Auction’s Definition Citizen’s Project – Curse or Blessing for Community Wind Entities?

Fabian Tenk – Community Wind Officer WWEA
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- Objective and scope of the research project
- German auction system
- Specific rules for Community Wind projects
- First results of the research project
- Results of 1st and 2nd Onshore Wind Auction
- Success of Community Wind projects
- Challenges for Community Wind entities in the auctioning scheme
- Outlook at 2018 and beyond
Objective and scope of the research project

Survey in June/July 2017 (after 1 onshore wind auction)

37 participants
13 personal Interviews

Sponsored by:
German auction scheme Onshore Wind

- three auction rounds in 2017 (1May/1August/1November) with a capacity of 800-1000 gigawatts (GW) per round

- Bidder makes a bit for a specified fully developed Project (including BImSchG-Approval)

- Lodging of a guarantee (30€/kW)

- Bid = remuneration for 1kWh converted to a 100%-Site
### Correction Factor in EEG 2017*

<table>
<thead>
<tr>
<th>Gütefaktor [in %]</th>
<th>70</th>
<th>80</th>
<th>90</th>
<th>100</th>
<th>110</th>
<th>120</th>
<th>130</th>
<th>140</th>
<th>150</th>
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<tbody>
<tr>
<td>Korrekturfaktor</td>
<td>1.29</td>
<td>1.16</td>
<td>1.07</td>
<td>1.00</td>
<td>0.94</td>
<td>0.89</td>
<td>0.85</td>
<td>0.81</td>
<td>0.79</td>
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#### Berechnung: Korrekturfaktor bei individuellem Gütefaktor / anzulegender Wert

<table>
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<tr>
<th>Gütefaktor [in %]</th>
<th>74</th>
<th>Eingabe des Gütefaktors am individuellen Standort der Windenergieanlage</th>
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<tbody>
<tr>
<td>Korrekturfaktor</td>
<td>1.2380</td>
<td>Eingabe des Gebotswerts (mit zwei Nachkommastellen) bezogen auf den Referenzstandort (100 %); im Jahr 2017 liegt der Höchstwert bei 7,00 ct/kWh</td>
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<tr>
<td>Gebotswert [ct/kWh]</td>
<td>5.78</td>
<td>anzulegender Wert: 7.155640 ct/kWh Vergütungssatz auf Basis des oben eingegebenen Gütefaktors</td>
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*data and graph by Fachagentur Windenergie an Land*
German auction scheme

- bid acceptance for most competitive bids until capacity limit for each round is reached („pay as bid“)
- After bid acceptance: implementation deadline of 30 Month (after 24 month contractual penalty occure)
- Successful projects receive remuneration for 20 years
Special rules for Community Wind

A. Possibility to participate in the auctioning process without a prior approval under the Federal Emission Control Act (BImSchG approval)

B. A bid bond of only € 15 per kW due by bid submission (instead of € 30/ kW; other half required only if bid is successful).

C. Community projects are granted the highest awarded bid as the remuneration level (uniform pricing-principle) in contrast to other actors, who receive exactly their bid (if successful).

D. Community Wind entities have an extended deadline for commissioning by 24 month.
Qualifications requirements for CW

A. A minimum of ten shareholders of the bidding project have to be natural entities.

B. Each member’s share of voting rights must not be higher than 10% and all natural entities have to have at least 51% of all voting rights.

C. A minimum of 51% of the voting shares has to be held by shareholders who live in the administrative district in which the wind farm will be erected.

- Additionally it is required that the project company and all of its members must not have been successfully participating in onshore wind auctions within the past 12 month (BMWi 2016).
How far a previous CWP in line with EEGs definition

Laut EEG 2017 (§ 3 Nr. 15) muss eine Bürgerenergiegesellschaft alle der folgenden Kriterien erfüllen: 
1. aus mindestens zehn natürlichen Personen als stimmberechtigten Mitgliedern bzw. Anteilseignern bestehen
2. mindestens 51 Prozent der Stimmrechte müssen bei natürlichen Personen liegen, die in der kreisfreien Stadt oder dem Landkreis der geplanten Windenergieanlage mit ihrem Hauptwohnsitz gemeldet sind
3. kein Mitglied oder Anteilseigner der Gesellschaft hält mehr als 10 Prozent der Stimmrechte an der Gesellschaft. Welche dieser Kriterien hätten Ihre o.g. Bestandsprojekte erfüllen können? (Mehrfachnennungen möglich)
Are you taking part in Onshore-Wind auctions?

Participation in 1st auction round:
- YES: 30%
- NO: 40%
- Not sure yet: 30%

Participation in future auction rounds:
- YES: 30%
- NO: 40%
- Not sure yet: 30%
“How do you assess…

…the influence of the following aspects?“

…the changeover to auctions?“

- 60% Very negative
- 32% Rather negative
- 8% Rather positive

Bar chart showing:
- Increased complexity: No influence, High negative influence
- Risk of bid acceptance: No influence, Negative influence
- Calculation of return on investment: No influence, Slight negative influence
- Penalty risks: No influence, Negative influence

Survey results by Fabian Tenk 03.11.2017
What difficulties are Community Wind entities facing in the German auction system in detail?

- Level of remuneration too low for an economic operation of projects
- High financial risk to submit bid with approved projects
- Control of members not to hold shares in further Community Wind Projects
- Projects are often placed at districts border

General framework conditions:

- Too bureaucratic and complex: too many time- and cost-consuming requirements
- Lack of planning security and opposition from citizens‘ initiatives, local governments and nature conservation associations
- Prospectus requirement: prevents high public participation
- Uncertainty how to continue with turbines running out of EEG
Germany`s 1st and 2nd Onshore Wind Auction

1st Auction (May 2017)

- Community Wind (without B1mSchG): 9%
- Community Wind (with B1mSchG): 7%
- Commercial Actors: 9%
- Highest bid acceptance: 5.78 Ct/kWh

2nd Auction (August 2017)

- Community Wind (without B1mSchG): 2%
- Community Wind (with B1mSchG): 10%
- Commercial Actors: 88%
- Highest bid acceptance: 4.28 Ct/kWh

~70% of submitted bits kept unsuccessful in both rounds.
Germany's 2nd and 3rd Onshore Wind Auction

Aug. 2017

- Tendered Quantities: 1.000MW
- Highest bid acceptance: 4.29 Ct/kWh

Nov. 2017

- Tendered Quantities: 1.000MW
- Highest bid acceptance: 3.82 Ct/kWh

In average almost 70% of submitted bits kept unsuccessful in each of the three rounds.
Successful bids of 1st and 2nd auction round

Enertrag: 20% successful bids
Prowind: 15% successful bids
UKA: 68% successful bids
Biggest benefits as Community Project:
1) Auction participation without BImSchG-approval
2) Extended realisation period

→ high competitive advantage: calculation with way more modern turbines (which are not yet on the market)
Trade register excerpt of a successful project in Germanys 2nd onshore wind auction

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<th>Kommanditist(en):</th>
<th>Einlage: 100,00 EUR</th>
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Entry date: 04.07.2017
Feared consequences from current developments (by survey participants):

- No more local initiated community wind entities
- High market concentration („Cannibalisation of the market“): small players withdraw from the market/ few big players remain
- Many of in auctions successful projects are not getting realized→ failure to meet German expansion targets in RE
Conclusion

→ Survey participants find EEGs definition „community power“ highly unsuitable to support local initiated community wind projects
What is community power?! Please vote!

Go to www.menti.com and use the code 40 08 90
What characterizes Community Wind?!

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<th>RESCOOP</th>
<th>WWEA</th>
<th>EEG 2017</th>
<th>Mecklenburg-Western Pomerania</th>
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<td>open participation shareholders or members with equal decision making rights</td>
<td>2 out of 3: Local stakeholders own the majority or all of a wind project Voting control rests with a community-based organization</td>
<td>At least ten shareholders a maximum of 10% voting rights per member and all natural entities have to have at least 51% of all voting rights. A minimum of 51% of voting shares are held by shareholders who live in the turbine’s district Obligation to offer local municipality 10% of investment No successful bid (including single members) in last 12 months</td>
<td>Within a radius of 5km around the turbine(s) residents as well as municipalities have to be offered at least 20% of the shares of the wind park For citizens’/municipalities’ protection a limited liability company is to be established</td>
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<td>objective: environmental, economic or social benefits for members/the local area</td>
<td>The majority of social and economic benefits are distributed locally</td>
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