

MARKET FOR RES: *What comes next?*

NEW SUPPORT SCHEME PROPOSAL

10th SE Europe Energy Dialogue

“Connecting SE Europe’s Energy Markets”

Belgrade, June 13-14, 2017

New support scheme for RES

ECS Proposal – Key points

- No temporary privileged power producer status
- Competitive bidding procedure (auction/tender)
- New incentives – premium price
- Successful bidder to sign Contract for difference
- Balancing responsibility transferred to producers
- Renewable energy operator introduced

Objectives of introducing competitive bidding

- Switching the RES funding from fixed prices, granted on a first-come first-served basis, to prices set by competitive auctions
 - Who sets volume and price?
- System change from FITs to market instrument
- Cost-effective RES development for the benefit of energy consumers

Tendering Scheme

- Technology specific
- Typically tendering of total amount of installed capacity in MW
- Only price decisive for awarding contracts
- Bids are accepted starting with the lowest until the amount of capacity that is being auctioned is reached
- Bid bond or bank guarantee to discourage non-realization

Issues to consider

- Making permitting procedures more auction-compatible (e.g. allowing more projects to obtain construction permit)
- How to reduce off-taker risk?
- Tailoring auctions to policy goals (what do we want to achieve?)
- Introducing qualification requirements and bid bonds
- Large number of pre-developed projects to be considered when designing auction scheme
- Learning process over time for both parties

Thank you for your attention

ASOR