



sustainable energy for everyone

# Auctions for RES support in Europe

**Interim results of the EU AURES project  
Presentation at the World Future Energy  
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# EU AURES project and our work on auctions

## The AURES project - [www.auresproject.eu](http://www.auresproject.eu)

- > 3-year EU Horizon2020 project
- > Identify best-practice auction design and impact
- > 13 country studies, cash-flow model, auction experiments
- > Support EU Member States, online policy support tool for policy-makers



## Ecofys work on auctions

- > International experiences (EU AURES project)
- > Auction design (German PV, Wind, Biomass and CPH auctions, Luxembourg, Denmark, South-Eastern Europe)
- > Cross-border auctions
- > Corporate and bidding strategy

# Negative auction outcomes in past can be explained by market conditions and auction design flaws

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## **Low supply** (other examples: IT)



Off-shore wind auction, Anholt (2009/10)

- > High delay penalties + strict schedule + opportunities abroad → only one bid submitted → high prices

## **Low levels of eligibility**



Solar PV, 100-250 kW (2012)

- > Unclear pre-qualification requirements + inexperienced bidders → only 60% of bids eligible

## **Risk of low realisation**



Onshore wind and biomass (2016)

- > Only one round (uncertainty over schedule) + low prequalification + 10 GW in the pipeline + uniform pricing → zero support levels → risk of non-realisation

# Our recommendation for the new EU RES Directive: leave flexibility to MS but set some guidelines

<b>Elements applied in most EU Member States</b>	<b>AURES design recommendations to the new EU RE Directive</b>
Technology-specific auctions	Leave flexibility to use technology-specific schemes
Volume caps	Volume caps preferred to budget caps (but depends on political preference)
Auctions at least every year	Higher frequency avoids disruption, but do not prescribe frequency
Static auctions, mostly pay-as-bid	Do not prescribe specific auction type
Ceiling prices	Require ceiling prices
Single or multi-criteria auctions	Price should be preferred selection criterion, but secondary criteria allowed if well founded
Financial and material prequalification requirements; penalties	Require both pre-qualification requirements and penalties; specific design left to MS
Reliability of schedule	Reliable auction schedule (short and long term, appropriate monitoring)

# Lessons from first cross-border auction btw. Germany and Denmark

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- > **Reasons:** Closer policy cooperation, cost efficiency and diversification
- > **Principles:** Physical import (effect) and reciprocity
- > **Challenge:** How far to deviate from national design to create a level playing field?
- > **Cross border-auction:** mutually opening part of the national auctions in Germany and Denmark
- > **Result:** German auction projects awarded only to Denmark, at av. 53.8 EUR/MWh, in Denmark record low
- > **Reasons for results:** site regulations and FLH, large pipeline of Danish predeveloped PV projects
- > **Outlook:** obligatory opening support schemes in RED II draft (min. 10% in 2021-2025 and 15% 2026-2030)

Contact the AURES project to continue the debate!



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