AURES II – Auctions for Renewable Energy Support II

Final conference

Virtual meeting, 28 April 2022
Multi-technology auctions and the State aid guidelines

AURES II Final conference

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The State aid framework

- The previous *Guidelines on State aid for environmental protection and energy (EEAG)* generally contributed to supporting climate targets. However, certain aspects needed to be revised to be fully up to the challenge of the Green Deal and the COVID-19 Recovery.

- The revision enlarged the scope of the guidelines to cover new areas and technologies, making the compatibility rules more flexible.

- The wider scope is accompanied by safeguards to ensure that the aid:
  - is effectively directed where it is necessary to improve climate and environmental protection;
  - is limited to what is needed to achieve the environmental goals;
  - does not distort competition or the integrity of the Single Market.

- The new *Guidelines on State aid for Climate, Environmental Protection and Energy (CEEAG)* reflect the increasingly important role of more ambitious climate policies in the green transition and of competition policy in supporting the Green Deal.
## Multi-technology auctions in the Guidelines

### EEAG

**Aid award mechanism**

Technology-neutral competitive bidding is the default mechanism for awarding aid for support to renewable energy.

**Tender features**

Open to all generators producing electricity from renewable energy sources.

**Exemptions**

To cater for the different stage of technological development of renewable energy technologies under certain circumstances.

### CEEAG

**Aid award mechanism**

Technology-neutral competitive bidding is the default mechanism for awarding aid for decarbonisation.

**Tender features**

Open across comparable areas and technologies that can contribute to the achievement of the Green Deal.

**Exemptions**

- Where there is a deviation of at least 10% between the expected bid levels.
- Where Union law establishes specific technology targets (e.g. RED II).
- Open list of justifications (e.g. grid issues, long term potential, cost efficiency, etc.).
Advantages and challenges

**ADVANTAGES**

Truly competitive technologically neutral bidding processes ensure proportionality of State aid and contribute to:

- Reducing **overcompensation**
- Minimizing **market distortions**
- Achieving a **cost-effective energy transition**

**CHALLENGES**

When bidders are heterogeneous there is a risk of infra-marginal rents that could hinder the cost-effectiveness of State aid.

To prevent this, Member States are granted flexibility to design competitive bidding procedures, especially with respect to:

- **Selection criteria** and **scoring rules**
  - Introduction of **bid caps**
Thank you