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EXPERIENCES FROM THE FIRST JOINT AUCTION FOR ONSHORE WIND AND SOLAR INSTALLATIONS IN GERMANY

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EXPERIENCES FROM THE FIRST JOINT BIDDING OF WIND AND SOLAR ENERGY IN GERMANY



AGENDA

1. Legal Background And Procedure
2. Results of the first joint auction
3. Reactions and Background
4. Perspectives



European Background

- **Guidelines** on State aid for environmental protection and energy 2014-2020 (2014/C 200/01)
- Provide, as of 2017, a **competitive bidding process**
- The bidding process can be limited to certain technologies



Implementation in Germany

- Based on these guidelines, § 39i EEG was implemented
 - Joint auctions as a pilot project from 2018-2020
 - After pilot phase: proposal of the government as to **whether** and **to what extent** joint auctions shall be carried out afterwards
 - Unprejudiced evaluation, no set course towards joint auctions
- 400 MW per year
- Details of the procedure are defined in an ordinance („GemAV“)

1. LEGAL BACKGROUND AND PROCEDURE

PROCEDURE I

- Basically, the same conditions of auctions as in technology-specific auctions
 - Continuity enables the funding awards to be compared more easily to technology-specific auction
- Rigorous formal procedure! Formal errors may lead to exclusion of the bid
- At least 750 kW capacity
- Ceiling price for the first auction 8,84 ct/kWh for both technologies
- Public authorization for wind projects must have been issued and registered three weeks before the bid date

1. LEGAL BACKGROUND AND PROCEDURE

PROCEDURE II

- Certain technology-specific conditions are not, however, applied:
 - No reference yield model
 - No privileges for citizens' energy companies

- Costs of network and system integration are taken into consideration
 - Delineation of grid expansion areas
 - Defining capacity factors
 - “fictive” additional amount to the bids according to their area

- Installed capacity installed based on joint auctions will be deducted from the volume that is to be auctioned in the following year in the technology-specific auctions for each technology respectively

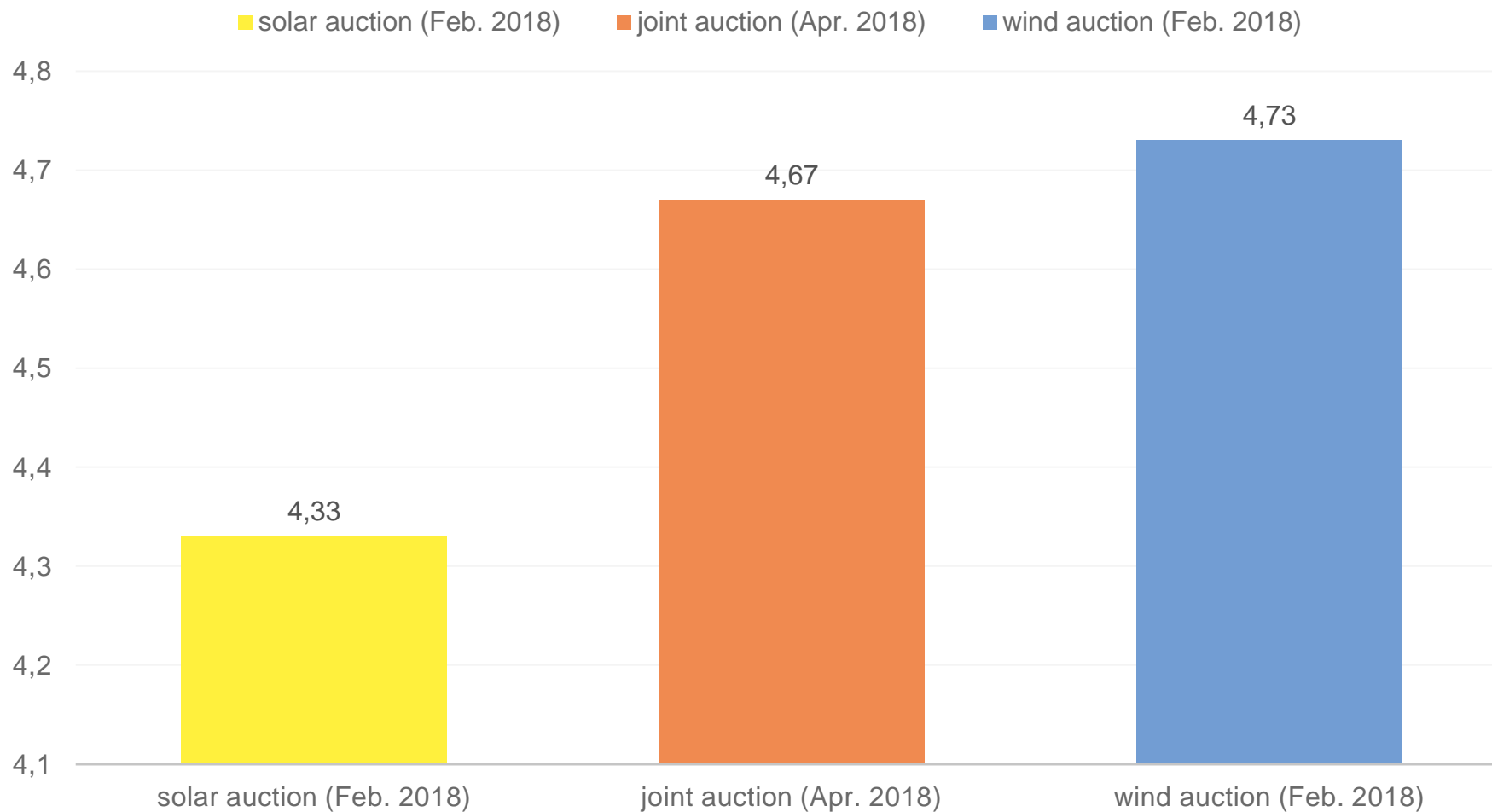
2. RESULTS OF THE FIRST JOINT AUCTION



- 54 offers received; in total 395 MW (auction volume of 200 MW was oversubscribed twice)
- Thereof 36 solar pv projects and 18 onshore wind farms
- 3 bids had to be excluded on formal grounds
- **32: 0 ! Entire capacity has been allocated to solar pv projects**
- Lowest price: 3,96 ct per kWh; average, volume weighed price: 4,67 ct per kWh; highest price: 5,76 ct per kWh.
- The average price of all PV bids was 4.82 ct per kWh, while average price for on-shore wind bids was 7.23 ct per kWh.
- “Distribution Network Tool” had no major effect (without it, one wind farm could have been accepted)

2. RESULTS OF THE FIRST JOINT AUCTION

Average Prices Comparison



3. REACTIONS AND BACKGROUND

- *Solar pv is the technology that offered the lower cost! (BNetzA)*
- *High competitiveness of solar pv technology (BDEW)*
- *Failure! Complementarity instead of competition (German Wind Energy Association BWE & German Solar Association BVS)*
- Surprise Surprise?
- Many wind farm developers did not take part of the bidding procedure
 - Busy with rescheduling and adjustment to regulatory changes

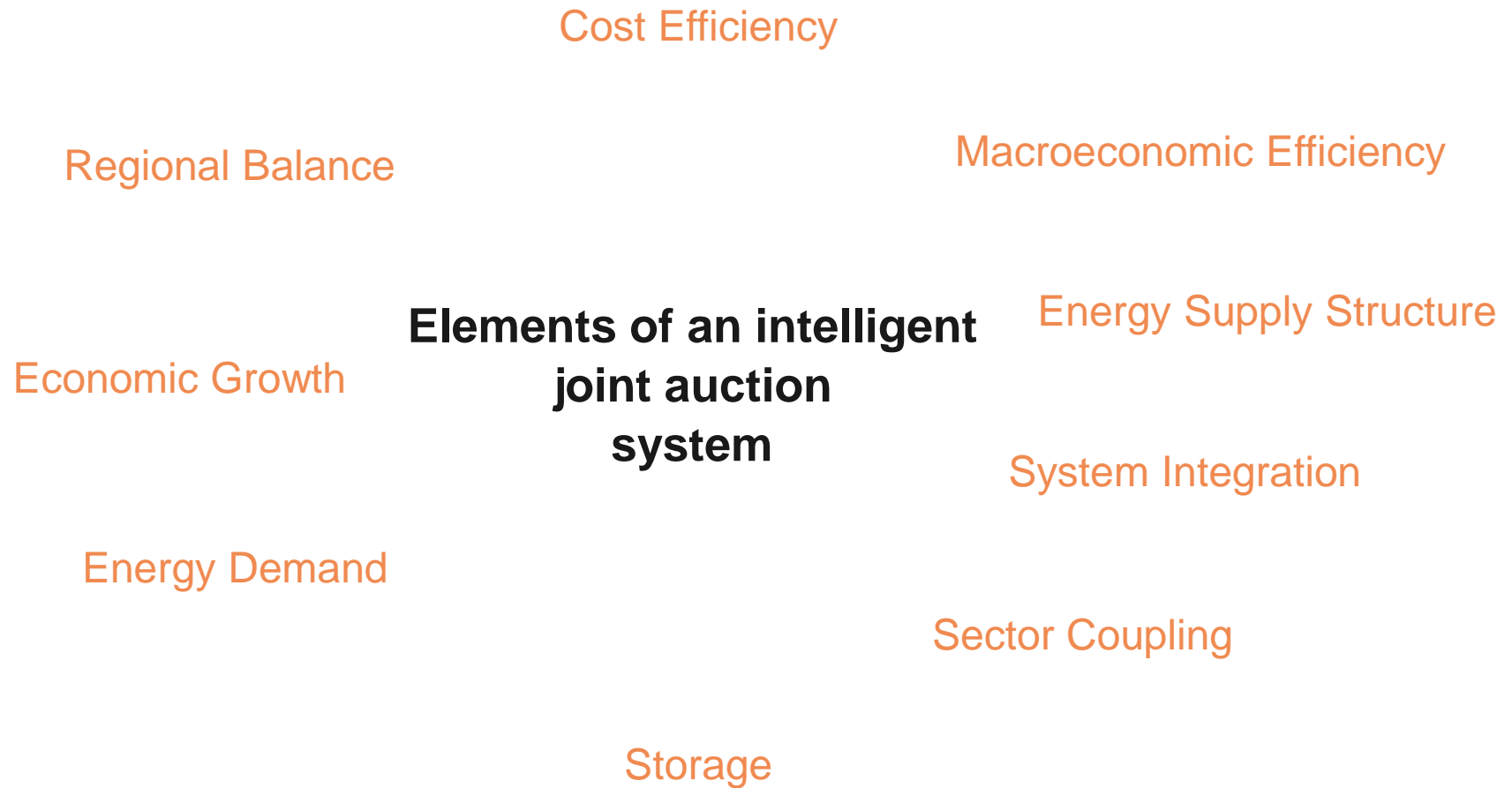
4. PERSPECTIVES

NEXT STEPS

- Short term: Pilot phase until the end of 2020 with 2 auctions per year
 - Second joint auction has been launched by the Federal Network Agency on 17th of September; deadline on **1st of November** (actually 2nd of November)
- Middle term:
 - § 39i EEG: On the basis of the experience made with the joint auctions, the Federal Government shall present a proposal in good time as to **whether** and **to what extent** joint auctions shall also be carried out afterwards.

Federal Government is currently discussing the practicability of such joint auctions and also a general transition towards joint auctions

4. PERSPECTIVES



high complexity → highly regulated → high costs → uncertainty → disadvantages for small players

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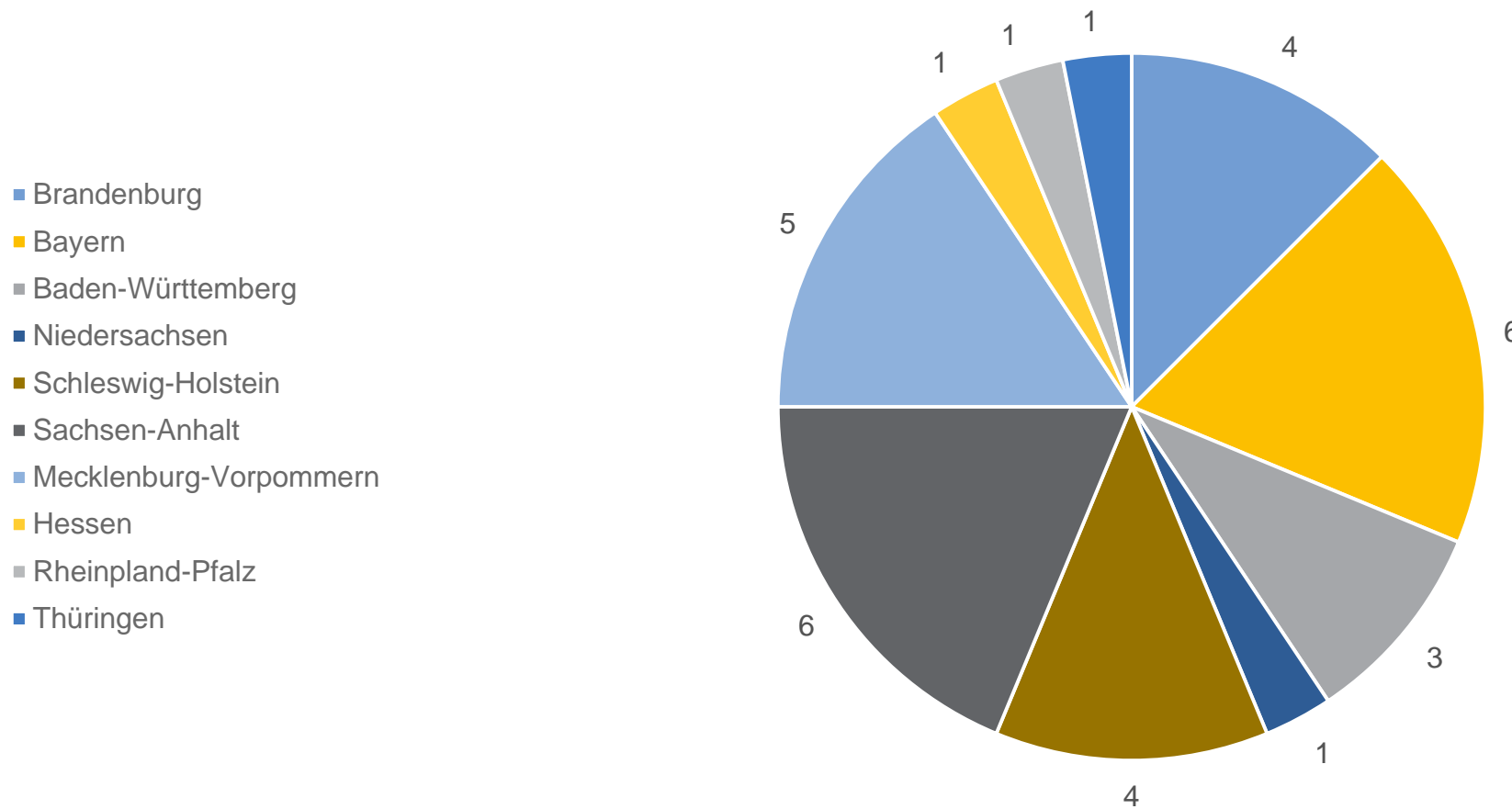
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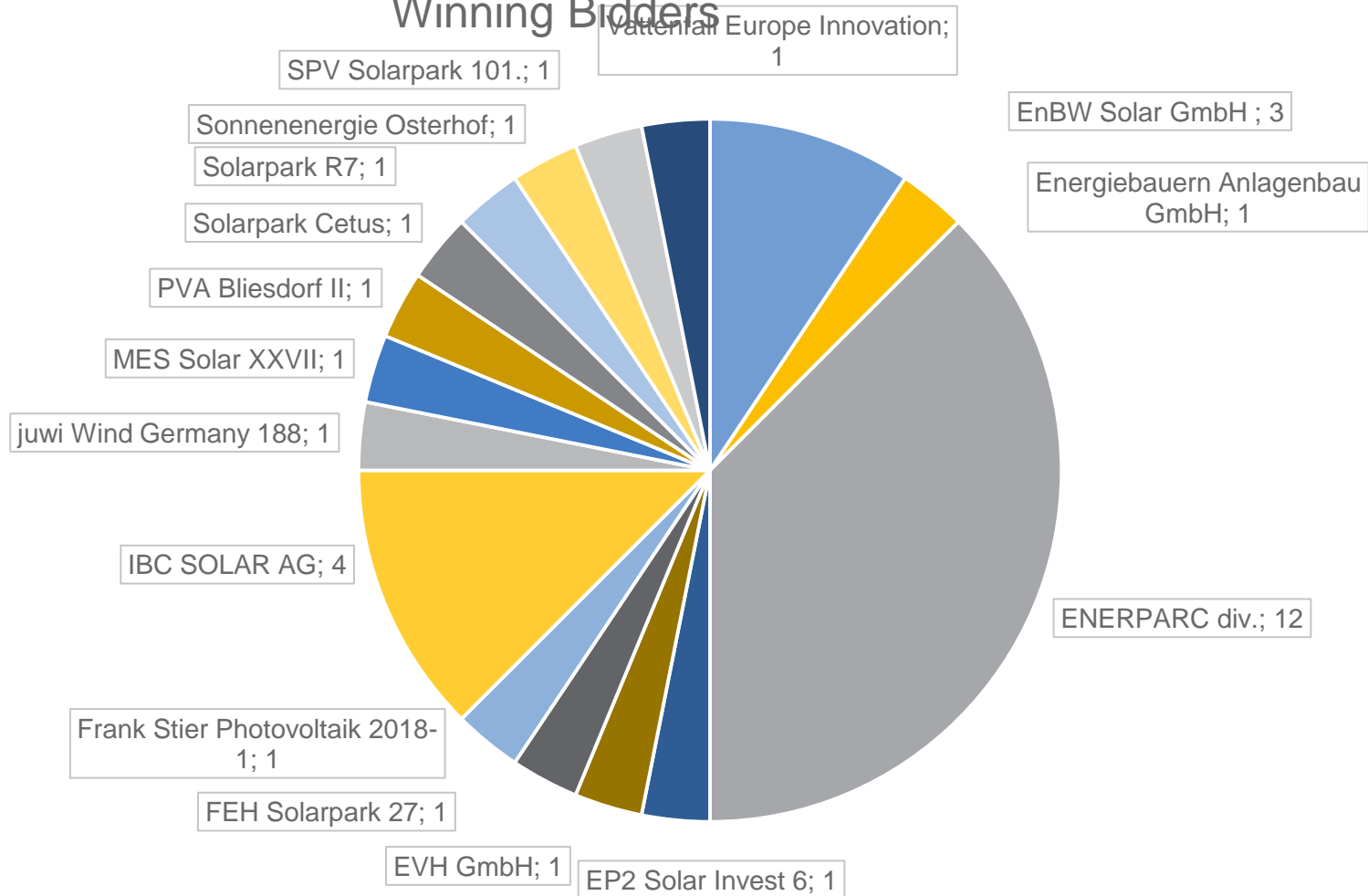
RESULTS OF THE FIRST AUCTION

Regional allocation (Bundesländer)



RESULTS OF THE FIRST AUCTION

Winning Bidders



2. RESULTS OF THE FIRST JOINT AUCTION

Prices of the allocated bids (ct/kWh)

