

Regulatory framework of bi-technological tenders

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- **Calls for tenders and energy premium tariff**
 - Guidelines on State aid for environmental protection and energy 2014-2020 of the European Commission → Energy premium tariff
 - From 1 January 2017, State aids must be granted through tender processes
- **Goal of technology neutral tenders**
 - Assess competitiveness of renewable energies
 - Identify the most cost-effective production source
 - Experimental mechanism
 - Market-based approach

- **§ 126 & 127 of the European Commission Guidelines**
- Principle : From 1 January 2017, « *aid is granted in a **competitive bidding process** on the basis of clear, transparent and **non-discriminatory criteria** »*
- Exception : non-competitive bidding process for :
 - « *Installations with an installed capacity of less than 1 MW, or demonstration projects, except for electricity from wind energy* » ;
 - « *Installations with an installed electricity capacity of up to 6 MW or 6 generation units* »

- **§ 110 of the European Commission Guidelines**

Derogation to the non-discriminatory criteria for specific tenders, when technologies are at a different stage of development

« *However, given the different stage of technological development of renewable energy technologies, these Guidelines **allow technology specific tenders to be carried out by Member States**, on the basis of the long-term potential of a given new and innovative technology, the need to achieve diversification; network constraints and grid stability and system (integration) costs »*

- **Installations at the same stage of technological development**
- Prerequisite for technology neutral tender process : existence of a **similar stage of technological development**
- No definition from the European Commission
- Only onshore wind and solar energies → bi-technological tender process in France and Germany
- What about production profiles?

- **French regulatory framework**

- Energy code (articles L. 311-10 ; R. 311-13 to R. 311-25)
- Procedure common to all the calls for tenders under the Energy code
- Based on the specification drafted by the Minister of Energy (number of periods, geographical area, maximum power demand, description of the expected facilities, rating criteria, eligibility justification, closing date for submission of tenders, ...)
- Review from the Energy Regulatory Commission (*Commission de Régulation de l'Énergie*) and publication in JOEU

- **Specifications for the French bi-technological tender : outlines**
 - Eligibility : ground solar installations, onshore wind turbines and possible combination of both
 - Maximum capacity : 200 MW
 - Installations between 1 MW and 18 MW
 - Land implantation determined by planning documents
 - Single criterion : the price ($T_{\max}=90$ €/MWh – $T_{\min}=40$ €/MWh)
 - Increase in the energy premium tariff for crowdfunding and crowdlending
 - Commitment to achieve the facility

- **Advantages :**

Prohibiting the national authorities from encouraging one industry over another by launching dedicated tenders

- **Disadvantages :**

- Encourages competition and obtaining the lowest prices possible at the expense of energy mix diversity
- Denies the complementary roles wind and solar energy play in the energy mix
- Source of uncertainty for actors on energy market
- The cheapest energy at a given point in time ; does not necessarily reflect the future
- What is an « equal stage of technological development » ?
- Economic requirements only ; not environmental, land use planning ones ...

- **CRE opinion**

On 20 April 2017, **the National Regulatory Authority (CRE) gave a negative opinion** based on the following grounds :

- **Bi-technological tenders do not ensure that energy policy goals will actually be achieved** especially with respect to complementary development of solar energy and wind power
- The mechanism introduces competition between bi-technological and either solar or wind tender processes

- **Conclusion**

The launch of the first bi-technological tender in France will provide a good opportunity to assess technologically neutral tender processes' adequacy and effectiveness.

Thank you for your attention

