

Pilot tender for solar PV

The Background of the Danish Pilot Solar PV Tender



The Commission: Danish PSO tariff could entail discrimination against imported electricity within the meaning of Articles 30 and 110 of the Treaty (potential discrimination)

Temporary solution for the years 2015 & 2016: Denmark to open a share of 6 % of the tendered capacity in 2015 and 2016 or 2,4 MW (the bigger of the two figures shall prevail)

The project package



- Legal basis
- Tender material
- Cooperation agreement
- State aid approval

- Call for bids
- Evaluation
- Contract signing

- 2 years (grid connection)
- Extensions possible
- Guarantee active

- Support payments



Tender vs. old support scheme

- Old Scheme

- Feed in tariff of 60/40 øre DKK/kWh
- TSO handles sale in electricity market
- TSO responsible for balancing
- Can be combined with self consumption
- Installations up to 500 kW

- Only installations in Denmark

Tender

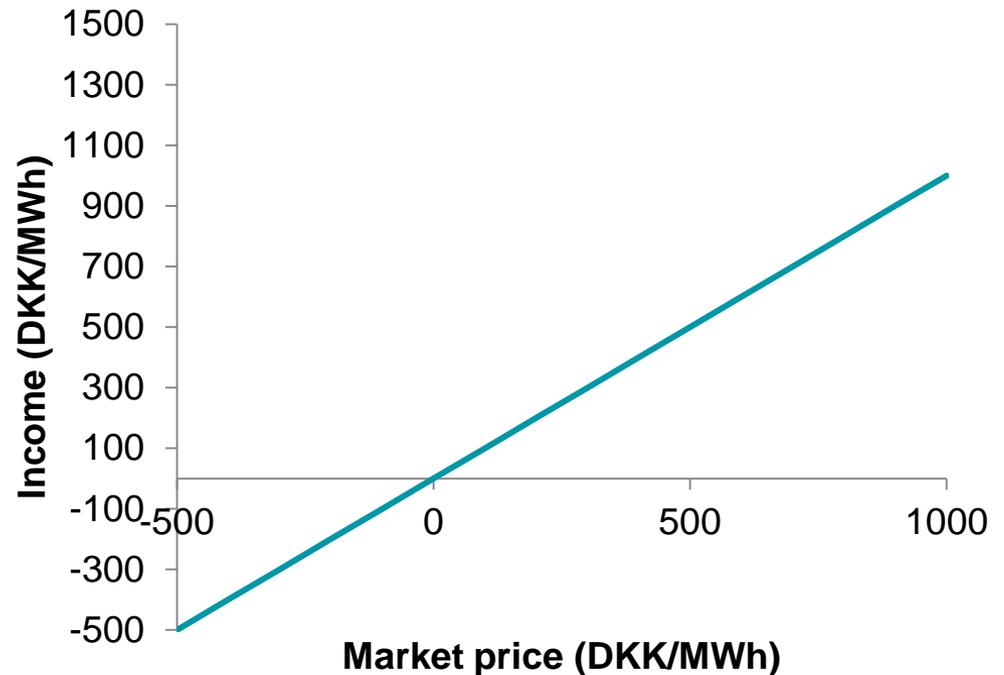
- Fixed premium based on tenders
- Owner selling
- Owner responsible for balancing
- Self consumption not allowed
- Installations up to 2.4 MW

- Partial opening for installations in Germany

Fixed premium

- The premium is a fixed amount per kWh when the market price is positive.
- No premium when the market price is zero or negative

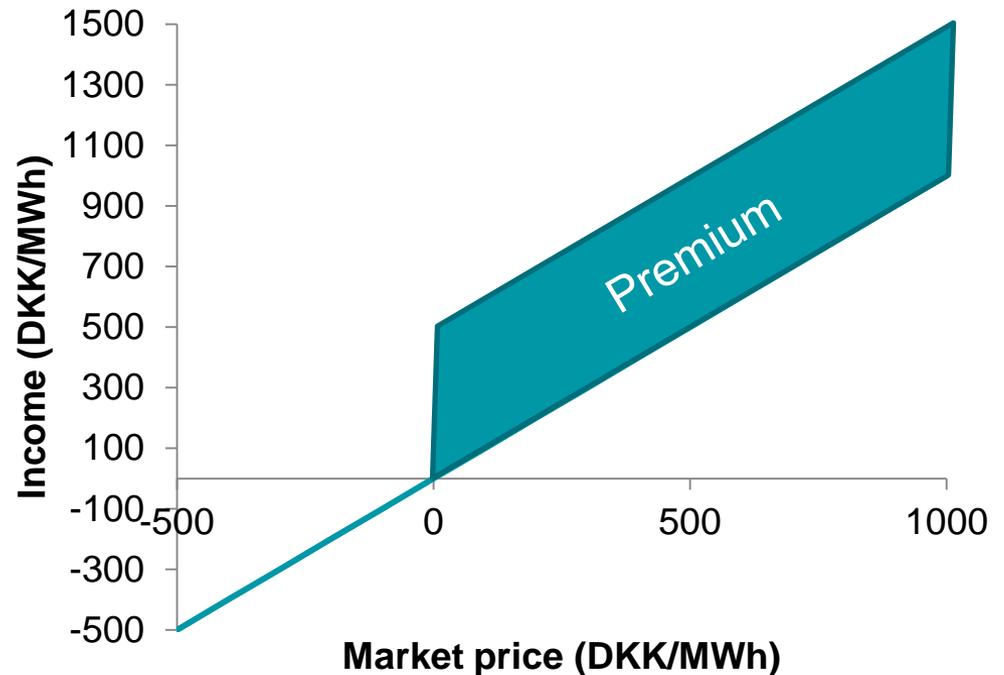
Example without premium



Fixed premium

- The premium is a fixed amount per kWh when the market price is positive.
- No premium when the market price is zero or negative

Example with premium





Simplify

- Existing rules apply for local planning, grid connection, curtailment, trade in the market, taxation, technical standards etc.
- No qualification requirements
- No planning approval required when bidding
- Project location can be changed without penalty
- Low retention penalty (24 €/kW)
- Letter of intent when bidding – only winners deliver first demand guarantee

Cooperation Agreement between Denmark and Germany (the CA)



Agreement between Denmark and Germany concluded in the **summer of 2016** on the Establishment of a Framework for the Partial Opening of National Support Schemes to Support the Generation of Energy from Solar Photovoltaic Projects and for the Cross-border Administration of such Projects in the Context of a Single Pilot Run in 2016

- Denmark opens 2,4 MW (full capacity of the Danish tender 20 MW)
- Germany opens 50 MW
- Capacities not reserved for projects in the cooperating state
- One single pilot run in 2016

Individual tender design BUT



Local rules and conditions apply

- unless it is not possible due to existing national legislation or/and the political interests of the cooperating state

Example: the German ground-mounted requirement





Differences in tender designs

	Germany	Denmark
Market premium	Floating premium based on local market value	Fixed premium
Negative prices	6 hours rule	No remuneration
Max bid size	10 MW	2,4 MW
Max price	Yes	No
Allocation	Decision	Contract
Guarantees of Origin	No	Yes

Approval of state aid

Pre-notification

Close dialouge with DG COMP

Approval two months after notification



Tender material

Tender conditions

Tender letter - template

Letter of intent - template

Contract - template

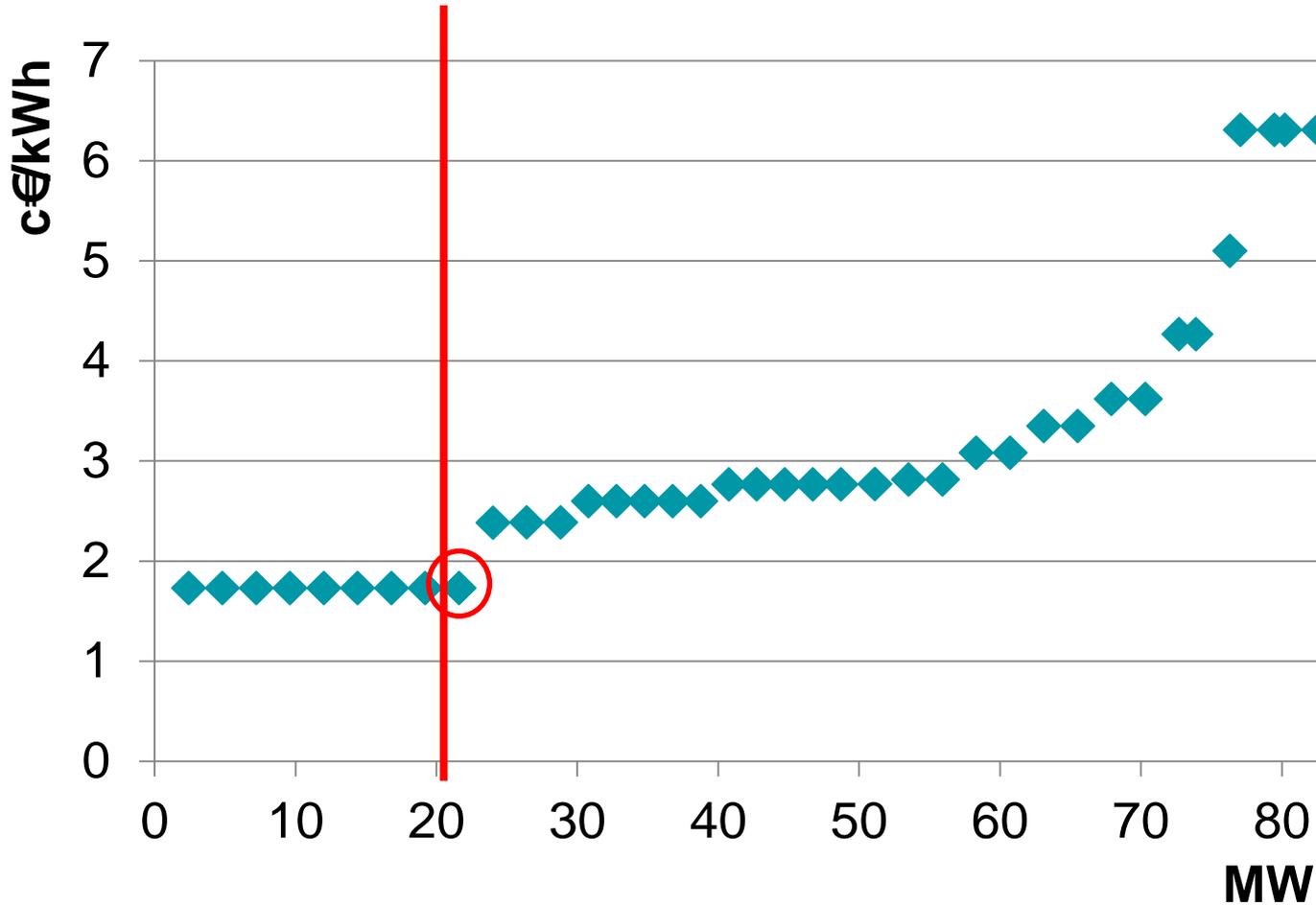


First demand guarantee - template

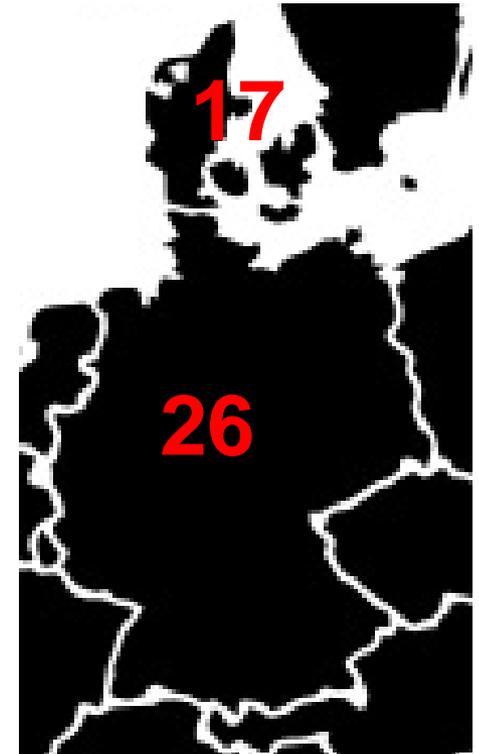
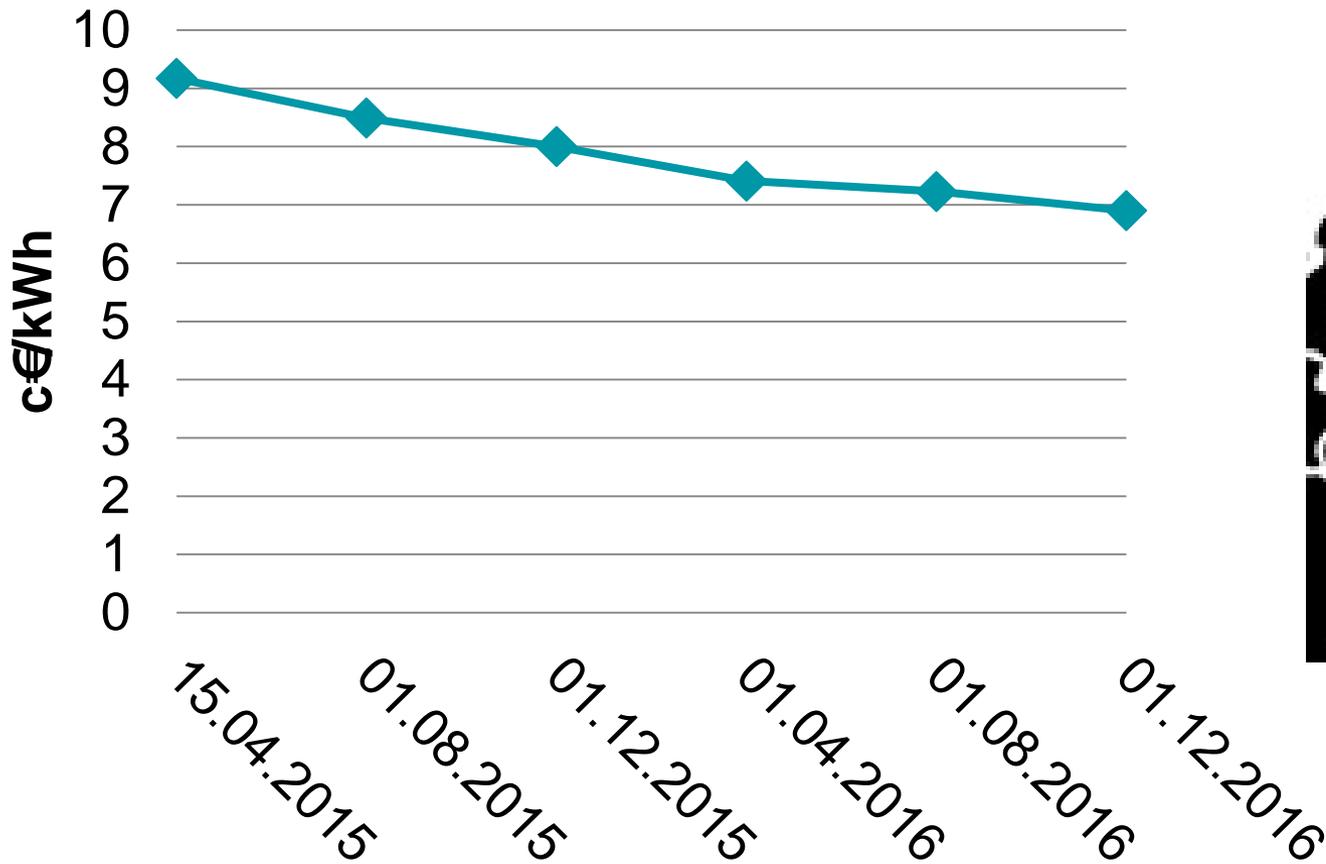
Electronic tender platform (ETHICS)

https://www.ethics.dk/asp5/tender/ens_0501_20160831.nsf/stddocsPub?OpenView&count=-1&ExpandView

Results of the Danish tender



Results of German PV tenders



Conclusion

Surprising outcome of the Danish-German pilot run

- **Historic low price in Danish pilot tender**
- **Projects located in Denmark won both German and Danish pilot tenders**

Valuable experience gained & still to be gained from the 1st cross-border RES tenders

Rasmus Zink Sørensen
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