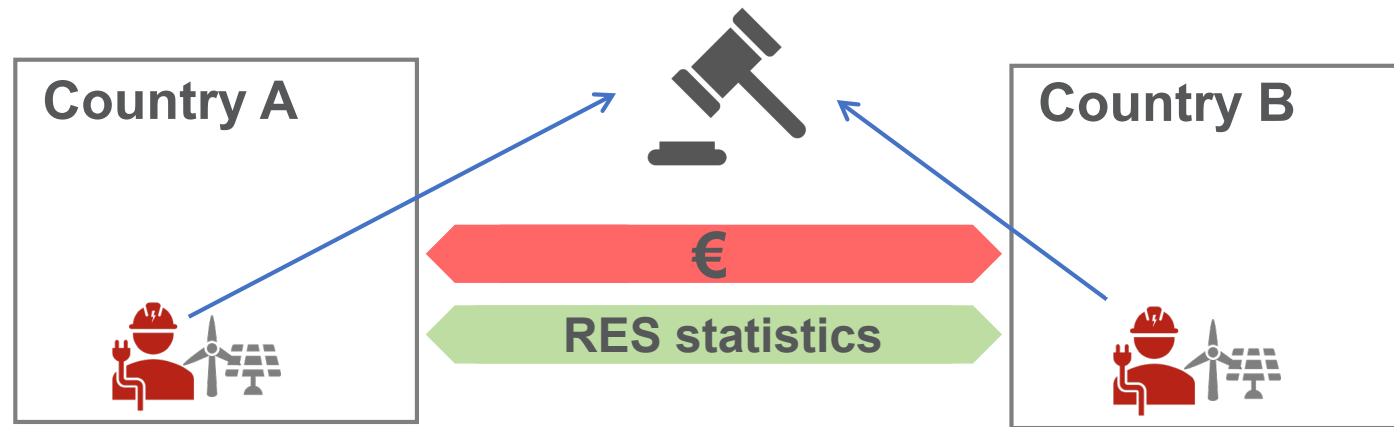


AURES II – Auctions for Renewable Energy Support II

Final conference

Virtual meeting, 28 April 2022

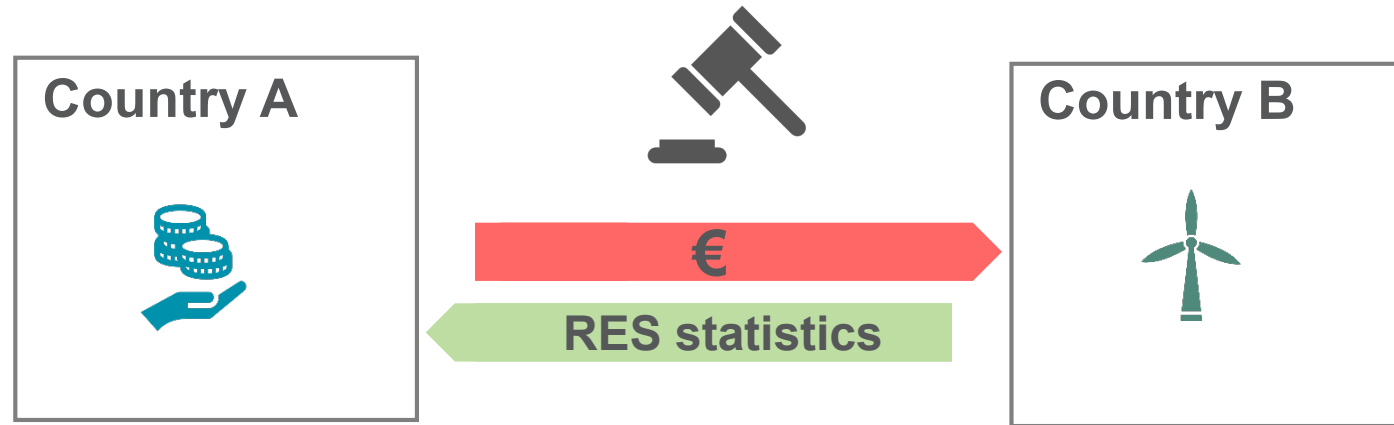
What are cross-border auctions?



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
- resulting in cross-border flow of support payments and RES statistics

Rationale of cross-border auctions



Benefits for contributing party

Reduction of support costs by:

- ✓ tapping into better natural potential
- ✓ reaching higher market values
- ✓ accessing better financing conditions
- ✓ increasing competition in auction



Benefits for hosting party



- ✓ Structural transition of energy system and mobilization of FDI
- ✓ Job creation
- ✓ Clean air and public health
- ✓ Political cooperation

Are cross-border auctions an **emerging** topic?

Limited use of cross-border potential due to:

1. Lack of political willingness / acceptance
2. Uncertainty about the outcome
3. Complexity of cooperation options
4. Transaction costs

AURES II studies:

- [Design options for cross-border auctions](#)
- [Auction theoretical aspects](#)
- [Practical guidance on implementing cross-border auctions](#)

Reasons for more cross-border cooperation in the future:

1. Recently, more MS seek cooperation
2. Increasing RES ambitions
3. RED II: Voluntary opening of national schemes ($\geq 5\%$ in 2023-26); REV proposal: project by 2025
4. Two new EU instruments:

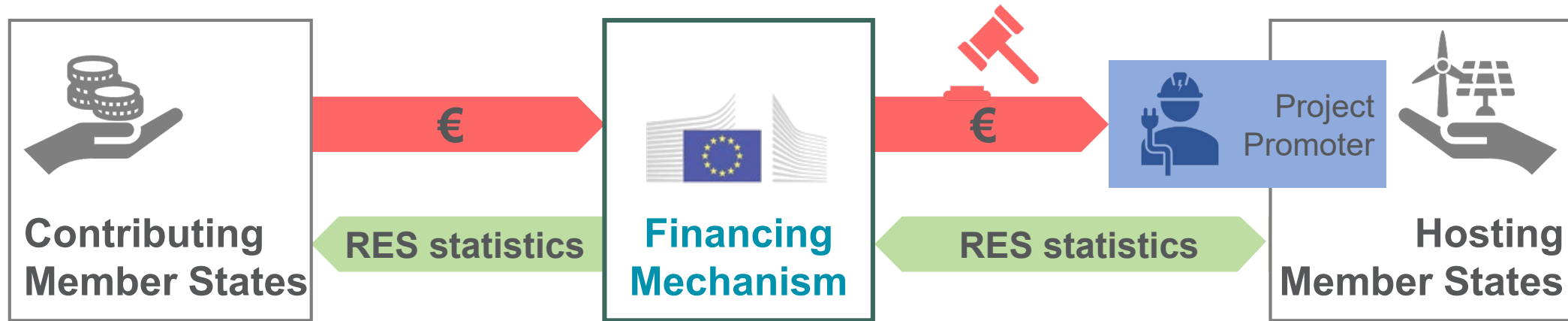


New CEF funding line: grants (1.2€ billion 2020 - 2027) for “cross-border RES projects”



“Financing Mechanism”: EU wide auctions

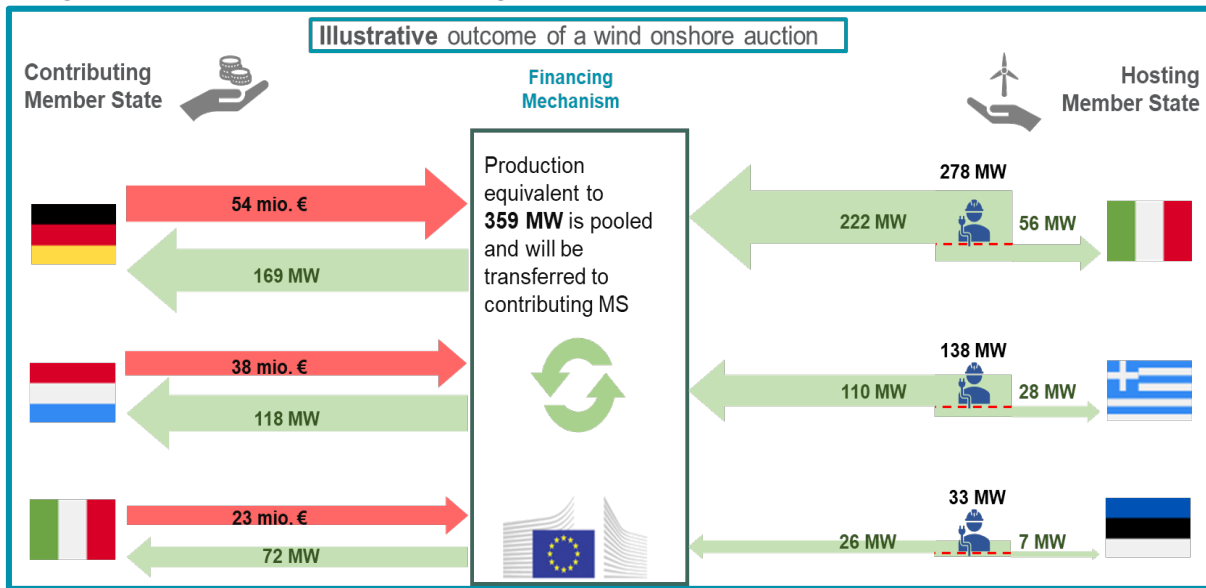
Case study: Auction of the EU Financing Mechanism – basic functioning



- **Participation is voluntary** for contributing and hosting MS
- **Contributing Member States** pay entire support: define volumes and max. financial contributions
- **Host countries:** define technologies, overall volumes and project sizes
- FinMec implements auction which determines **support levels**, allocates support to projects and redistributes RES statistics
- Contributors receive **statistical RES** target contribution. Some RES statistics remain with the hosting MS.

Case study: Auction of the EU Financing Mechanism – Pros & Cons

Hypothetical case study



- Pre-determined support scheme and auction design **reduces negotiation requirements**
- **Less administrative burden** for nat. authorities



- **Risk of not being awarded**
- Limited control over **project selection**
- **System integration costs** in host country



- FinMec is an **effective tool** to aggregate cooperation
- Process of setting-up a tender based on MS' input: **preferences may evolve** over time (volumes, technology). Not all preferences may be reflected.
- **Relevant use-cases** (volumes) need to be identified.

Further case studies:

→ [Considerations for setting up cross-border auctions in Hungary](#)



→ [International auctions in a joint offshore wind hub](#)



What to expect from cross-border cooperation/auctions in the future?

1. Increasing attention via regulation
2. MS will have higher willingness to engage in cross-border cooperation and be more pragmatic about it
3. From pilot-phase to more large-scale cooperation
4. Less focus on distribution of support costs, more focus on system integration/infrastructure costs
5. More cross-border auctions at EU-level



[Podcast Episode](#)

AURES



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