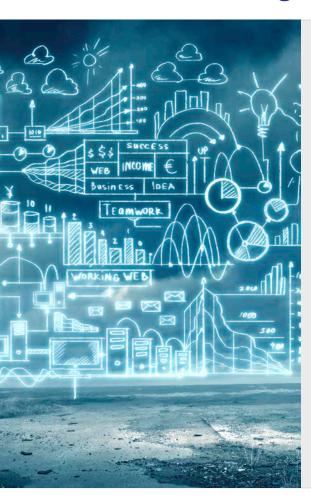




- 1. Set a limit on the total size of the auction
- 2. Consider using a price ceiling
- 3. Set size limits for individual projects
- 4. Start with technology specific auctions
- 5. Consider location specific auctions
- 6. Completely define the project scope

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



