Technology-neutral auctions

Myth or reality?

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Strommarkttreffen: EE-Auktionen: Auktionsdesign und aktuelle Entwicklungen

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ICIS is a world leading price reporting agency and analytics powerhouse for commodity markets.
Agenda

1) European regulatory framework
2) Trends in auction designs
3) Trends in auction results
4) Conclusions
Regulatory framework: push from Brussels

- **2010-2020**: 2009 Renewable Energy Directive
- **2014-2020**: State aid guidelines
- **2021-2030**: 2019 Renewable Energy Directive
Proliferation of multi-technology auctions

Source: ICIS RES auctions database
Governments shape multi-technology auctions outcomes

Instruments used

- Preferences towards specific load hours
- Preferences towards specific lead times
- Grid connection requirements
- Bid price ceilings or floors
- Size or capacity bands
- Explicit exclusion of certain technologies
- Other
Single technology vs multi-technology auction prices

Volume weighted strike prices in technology-specific auctions

Volume weighted strike prices in multi-technology auctions

Source: ICIS RES auctions database

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Share of the main awarded capacity in multi-technology auctions
Conclusions

Current trends
- Response to the Commission push – spreading multi-technology auctions
- One technology tends to dominate results
- Strike prices fall in both technology specific and multi-technology auctions
- Member states intervene in auction designs

Future outlook
- In order to comply with EU legislation formally future auctions will be predominately multi-technology across Europe
- Governments will have both the incentives and the tools to shape the auction results
- There will be no convergence towards ‘one-size-fits-all’ technology neutral auctions

Source: Pixabay
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