AURES II – Auctions for Renewable Energy Support II

Final conference

Virtual meeting, 28 April 2022

Case studies on auctions for the support of renewable energy

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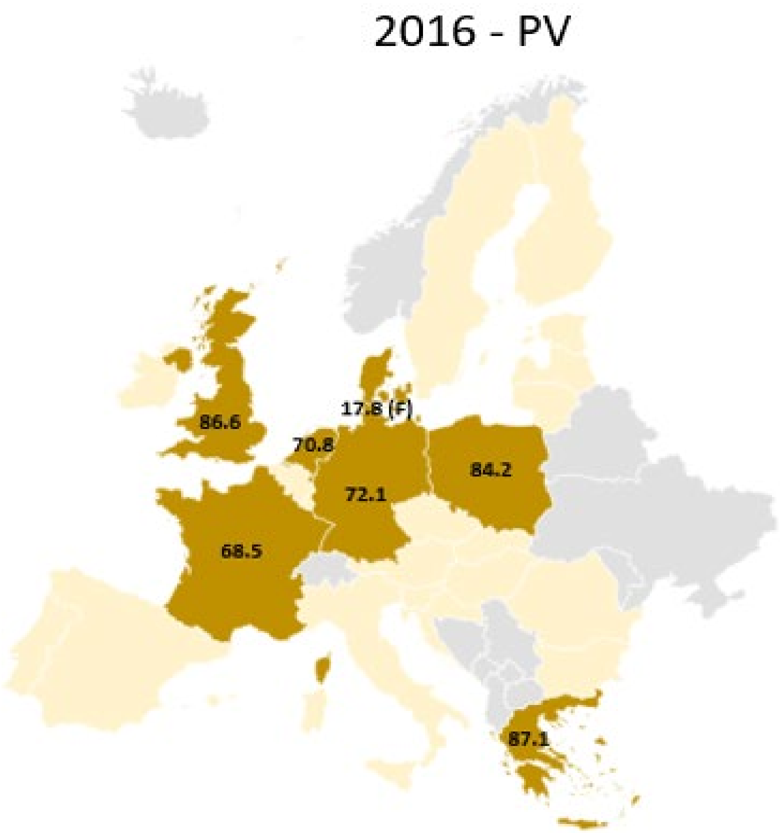
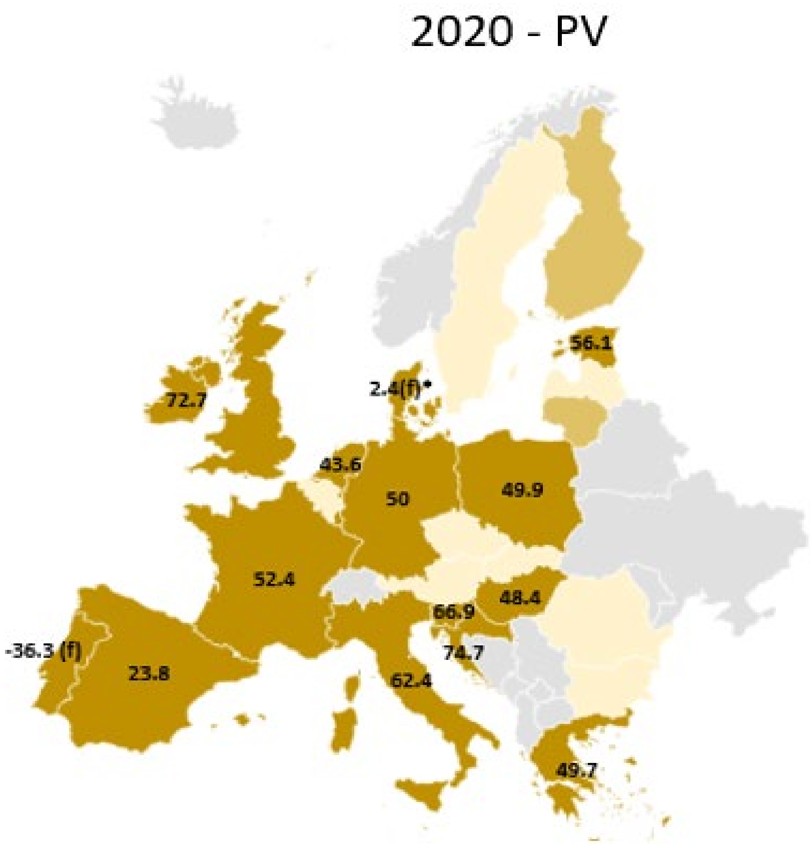
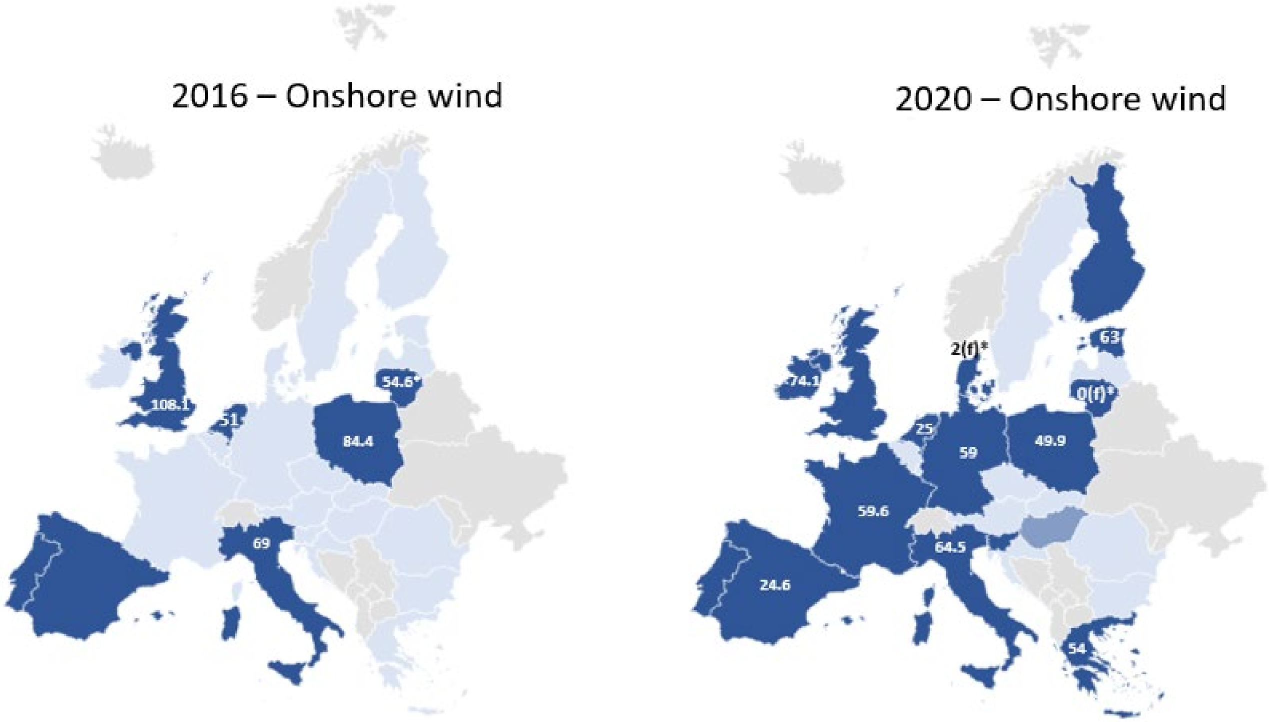
Occurrence and the lowest annual average auction price for PV capacities in the EU, 2016 and 2020 (2019 €/MWh)





Auctioned capacity: **1.90 GW** (2016) vs **8.80 GW** (2020)

Occurrence and the lowest annual average auction price for onshore wind capacities in the EU, 2016 and 2020 (2019 €/MWh)



Auctioned capacity: **1.63 GW** (2016) vs **5.68 GW** (2020)

*Source: Aures II auction database. Remarks: (f) fixed premium auctions, * auction prices corresponding to the previous year. Light yellow and blue colours indicate countries where multi-technology auctions were organised for the corresponding technology, but no capacity has been awarded.*

Main insights from the case studies

Similarities in design

- pay-as-bid, static, multi-unit auctions
- support period 15-20 years
- price is the main factor of winner selection
- promoting actor diversity
  - small plants
  - local communities

Differences in design

- setting auction volume
- technology focus
- support payments
  - mostly two-sided sliding (CfD),
  - one-sided sliding (Germany)
  - fixed (Denmark)
- level of guarantees
  - less stringent material &higher level of financial
  - strict material and lower financial
  - both requirements are strict.

Effectiveness and efficiency

- substantial price decrease compared to former FIT, price trend differs according to market maturity (~dynamic efficency)
- generally adequate level of competition
  - some exemptions (wind in Germany, biomass in Poland, almost all auctions in Italy) - price trend varies accordingly
- limited information on past auctions
  - difficult to assess effectiveness with respect to project realisation

New insights and new directions

New insights

- Large number of projects ‚in the pipeline' and situations of ‚last chance to go' can spur competition and result in low prices
- Lack of suitable sites for further deployment raise policy issues
- Conflicts might arise between poor design and auction performance and longer-term predictability of regulation
- The requirement of technology neutrality is understood differently by member states

New directions

- Broader scope of auctions – SDE++ in the Netherlands, innovation auctions in Germany
- Consideration of grid connection issues – using auctions to allocate scarce network connection points in Portugal

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