



## Auction for ground-mounted PV installations: The funding goes to those who demand the least

### At a glance

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| <b>What?</b>     | Funding for solar farms with an annual average of 400 megawatts of installed capacity (installed capacity per farm: min. 100 KW, max. 10 MW)   |
| <b>Where?</b>    | Conversion areas, sealed areas, road and rail-side strips of land; from 2016 also sites of the Federal Institute for Real Estate and ten cropland sites in disadvantaged areas each year |
| <b>For whom?</b> | All investors, e.g. project developers, citizens' energy companies, energy cooperatives, municipal utilities, energy utilities, municipalities   |
| <b>How?</b>      | By auction   |
| <b>How much?</b> | 100 – 200 MW per auction   |
| <b>Who?</b>      | Federal Network Agency   |
| <b>When?</b>     | Three times a year from April 2015, initially until the end of 2017  |

### The auction in brief

The funding for new ground-mounted PV installations is to be stipulated by auction in future. This move is intended to enable the expansion targets for PV installations to be attained more cheaply in future and to allow Germany to gather experience for future auctions for the other types of renewable energy sources. Operators of new ground-mounted PV installations will only receive financial assistance pursuant to the Renewable Energy Sources Act if they have taken part in a bidding process and their bid is successful because it requires the lowest amount of funding for the commercial operation of the solar farm. Each solar farm must have an installed capacity of between 100 kilowatts and a maximum of 10 megawatts. There will be three bidding rounds each year. They will be so simple, transparent and comprehensible that many different investors will be able to take part – thus facilitating the participation of citizens' energy companies and energy cooperatives.

### The procedure step by step

- 1.) The auction aims to increase the annual newbuild of ground-mounted PV installations by an average of 400 megawatts. The Federal Network Agency will announce the first bidding round in February 2015. The first bids can be submitted by 15 April 2015. Thereafter, the bidding will take place every four months on the first day of the month. The auctions from 2018 will be regulated by the next revision of the Renewable Energy Sources Act.
- 2.) In 2015 the areas and sites on which ground-mounted PV installations are in principle eligible for funding shall correspond to those defined in the 2014 Renewable Energy Sources Act. This means that, this year, ground-mounted PV installations can only be granted financial assistance under the Act if they are built on road and rail-side strips of land (110 metres wide alongside autobahns and railways), conversion areas and sealed areas. In 2016 and 2017 there will be a moderate expansion of the eligible areas and sites: it will then also be possible to provide funding towards ground-mounted PV installations on sites of the Federal Institute for Real Estate and a maximum of ten installations on cropland sites in "disadvantaged" areas each year.
- 3.) In the bidding rounds, the bidders are required to submit their bid for one or several specific projects, which must at least be backed by an approval of a zoning plan. To avoid that any abusive bids are submitted, a financial security must be lodged (€ 4 per kilowatt) and a fee must be paid at the time when the bid is submitted. If an advanced planning stage has been reached, i.e. (if a decision to start public hearings has been made or the approval for a zoning plan has been obtained), the amount of the financial security is halved. The maximum volume of a project is restricted to 10 MW. Bidders must use the forms provided by the Federal Network Agency and comply with the stipulations in the Ordinance regarding the content of the bids.

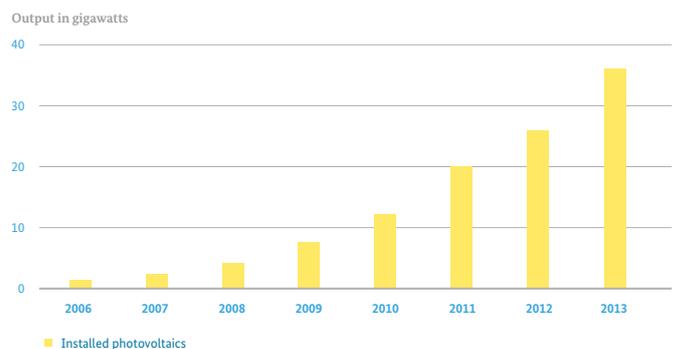


- 4.) Single, sealed bids will be submitted in the auction rounds. Bids will be submitted for the “value to be applied” of the sliding market premium. Also, a maximum price will be stipulated which the bids must not exceed.
- 5.) The bids will be quickly scrutinised by the Federal Network Agency. The investors demanding the lowest funding amount will win the auction. The Federal Network Agency will announce the winning bids on its website.
- 6.) In order to ensure that the solar farms are actually built, each investor – depending on the scale of his project – must make another security deposit when his bid is successful (generally € 50 per kilowatt).
- 7.) If there is a delay in construction and thus commissioning, there is the risk of penalties: if the installation has not been commissioned after 24 months, the entire security deposit will be retained as a penalty for breach of contract.
- 8.) As soon as a solar farm is commissioned, the investor receives the funding stipulated by him for each kilowatt-hour of solar power produced in his solar farm.

### Did you know?

Until just a few years ago, photovoltaic electricity was the most expensive form of renewable energy. Thanks to advances in technology and the increased mass production of solar cells, the prices for new installations have dropped sharply. Nowadays, new PV installations are some of the cheapest forms of renewable energy in Germany and produce electricity more cheaply than many new conventional power stations. This reduction in costs is due not least to the continual reductions in the funding rates prescribed by the Renewable Energy Sources Act. However, the funding rates have not always been cut as quickly as the sharp falls in costs in the PV sector. In order to avoid the ensuing overfunding, the level of funding for ground-mounted PV installations is to be determined by auction in future.

### Increase in installed PV capacity



#### Find out more

Draft pilot auction for ground-mounted PV installations:

[www.bmwi.de](http://www.bmwi.de)

Key elements of the ordinance:

[www.erneuerbare-energien.de](http://www.erneuerbare-energien.de)

About the ordinance:

[www.bmwi.de](http://www.bmwi.de)

What are “disadvantaged areas”?:

[www.ec.europa.eu](http://www.ec.europa.eu)

General information about renewable energy:

[www.erneuerbare-energien.de](http://www.erneuerbare-energien.de)

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