

# Community energy and the coming auctions for onshore wind

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## Acceptance of wind energy in Germany

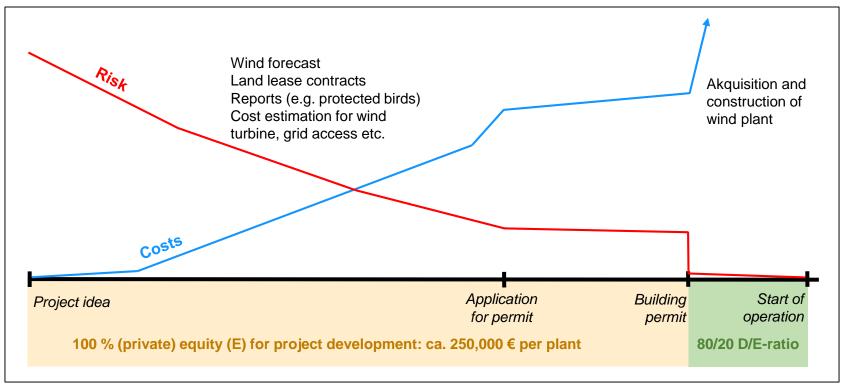


- Still large expansion of RES capacity necessary to achieve energy transition – especially with extra power demand to decarbonise heating and mobility sector. Many rather remote areas are already in use for wind energy, future capacity additions will be closer to residential areas.
- General Acceptance of wind energy is still very high (FA Wind 2015):
  - 81% support further wind capacity expansion
  - 79% consider it important that current opportunities for community wind projects are preserved
- Growing local public (and legal) opposition against new wind projects
  - BWE: "nearly all" wind projects are challenged in court today.
  - constitutional complaint against wind energy regulations
  - increased professionalisation and networking of regional NGOs against wind energy

## Community wind project characteristics



- Equity is collected among large number of usually local citizens
- Loans exclusively based on project financing: no loan payment without/before building permit and claim to remuneration
- Single projects: costs of failed projects cannot be spread over portfolio



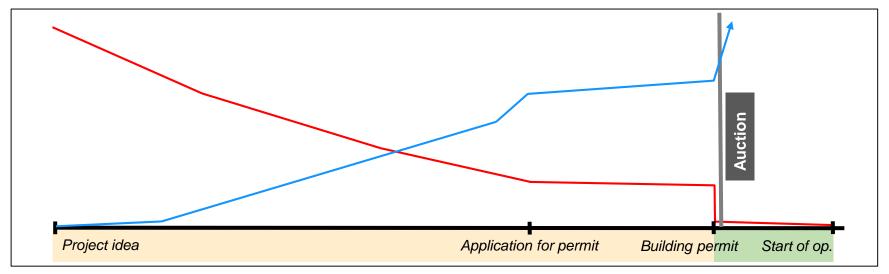
Source: IZES

## Community wind projects and tenders



#### Regular Auction (draft law as of 29.02.2016)

- No participation without building permit
- Bid bond of 90,000 € per plant (30€/kW) to secure start of operation within 24 30 months



Source: IZES

## Consequences for community wind projects

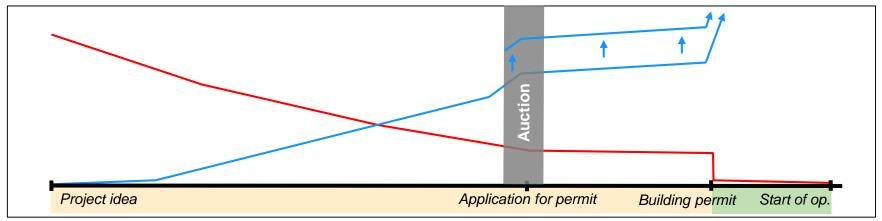
- Entire project development costs to be borne before price level is known
   -> hampers collection of equity
- Project development costs of failed bids are lost, cannot be spread over portfolio

## Community wind projects and tenders



#### Proposal of BMWi for community energy (draft law as of 29.02.2016)

- Bids for community wind projects can be submitted already before building permit is granted
- Two-part bid bond:
  - 1st bid bond with auction: 45,000 € per plant (15€/kW) to secure building permit
  - 2nd bid bond once bulding permit is granted: another 45,000 € per plant (15€/kW) to secure start of operation within 48 54 months



Source: IZES

#### Consequence for community wind projects

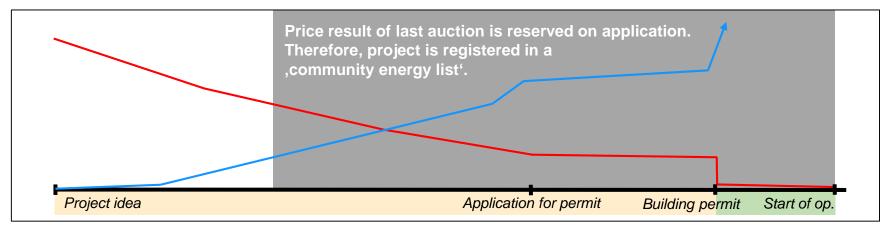
- In case of failed bids, equally large part of project development costs is lost
- Additional risk introduced: 1st bid bond is lost if building permit is not granted / takes too long (despite little influence of community applicants)

## Community wind projects and tenders



#### "List model" (DGRV/GPe) for community energy (as of 10.03.2016)

- Non-competitive bidding: price transfer of auction results to community wind project, on application
- Instead of high bid bond, obligation to meet milestones: deadlines for filing application and securing building permit
- After building permit: 24 30 months realisation deadline, as for winners of general auction



Source: IZES

### Consequence for community wind projekts

- Forecast on remuneration before large share of project development costs are incurred
- No bid bonds to secure developments beyond the anticipation/influence of project developer

## Further reading



- Grashof 2013: Herausforderungen bei Ausschreibungsverfahren für Onshore-Windenergie und PV, Anlage C zum Bericht EEG 2.0 von IZES/Bofinger/BET
- Hauser et al 2014: Bewertung von Ausschreibungsverfahren als Finanzierungsmodell für Anlagen erneuerbarer Energienutzung. Bericht für den BEE
- Grashof 2014: Ausgestaltung von Ausschreibungen auf der Grundlage des EEG 2014 in: Energierecht, Oktober 2014, S. 28 – 33
- Grashof et al. 2015: Charakterisierung und Chancen kleiner Akteure bei der Ausschreibung für Windenergie an Land. Studie für die Fachagentur Wind an Land e.V.
- Hauser et al. (forthcoming): Design und Ergebnisse der EE-Ausschreibungen in Frankreich, Italien und Südafrika. Länderstudien für das Institute of Advanced Sustainability Studies (IASS)
- Hauser et al (forthcoming): Auction systems for Onshore wind: International experiences (working titel). English and updated version of Hauser et al 2014: Ausschreibungsmodelle für Wind Onshore: Erfahrungen im Ausland. Kurzstudie für den BWE.



## Thank you very much for your attention!

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