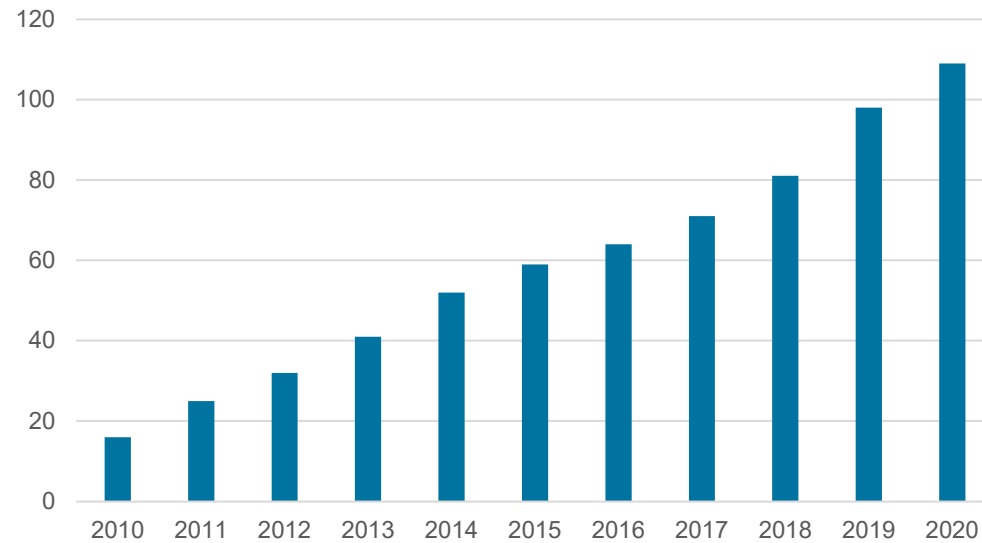


Renewable Energy Auctions: Objectives beyond lowest price

Auctions trends, weaknesses and strengths

Number of countries with auctions



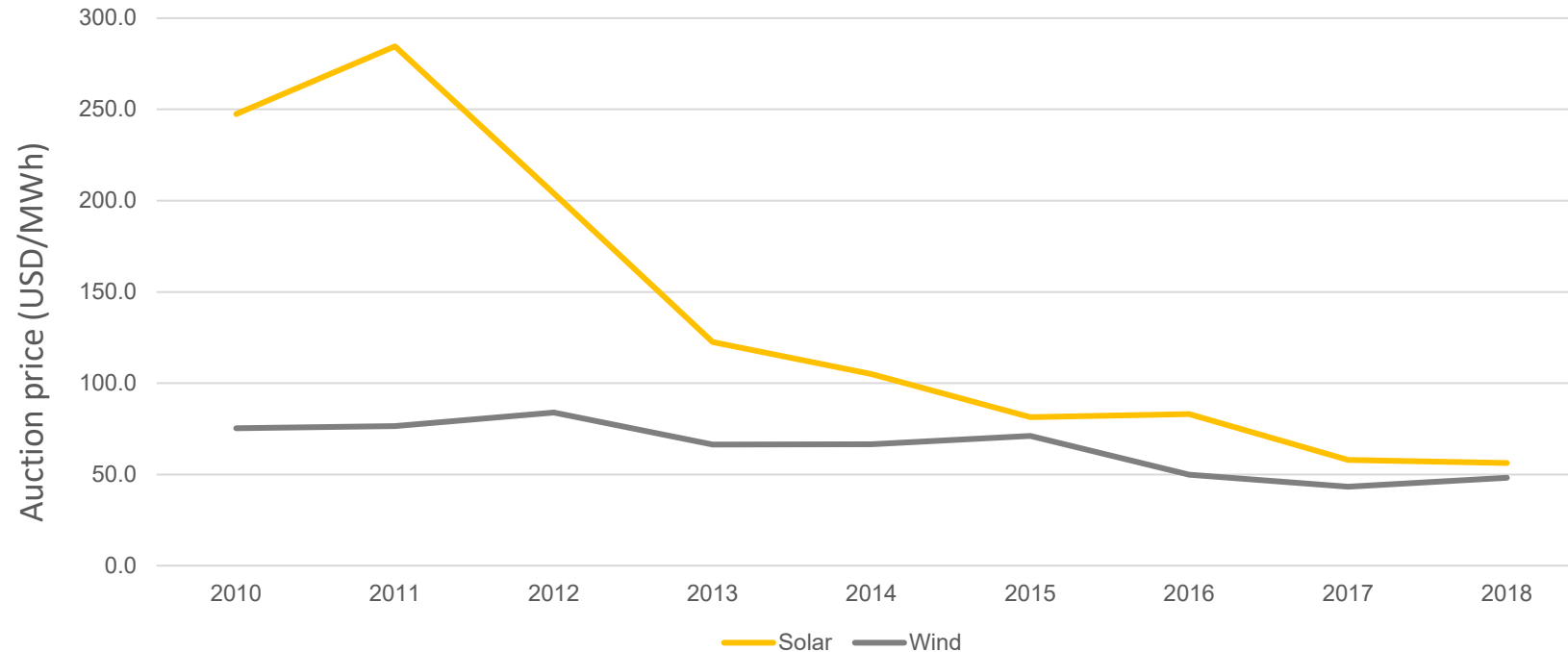
Sources: REN21, 2010 - 2020

Strengths	Flexibility in the design according to conditions and objectives
	Permit real price discovery
	Provide greater certainty regarding prices and quantities
	Enable commitments and transparency
Weaknesses	Associated with relatively high transaction costs for both developer and auctioneer
	Risk of underbuilding and delays



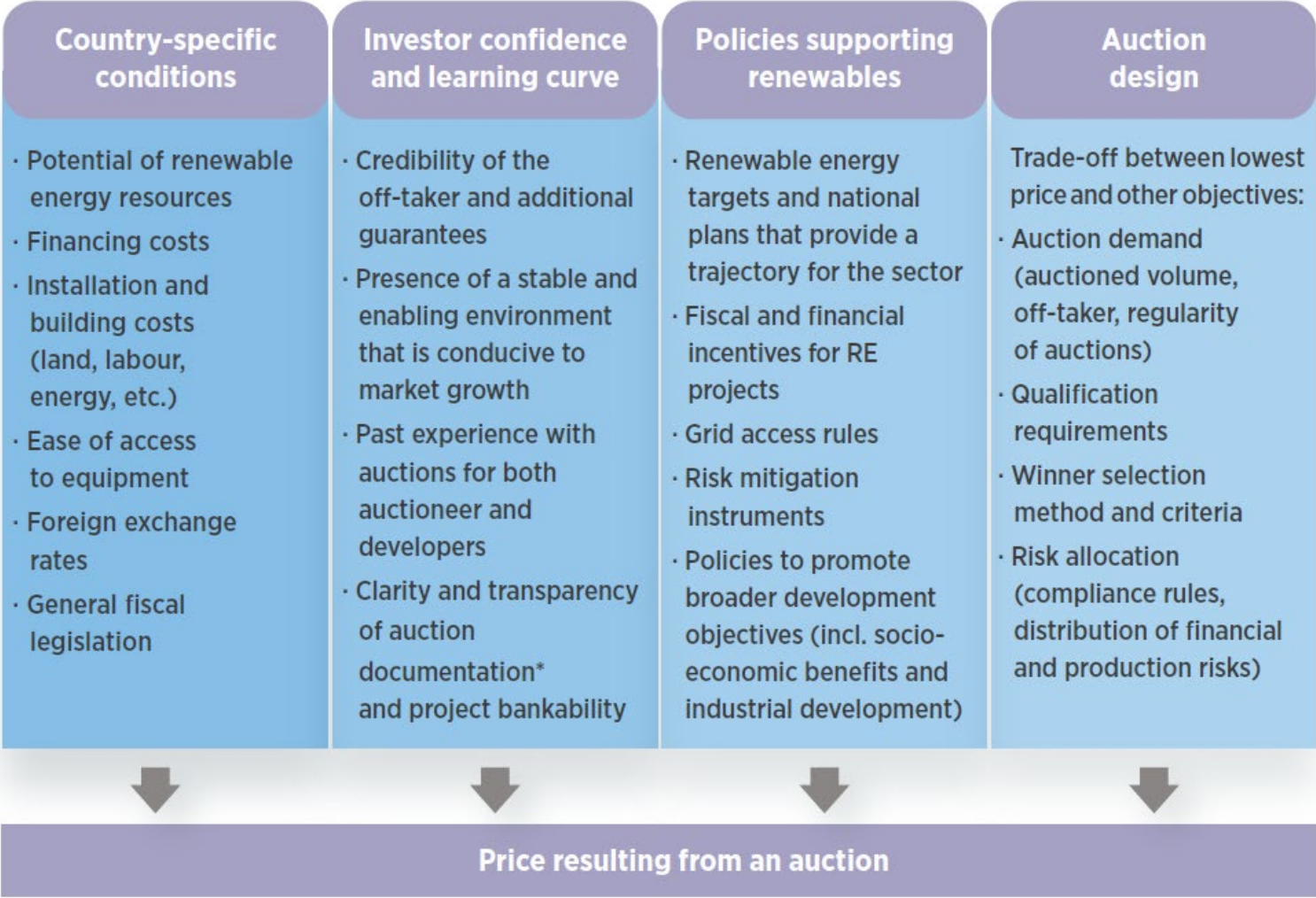
What are the latest trends in price?

Global weighted average of solar PV and onshore wind prices

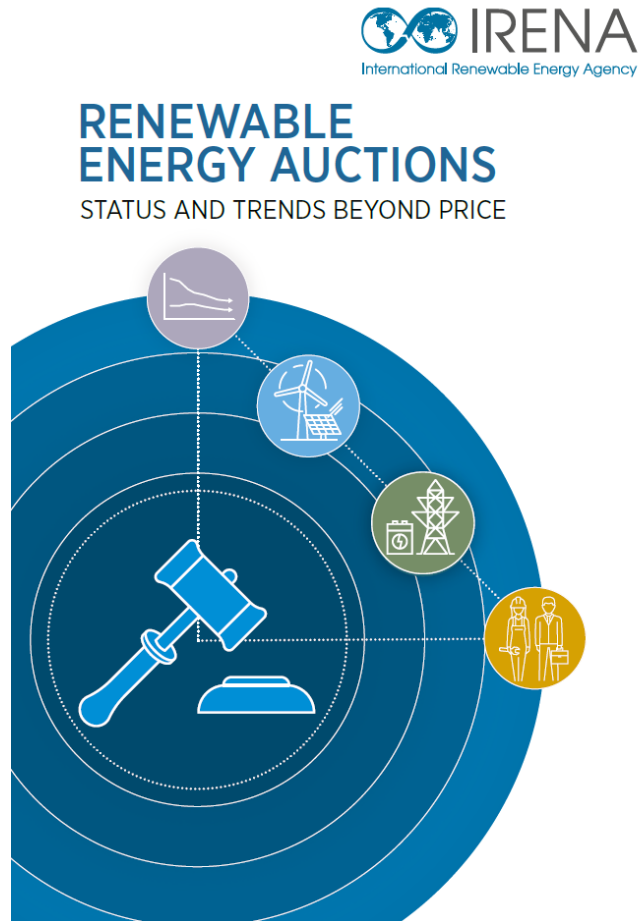


- **Solar prices continues to fall, albeit at a slower rate, as PV auctions increasingly expand to newcomers**
- **Wind edged out, due to higher prices in countries where the majority of volume was auctioned**

Factors that impact the price resulting from auctions



Objectives of auctions beyond price



Achieving the lowest price

Ensuring timely project completion

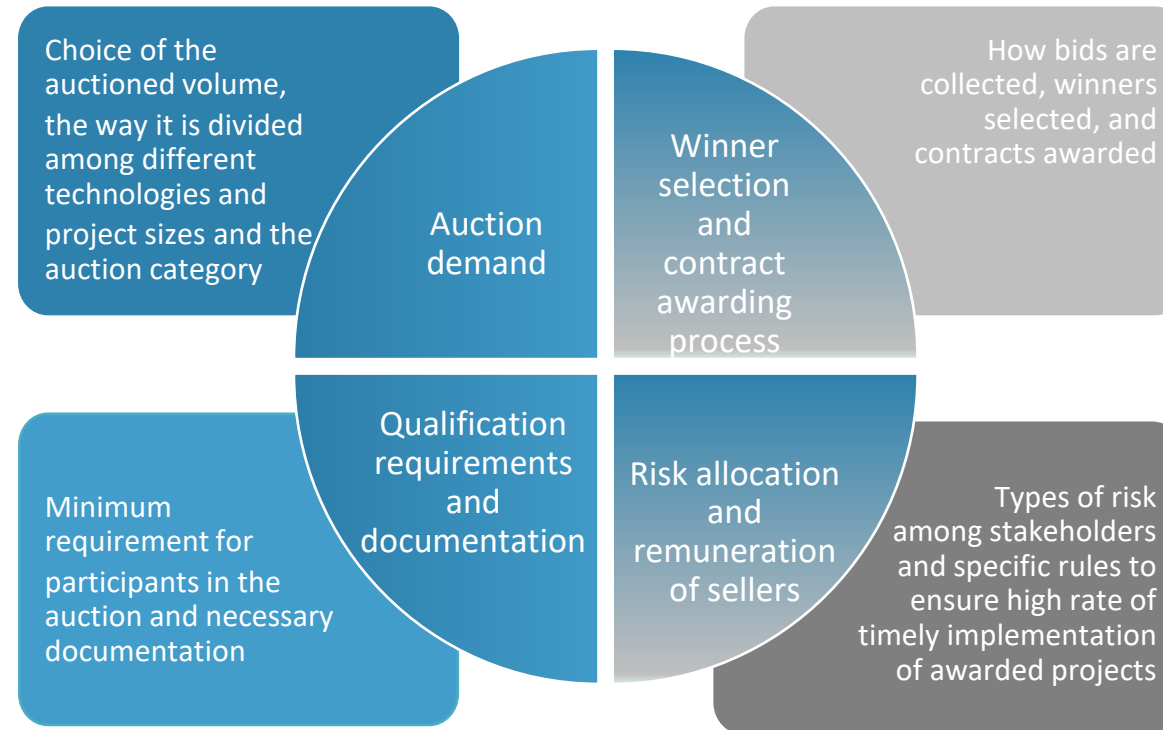
Supporting the integration of VRE

Supporting a just and inclusive transition

Auction design elements to consider

The design of the auction considering trade-offs:

- ◆ Ensuring project timely delivery and price
- ◆ Ensuring grid integration and price
- ◆ Contributing to the just and inclusive transition and price



Ensuring just and inclusive transition

Inclusion of small and new players



- Predetermined volume set for local, small and new players
- Technology-specific auctions and limited project size
- Preferential treatment (e.g. discounted bid bond) and less strict qualification req.
- Less strict compliance rules

Development of local industries and job creation



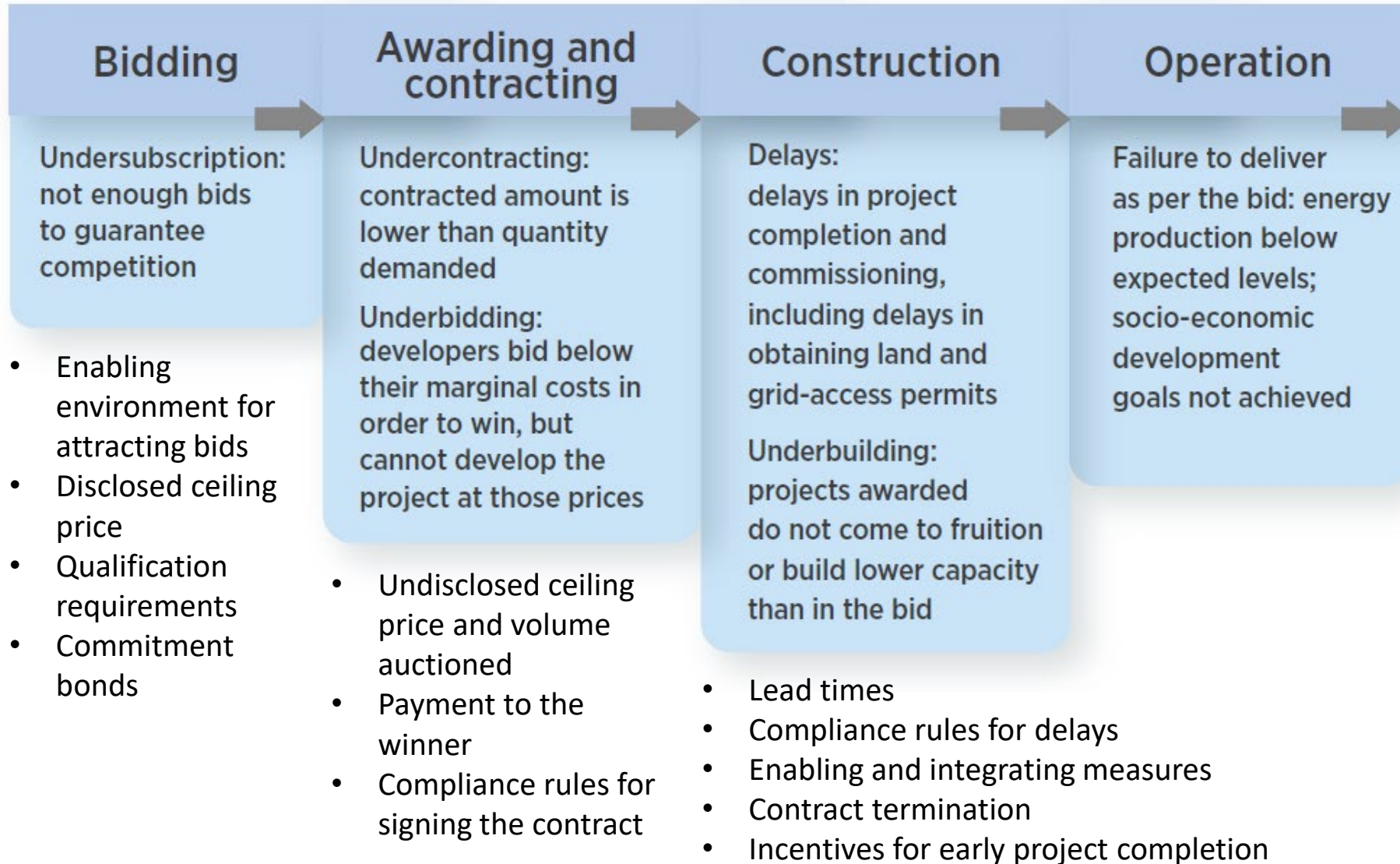
- Local content requirements and commitments for local job creation
- Winner selection criteria
- Regularity of auctions that support local industries

Subnational development and community benefits

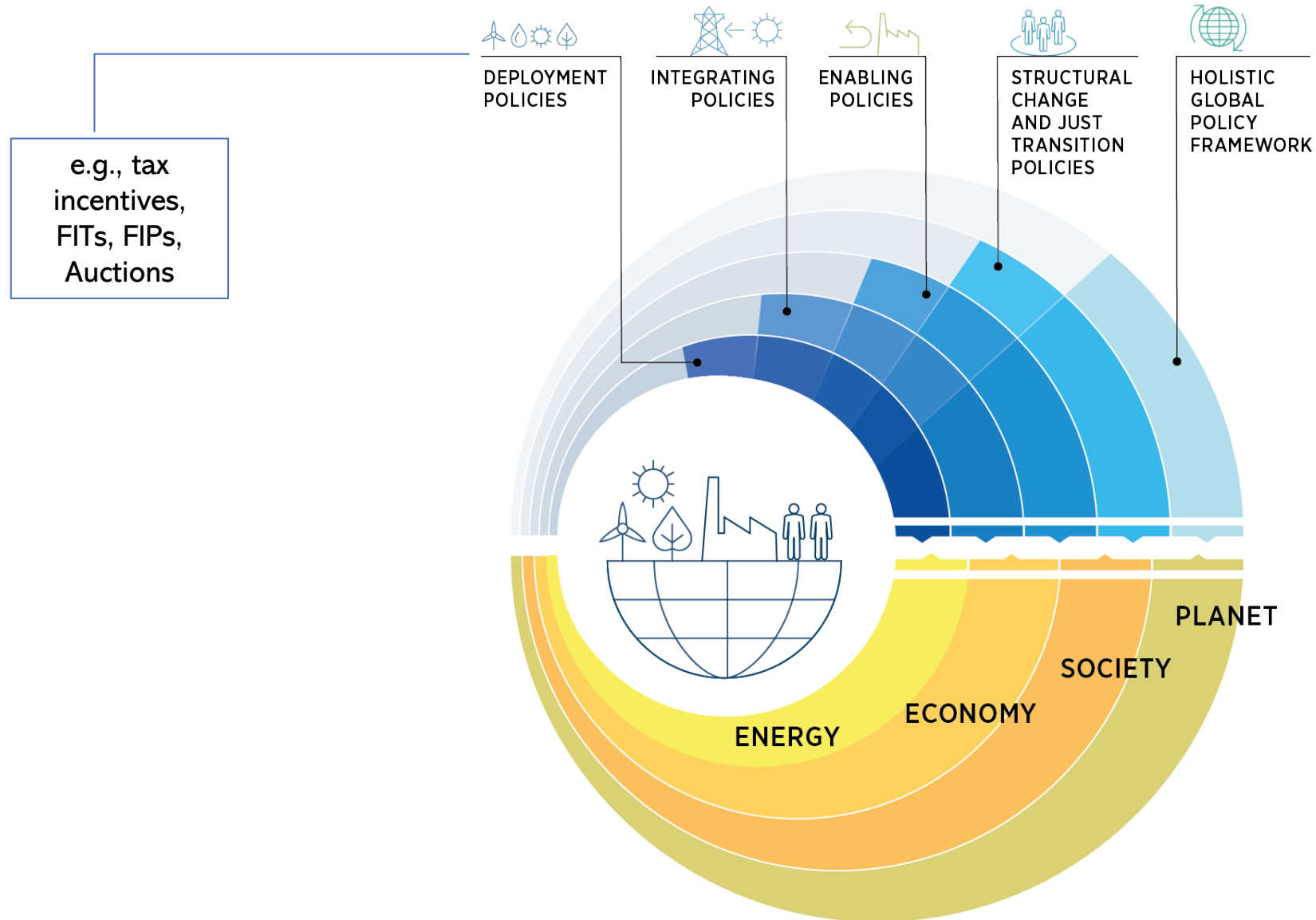


- Zone-, site-, or project-specific auctions, can pre-select the sites and regions that best suit policy objectives
- Proof of land-use rights, grounded in solid documentation that is binding on auction participants

Risks of underperformance at each stage of the auction process



IRENA's policy framework for the energy transition





IRENA

International Renewable Energy Agency

Thank you!