

# Good practices in wind energy auctions

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Advisor

# WindEurope: Representing the entire supply chain

450  
MEMBERS

Wind turbine manufacturers

e.g. **Vestas**  **ENVISION**  **GE Renewable Energy**

Wind farm developers

e.g.  **acciona**  **RES** **power for good**  **ERG RENEW**  **Statoil**

Power utilities

e.g.  **enel** **Green Power**  **IBERDROLA**  **e.on**  **edf** **energies nouvelles**

Supply chain

e.g.  **BASF** **We create chemistry**  **ArcelorMittal**  **ABB**

Installation / Logistics

e.g.  **Fred. Olsen Windcarrier**  **Van Oord** **Marine ingenuity**

Financial/ trading services

e.g.  **aspo**  **Rabobank**  **Allianz**

Research institutes

e.g.  **TU Delft**  **CATAPULT** **Offshore Renewable Energy**  **DTU**  **Fraunhofer IWES**

**Wind<sup>•</sup>**  
**EUROPE**

  
**aee**  
Asociación Empresarial Eólica

+ National wind associations

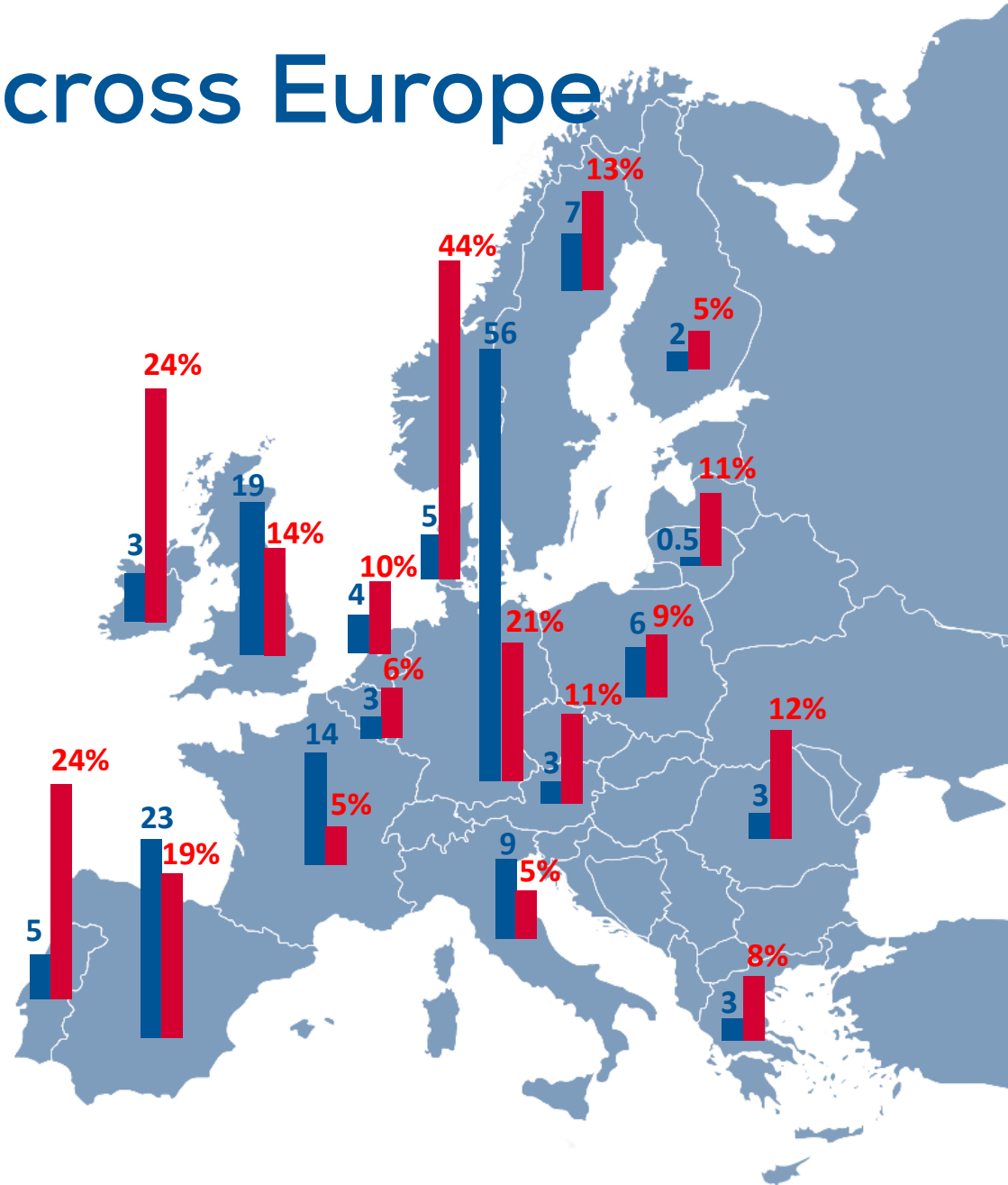
# Wind power across Europe

169 GW

12%

of 2017 EU power demand

○ GW installed  
● Penetration



# Background

## 2014-2020 State Aid Guidelines

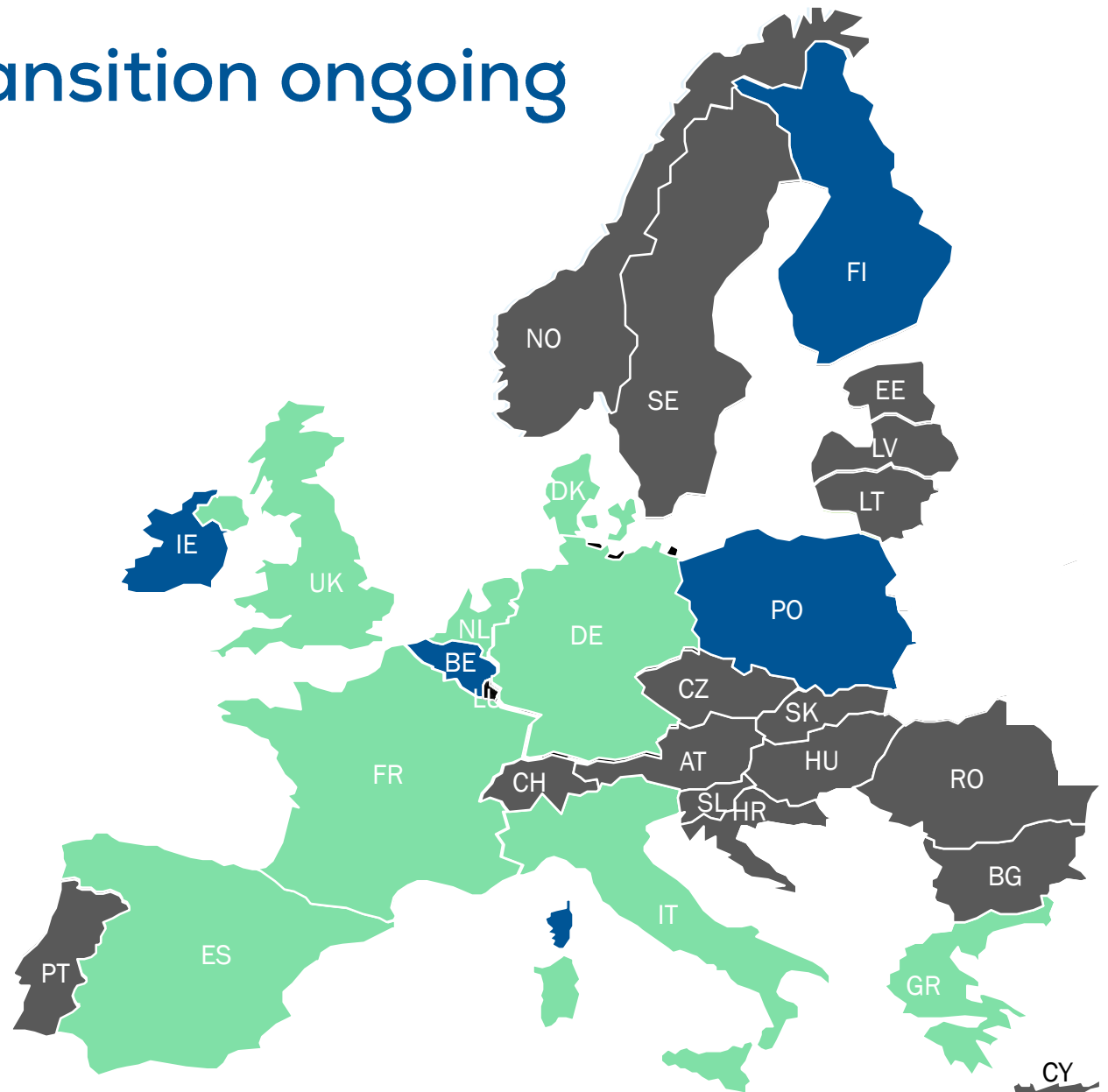
- EC reference when assessing the compatibility of national support mechanisms with internal market rules
- Tenders are a reference model for all RES starting in 2017



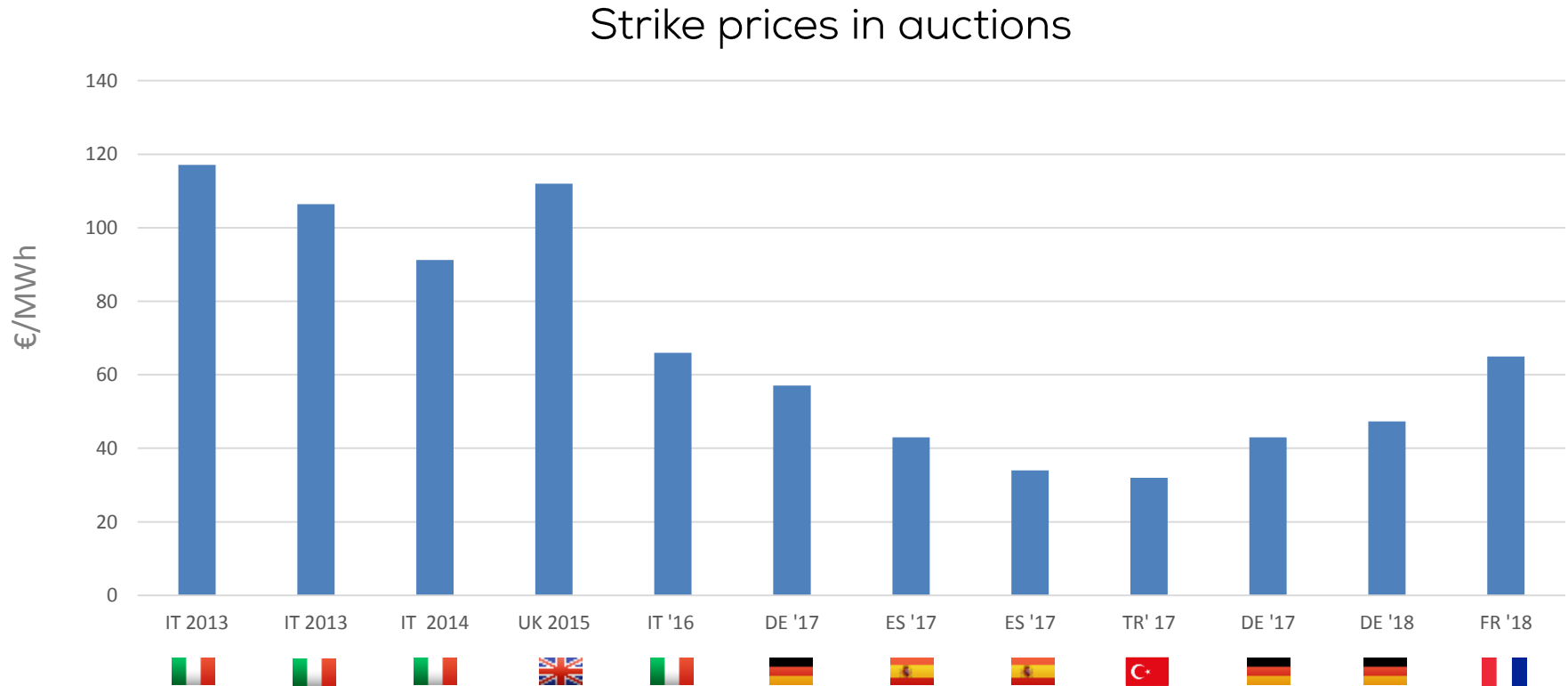
# Auctions transition ongoing (July 2018)

Existing

Upcoming



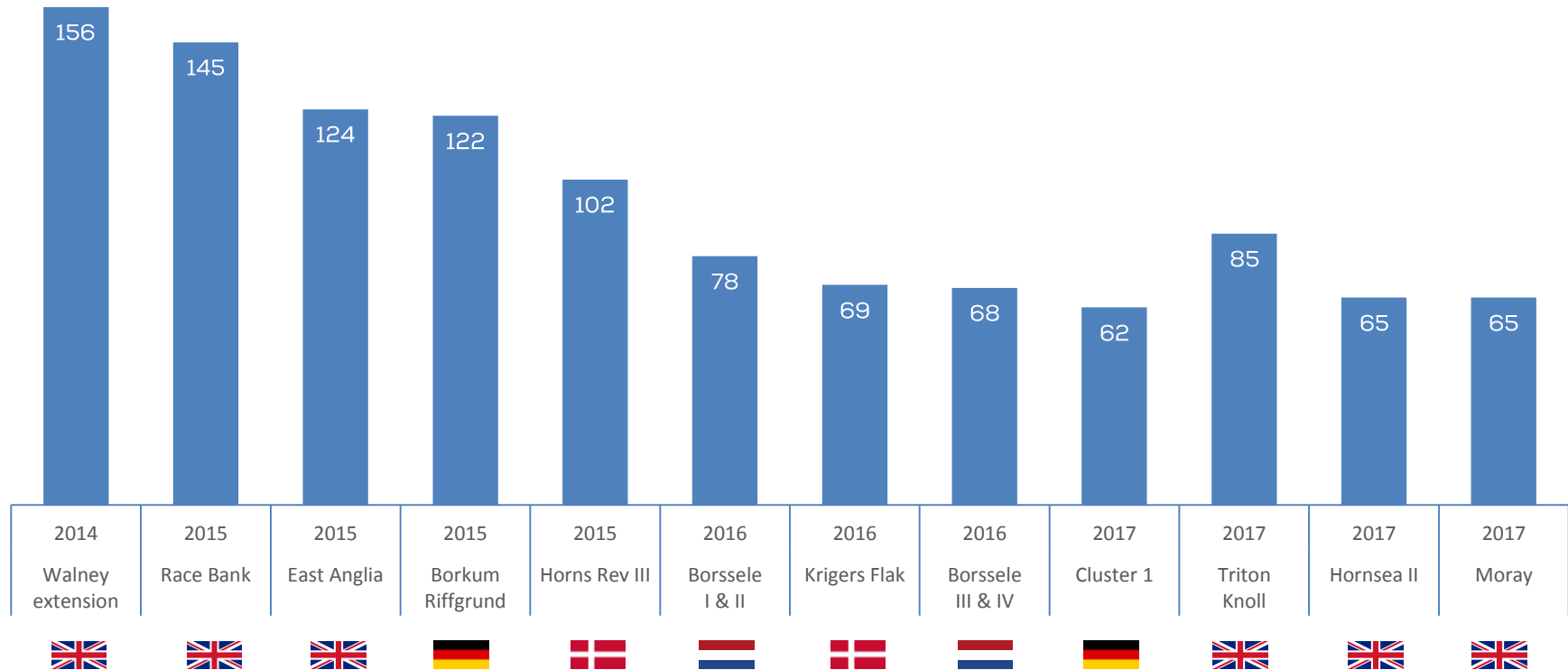
# Cost reduction: Onshore wind



# Price reduction: Offshore wind

**Levelised revenue of electricity, incl. transmission costs**

EUR/MWh<sup>1</sup>, 2016-prices



# Apples ≠ pears

Resource	Permitting	Auction design	Industry
Wind availability	One-stop-shop	Baskets (or not)	Scalability
Regulatory framework	Grid connection	Prequalification	Supply chain (synergies)
Stable policies	Restrictions (e.g. tip height)	Penalties	Infrastructure synergies (e.g. ports, nearby projects)
Targets	Support mechanism	Commissioning time	
Visibility	FIT / CfD	Delivery time	
Market design	Duration	Grid connection cost	
	Full load hours cap	Inflation indexation	



# What is at stake?

1. Jobs and **growth**
2. Energy infrastructure **deployment**
3. Renewable energy **cost reduction**
4. Technology **innovation**
5. System **reliability**

# Contribution to EU economy

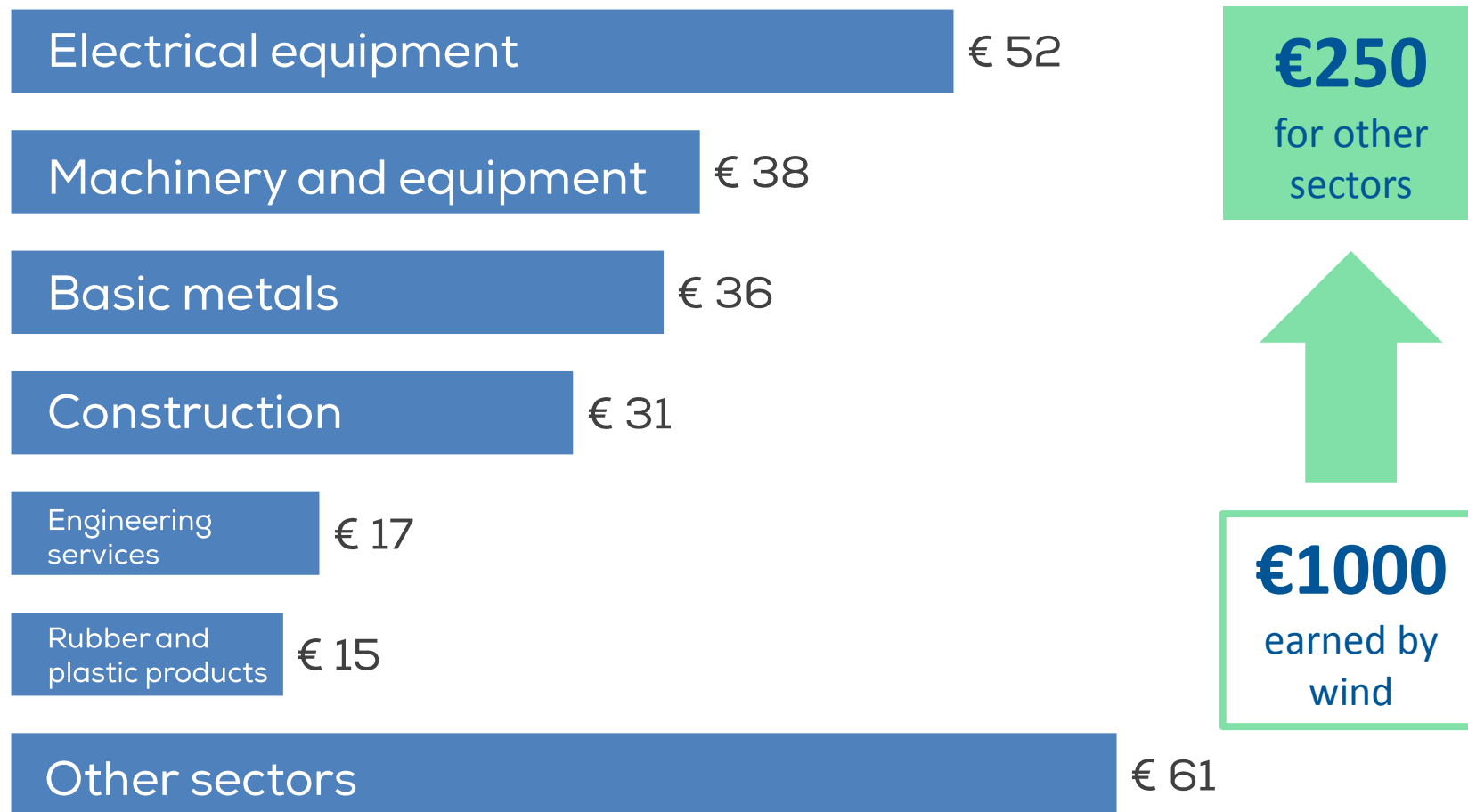
- 263,000 jobs
- €36bn GDP contribution
- €8bn exported
- €22bn invested
- €5bn fossil fuel savings p.a.



# Diverse manufacturing base



# Contribution to other sectors



# Visibility comes first

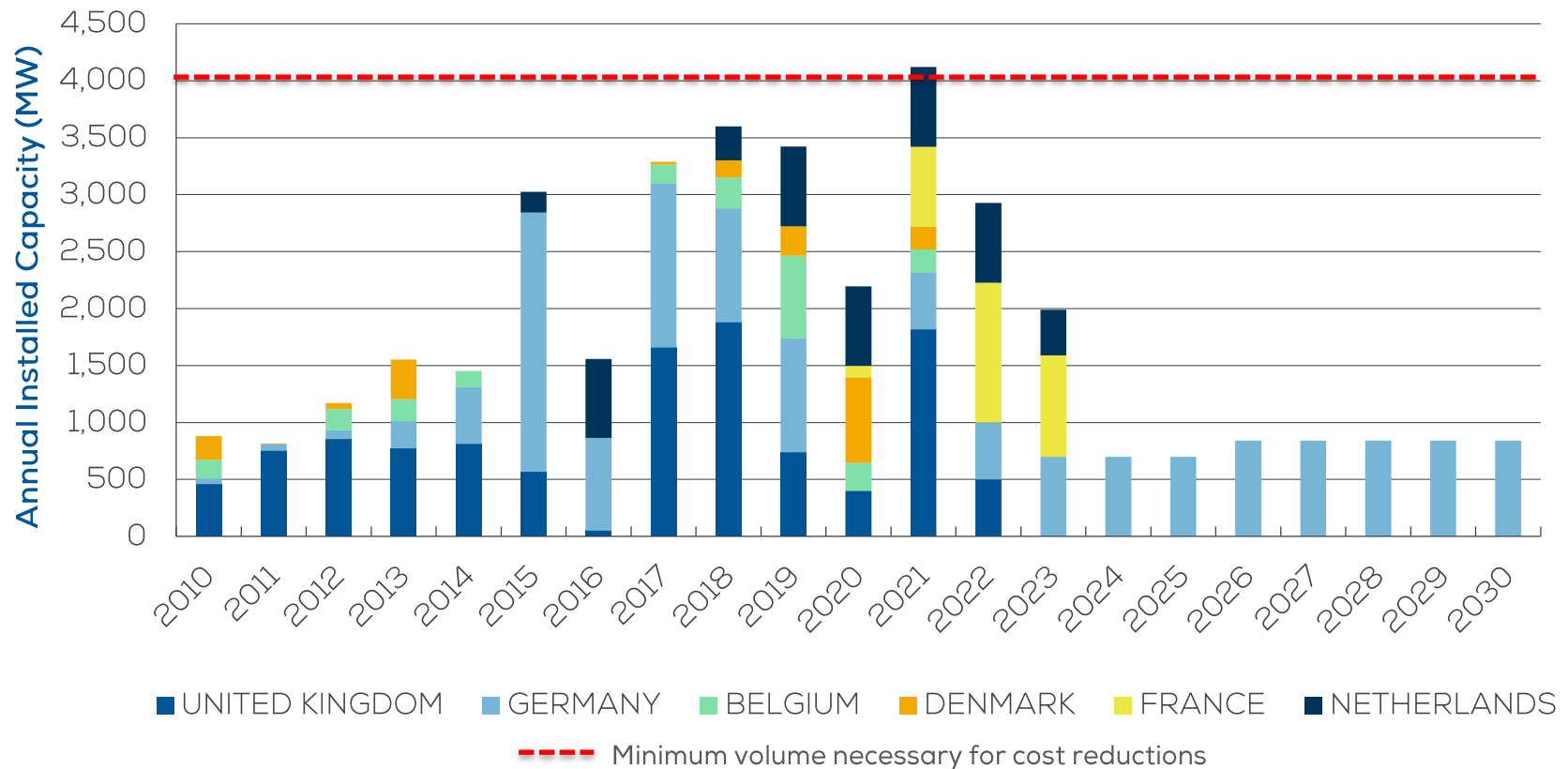
## Germany

Stepping into an auctioning system  
EEG 2014 to 2017



# Annual deployment of offshore wind

Projection based on real project data and firm government commitments



For presentation clarity, countries with deployment below 100 MW are not included here.

Source: WindEurope

# Good practices

- Clarity of design & consultation with industry

- Adequate prequalification

  - Compulsory permits

- Revenue stabilisation

  - Price floors (e.g. Spain)

  - Balance between market exposure and investment risk (e.g. UK)

- Technology-specific

# Tailor design to technologies

## Netherlands

Borssele 1&2; 3&4

- ✓ Early clarity on tender rules for investors
- ✓ Favourable site conditions
- ✓ Pre-development done by government
- ✓ Minimised bureaucracy procedure



€72.2/MWh (July 2016)

€54.5/MWh (December 2016)

Consider market maturity and technical characteristics  
(e.g. cost, size, risk profile, project lead time)



# Clean Energy Package: EU's post-2020 renewables rules

- ❑ Up to 5 years visibility for renewables support
- ❑ National Energy and Climate Plans
- ❑ Clear design rules for RES support mechanisms including **technology specific tenders**

# Good practices in renewable energy auctions

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