



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

CEEAG

Aid award mechanism

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

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

Tender features

Open to all generators producing electricity from renewable energy sources

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

Exemptions

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

- 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.)



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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



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