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**OFFSHORETAGE**  
15. & 16.03.2017

# Auction models in the European offshore wind market and their consequences for contractors

Daniela Marx

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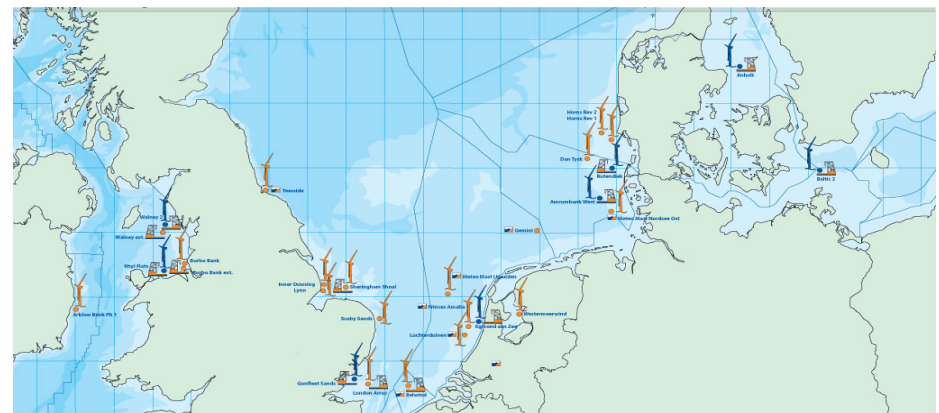


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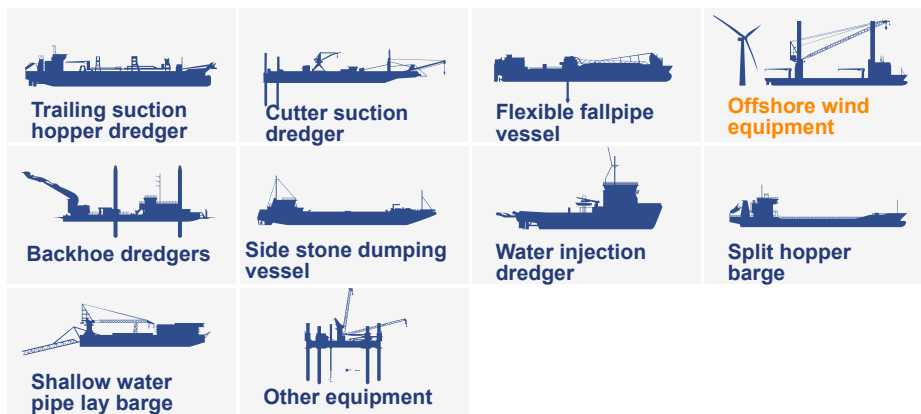
## Activities



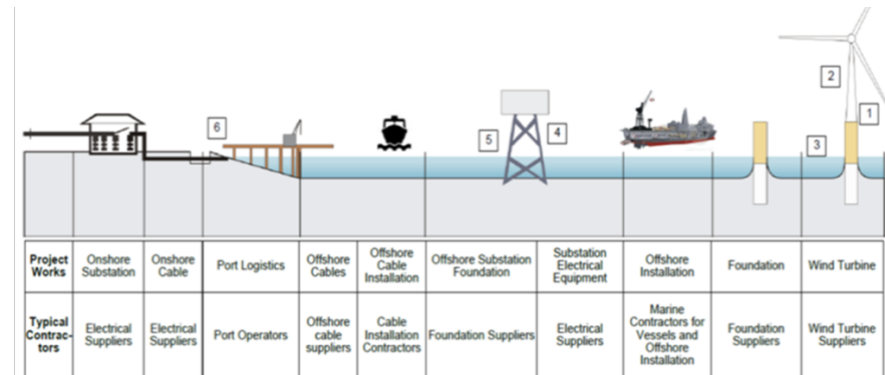
## Track record



## Equipment



## Balance of Plant approach





Text (M) & Image (L)

## Auction Models



### Content

### Affected markets and projects

### Principles and specifications

### Effect on contractors

### Proceeding alternatives



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## 1. Affected markets and projects

### Overview

	Denmark	Horns Rev 3, DK Nearshore, Kriegers Flak (1.350 MW)	} <b>Centralized auction model</b>
	The Netherlands	Borssele 1 – 5, Noord-Holland, Zuid Holland (3.500 MW)	
	Germany	Projects with commissioning date after 2025	
<hr/>			
	UK	CfD - Contracts for Difference	} <b>Decentralized auction model</b>
	France	Appel d'offres éolien en mer	
	Germany	Projects with commissioning date between 2020 and 2026	

## 2. Principles and specifications

### Denmark



#### Central auction model:

- Contracting entity: DEA  
Danish Energy Agency
- Bidding procedure as sealed bid,  
2 rounds (non-binding /binding)
- „Pay as bid“ pricing
- DEA = „one-Stop-Shop“  
DEA provides all necessary  
certifications and approvals
- 2 different types
  - Large-scale tenders
  - Nearshore tenders
- Cap: Kriegers Flak: 12 Cent/kWh  
Nearshore tender: 9,4 Cent/kWh



## 2. Principles and specifications

### Netherlands

#### Central auction model:

- Contracting entity :  
ROV  
Netherlands Enterprise Agency  
(Rijksdienst voor Ondernemend Nederland)
- Bidding procedure as sealed bid,  
1 round
- „Pay as bid“ pricing
- Beside the price the contracting  
entity considers the bidders  
experience in the offshore  
market
- The necessary approval is  
provided to the winning bidder

Timetable for Dutch offshore wind farm tenders 2015-2019				
Year	Wind Farm Zone	Project Capacity (MW)	Price cap (Eurocent/kWh)*	Winning price (Eurocent/kWh)
2015	Borssele (WFS I and II)	700	12.400	7.27
2016	Borssele (WFS III and IV)	700	11.975	5.45
2017	Hollandse Kust Zuid	700	10.750	
2018	Hollandse Kust Zuid	700	10.325	
2019	Hollandse Kuist Noord	700	10.000	
*Depending on the type of turbine, an operator is allowed to install 342-380MW per site, but this presentation assumes a fixed capacity of 350MW for the sake of simplicity.				

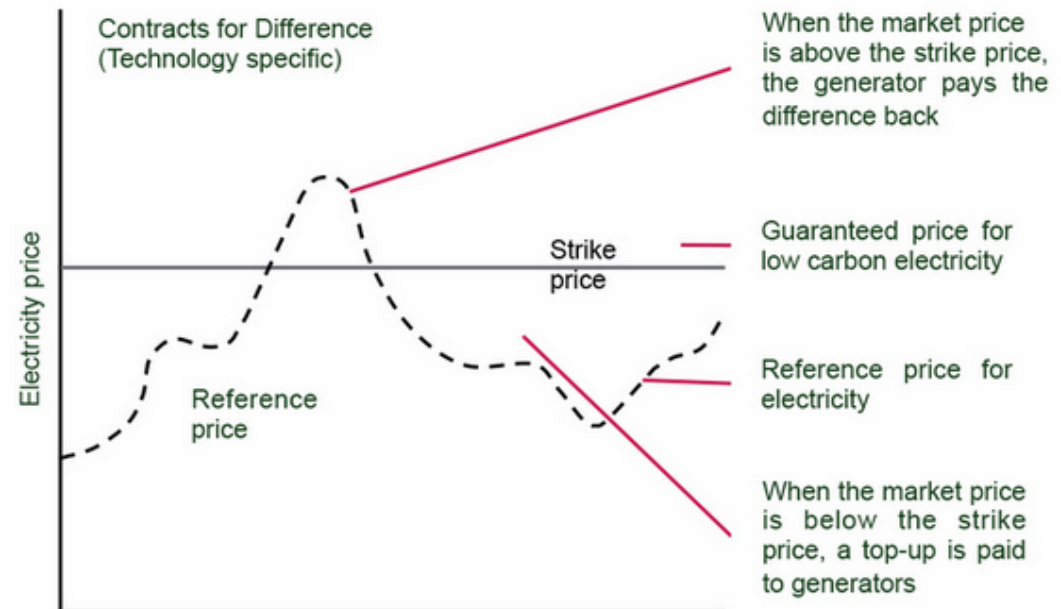
## 2. Principles and specifications

### United Kingdom



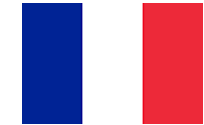
#### Decentralised system:

- Contracting entity :  
The Crown Estate
- Bidding process as sealed bid,  
1 round
- „Uniform Pricing“ pricing for year  
of commissioning
- Minimum requirements for  
bidders:
  - Connection agreement,
  - Supply Chain Plan
  - Planning consent
- Lease agreement with Crown  
Estate as permission



## 2. Principles and specifications

### France



#### Decentralised system:

- Contracting entity :  
Ministère de l'écologie,  
du développement durable et de  
l'énergie
- Bidding process as sealed bid,  
1 round
- Evaluation criteria:
  - Development strategy (40%)
  - Price (40%)
  - Environmental impact analysis  
(20%)
- Concession winner has to  
execute environmental and  
ecological impact analysis





## 2. Principles and specifications

### Germany – before 2026



#### Decentralised system:

- Contracting entity : Bundesnetzagentur
- 2 auctions 01.04.2017 and 01.04.2018
- 1550 MW per auction
- 'Existing Projects' can participate - Projects which already have a consent or successfully executed a "Planfeststellungsverfahren"
- BSH identified 31 'Existing Projects'
- Cap: 12 Cent/kWh

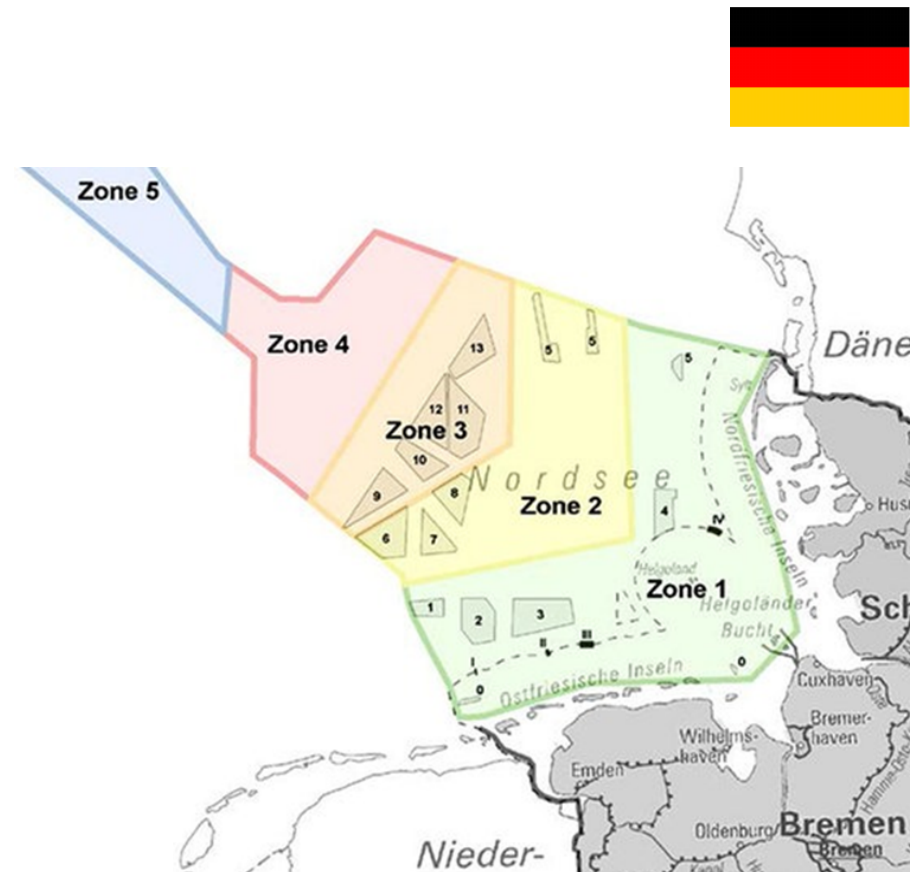
Year	Additional planned capacity
2021	500 MW, only Baltic Sea
2022	500 MW
2023	700 MW
2024	700 MW
2025	700 MW

## 2. Principles and specifications

### Germany – after 2026

#### Central auction model:

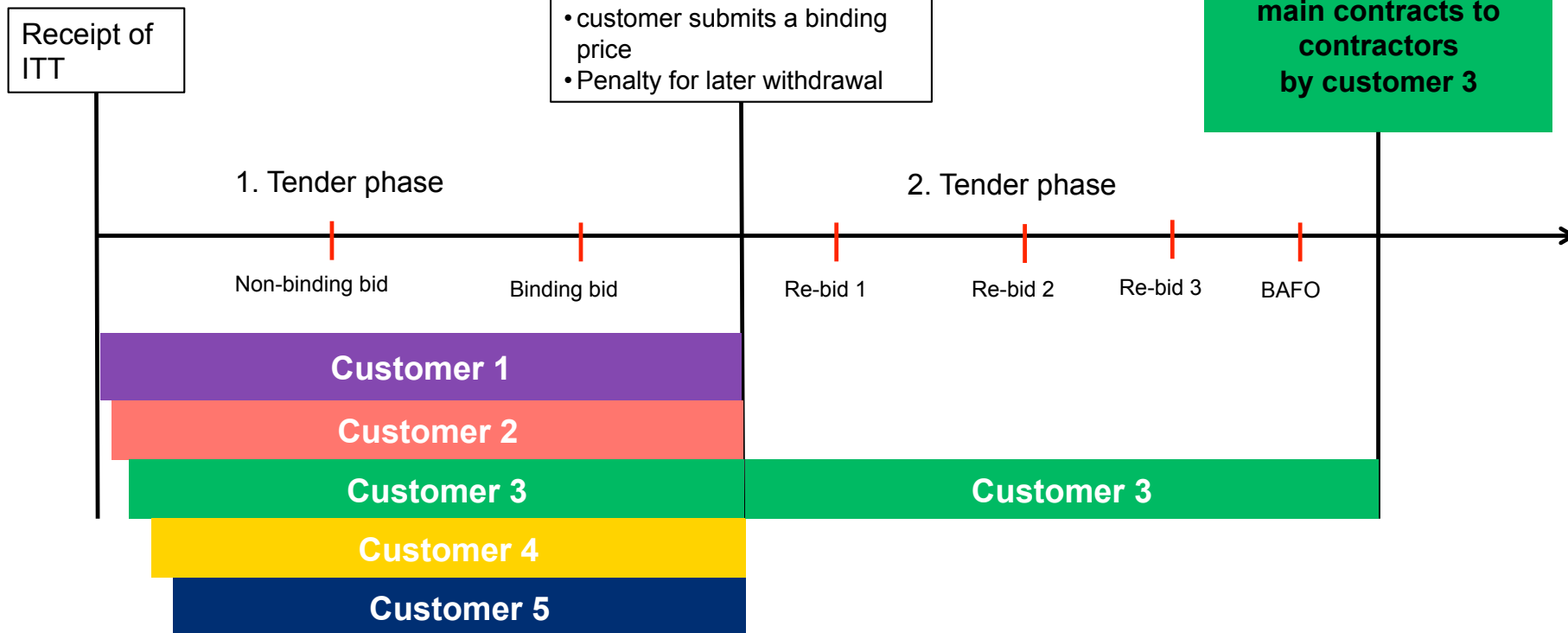
- Contracting entity : Bundesnetzagentur
- In the auction bidders can place bids for areas for which the contracting entity already executed a preliminary examination
- Planning approval process ('Planfeststellungsverfahren') has to be executed from the auction winner
- Annually 700 – 900 MW
- First auction 2021  
cap: lowest winning price at 2018 auction



### 3. Effect on contractors

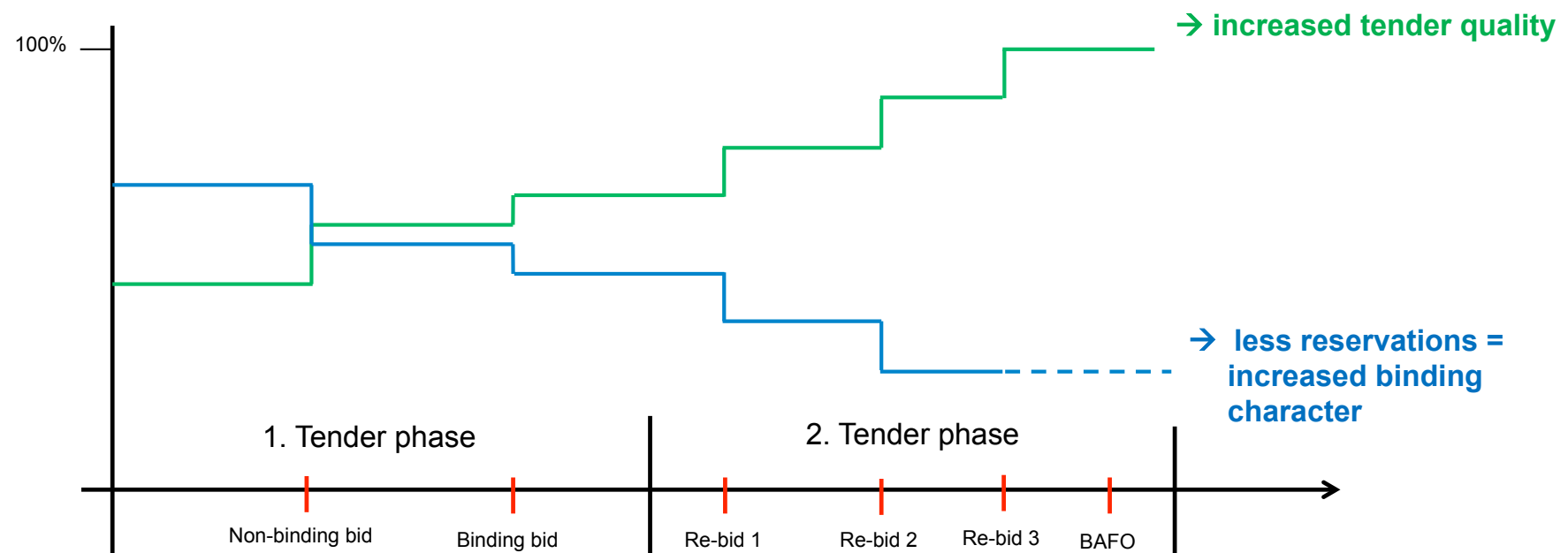
#### Timeline

„Twice the Tender phase“



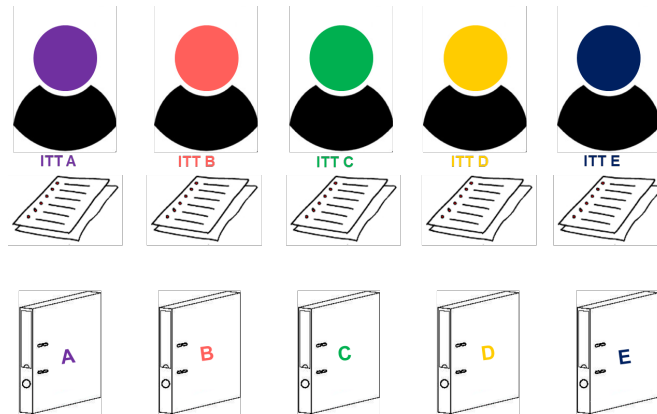
### 3. Effect on contractors

#### Tender development

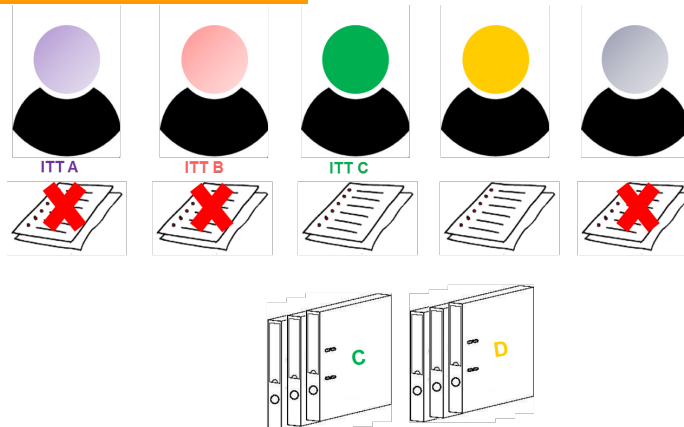


## 4. Proceeding alternatives

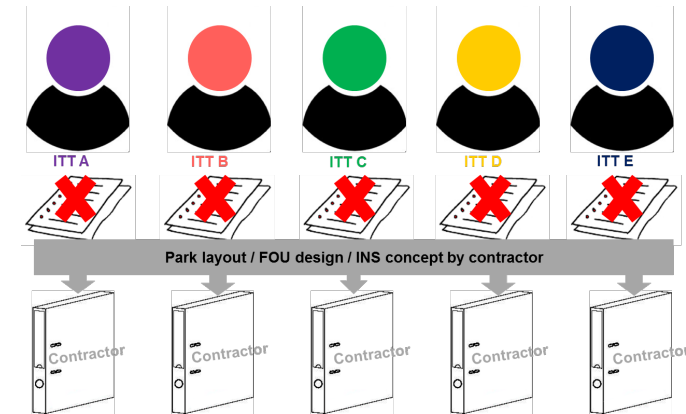
### Serve all customers



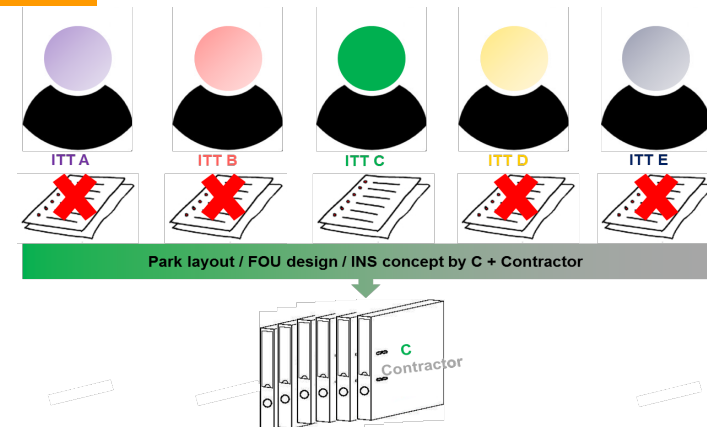
### Focus on 1-2 customers



### Standardised solution for all customers



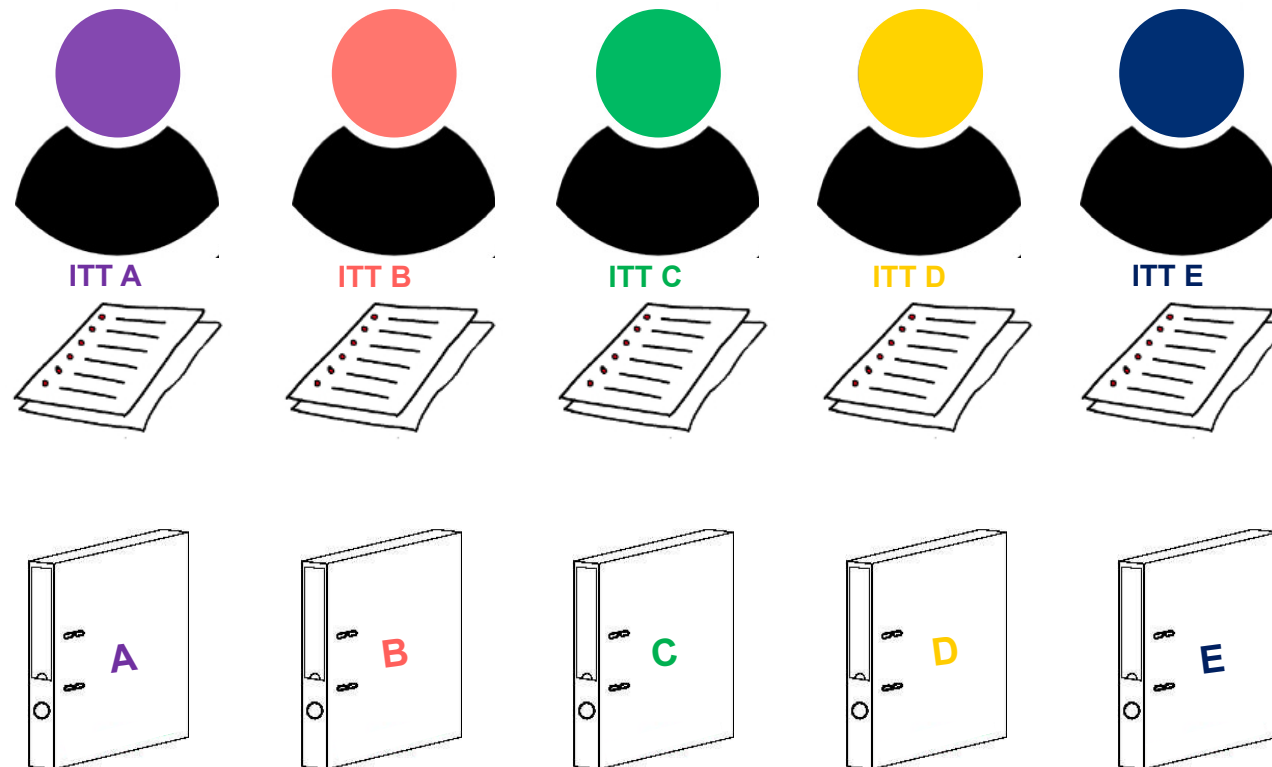
### Exclusivity





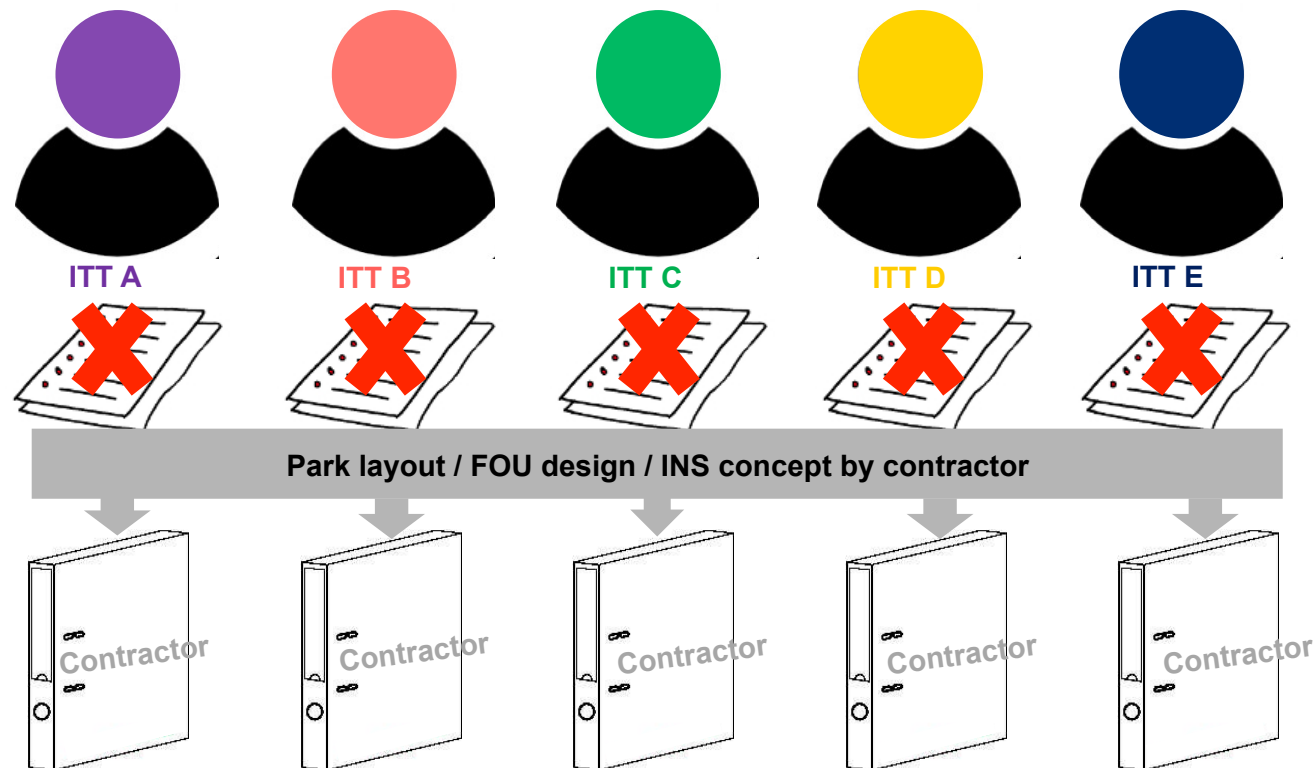
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Serve all customers



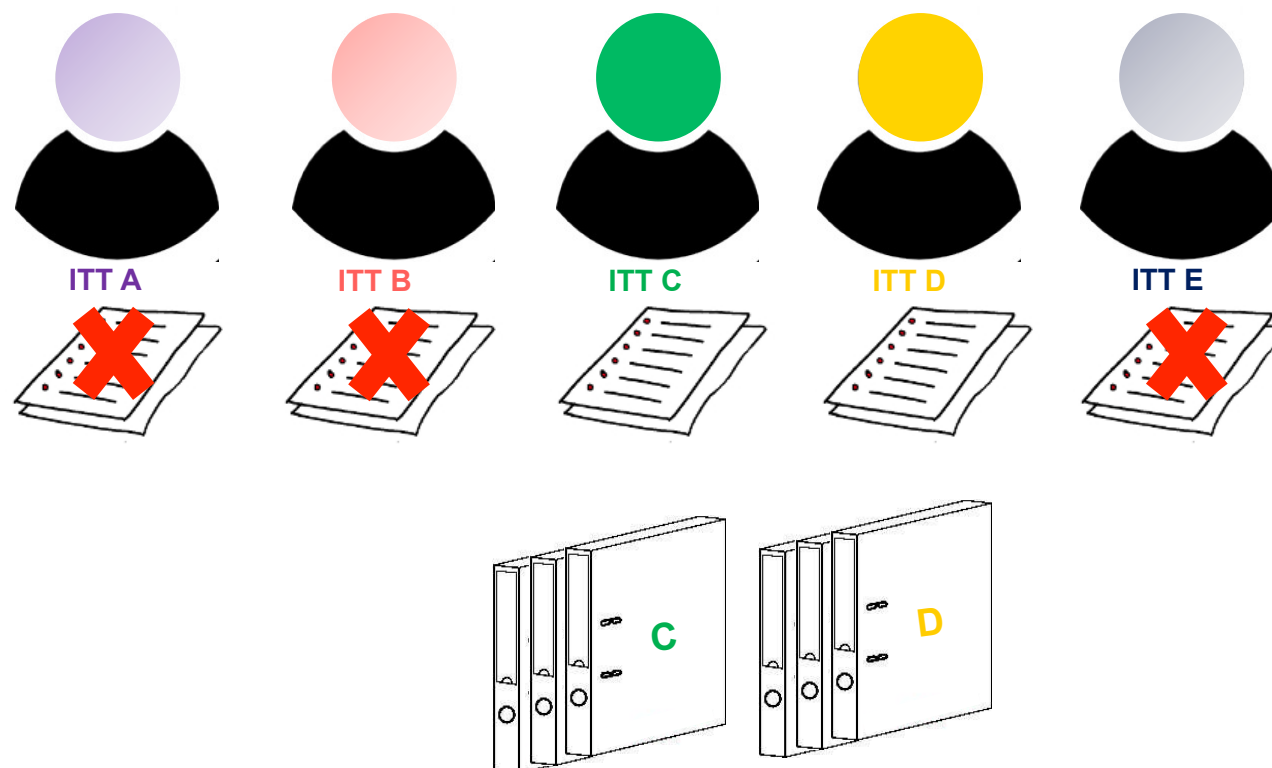
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Standardised solution for all customers



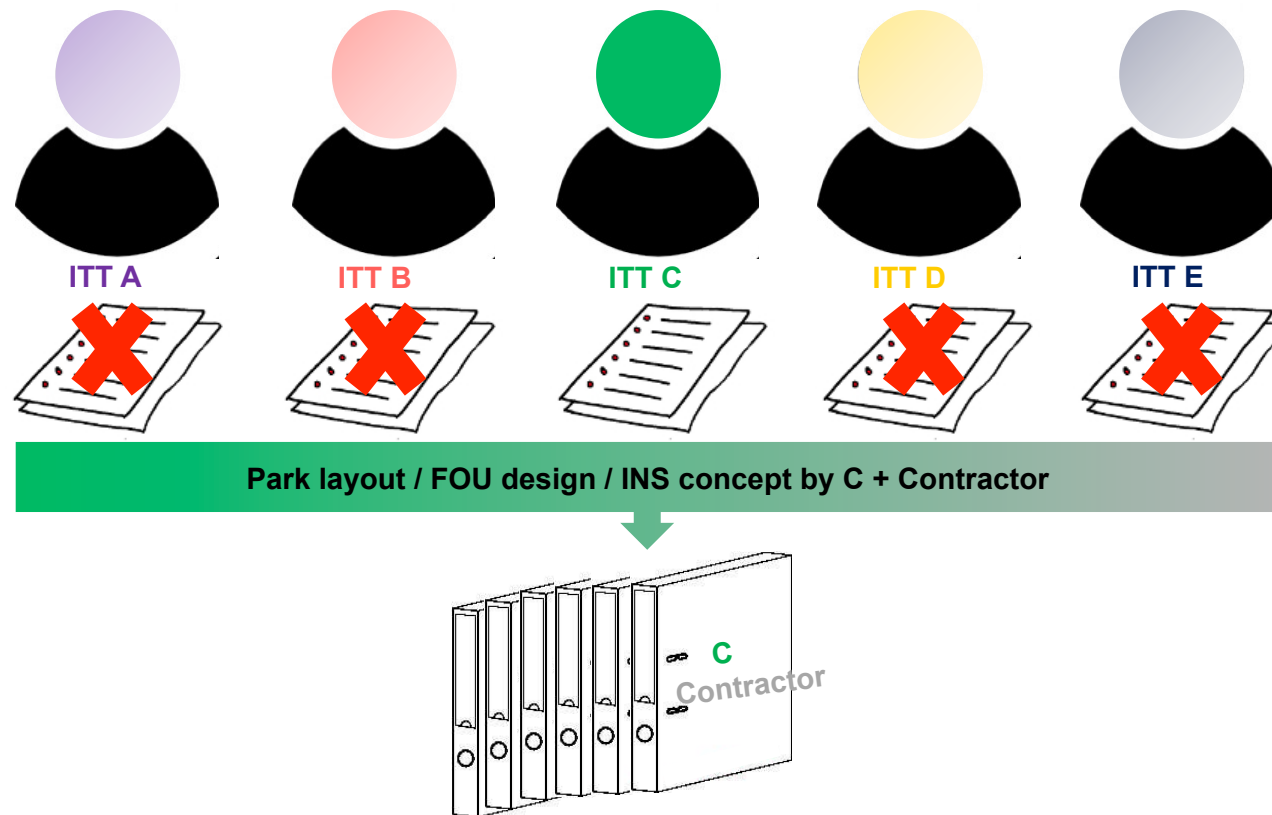
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## 4. Proceeding alternatives

### Exclusivity

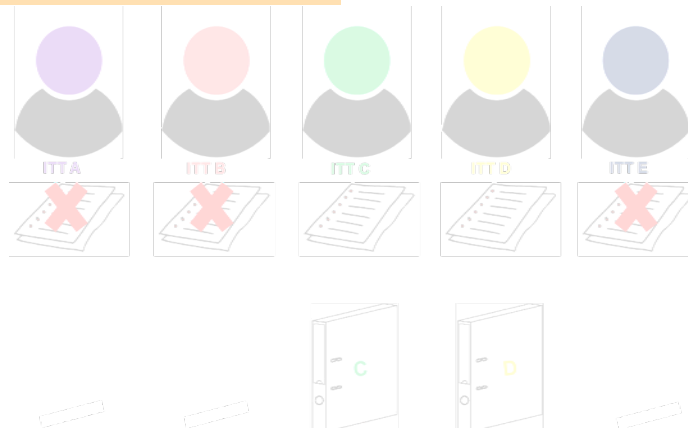


## 4. Proceeding alternatives

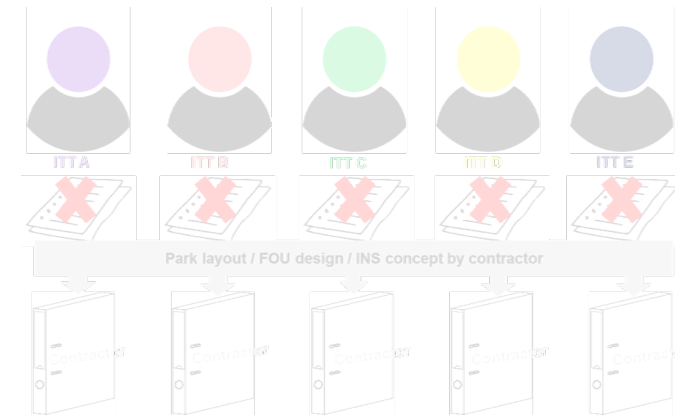
### Serve all customers



### Focus on 1-2 customers



### Standardised solution for all customers



### Exclusivity

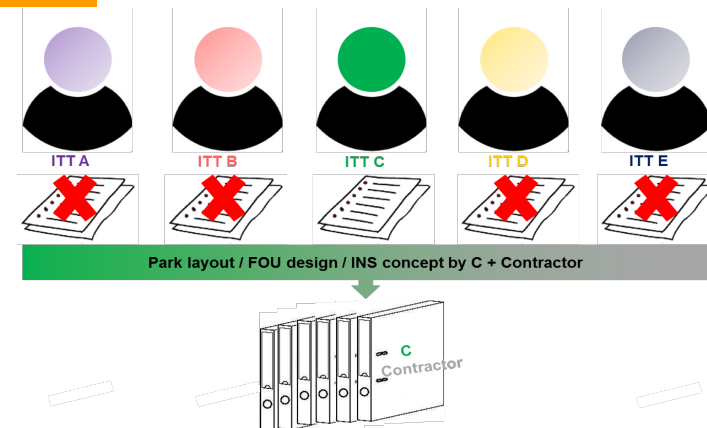




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Questions?

Thank you for your attention!

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