

AURES Auction Designer

Introduction

The **AURES Auction Designer** is a free online tool developed by the AURES project to present its insights and case studies in an interactive and easily accessible manner.

The tool is available on the AURES website at <http://auresproject.eu/auctiondesigner> .

In the renewable electricity sector, auctions are becoming an increasingly common mechanism to allocate support payments to new projects. Given the wide range of technologies and of market characteristics across different countries, there is no one single auction design to be recommended to policy makers. Designing well-performing auctions for renewable electricity support is a challenge for policy makers and requires a good understanding of the market, of one's own policy objectives, of auction design elements, and of how all these factors affect bidder behaviour.

The AURES Auction Designer navigates you through the main questions that need to be answered when designing an auction for renewable electricity in your country, and illustrates the effects of major design elements on auction performance, all based on the insights from the AURES project.

If you are a policy maker, this tool will support you in designing a well-functioning auction for your country by pointing out the main issues, information needs, as well as best practices and typical pitfalls.

If you are from energy industry, an environmental organisation, or a different stakeholder group, this tool can help you to understand the logic behind auction design and the trade-offs faced by policy makers in your country, and therefore enable you to participate in policy discussions in a well-informed manner.

When running the design tool you will have to answer a number of questions. You may want to consider your answers beforehand, as it is helpful to be aware of your real strategy and preferences. However, the tool also invites you to play around with different selections and with estimated figures. Read the explanations carefully and consider where you might obtain information which you are still lacking.

AURES Auction Designer

Introduction

Questions asked in the tool include:

- Country of interest:** Select from our drop-down menu
- Technology focus**

Which technology will do you want your auction scheme focus on? Choose between biogas, biomass, geo-thermal, hydro (large), hydro (small), solar PV, tide/wave, onshore wind, offshore wind, or a multiple-technology auction.
- Deployment target**

How many MW of the technology/ies selected above shall be installed in your country in the next 5 years?
- Planned auction volume**

How many MW of installed capacity do you expect to incentivise through the auction scheme? In case you have a budget-based target, please estimate an expected capacity.
- Expected annual market potential**

For the selected technology, how many additional capacities (MW) can the market in your country supply each year?
- Average project size**

What is the average project size (MW) for the selected technology in your country?
- Expected number of bids**

How many bidders are expected to participate in the auction and are multi-project bidders allowed?
- Asymmetric project costs among bidders**

Do the bidders have systematically different project realisation costs?
- Resources of the auctioneer**

Does the auctioneer have sufficient resources to handle an auction with a complex design?

Disclaimer

The AURES project cannot be held responsible for the use of the AURES Auction Designer. The Auction Designer is not intended to produce a complete ready-to-apply auction design. The aim of the tool is to guide the user through the process of creating an auction. This makes the user aware of which factors are important to consider, which factors may be critical in his specific situation, which information he is still lacking to take a decision, which auction design elements have which effects on auction performance, where the trade-offs lie between different performance criteria, and what the typical pitfalls in auction design are.