

RESULTS OF RES AUCTIONS IN 2020

Pursuant to the auction timetable agreed with the Ministry of the Climate, in November and December 2020 the President of the Energy Regulatory Office conducted eight RES auctions. It is the third year running that the volume of energy designated by the government for auction will support the implementation of new RES installations with a total capacity significantly exceeding installed power of 1 GW.

The first auction was held on 3 November this year. It was the only auction designated this year for "existing" installations, dedicated for those installations that use only agricultural biogas, including high-performance co-generation, with an installed electrical capacity greater than 1 MW.

This year's first auction for "new" installations was held on 5 November and was designated for small installations (≤ 1 MW) using only landfill biogas, biogas from sewage treatment plants and other biogas, dedicated biomass-fired installations, hybrid systems, including those in high-performance co-generation, and also thermal waste treatment installations and dedicated multifuel-fired installations.

The last auctions to be conducted were auctions in the baskets enjoying the greatest popularity, i.e. large wind and PV installations – on 26 November, and for small wind and PV installations – on 3 December 2020.

Auction for large wind and PV installations

For the basket of large wind and PV installations, the government designated maximum support of more than PLN 14 billion. This is a significant part of the total support of PLN 27.4 billion designated for this year's auctions for producers of energy from renewable energy sources.

On 14 December the President of the Energy Regulatory Office announced the results of the auction for large wind and PV installations. In the auction 41 939 088,799 MWh of the 46.3 TWh offered in the auction was contracted. From the total budget of PLN 14 billion, PLN 9 404 431 852,40 was also allocated.

127 offers were submitted, and support was granted for 96 projects. The highest winning bid in this basket (the so-called cut-off price) was PLN 249,90 per MWh, while the lowest price offered was PLN 190,00 per MWh.

In comparison, in 2018 and 2019 the minimum and maximum prices at which electricity produced from renewable energy sources was "sold" at auction in this basket were:

	Maximum price in 2018	Minimum price in 2018	Number of winning bids in 2018	Maximum price in 2019	Minimum price in 2019	Number of winning bids in 2019
Wind and PV installations with power greater than 1 MW	216.99 PLN/MWh	157.80 PLN/MWh	31	233.29 PLN/MWh	162.83 PLN/MWh	101

It is worth remembering that the reference prices in this basket that were applicable in this auction (i.e. the highest prices at which bids could be submitted) were:

- for wind installations (greater than 1 MW) – 250 PLN/MWh
- for PV installations (greater than 1 MW) – 340 PLN/MWh.

Auction for small wind and PV installations

The RES auction dedicated to new, small onshore wind and PV installations was held on 3 December, and the President of the ERO will announce the results within 21 days of the close of auction.

Results of other auctions

- Agricultural biogas installations above 1 MW – seven bids were placed. Five of them won the auction. More than 500 GWh of energy worth almost PLN 324 million was contracted, which means that only 20% of the total support offered was used.
- New biogas other than agricultural biogas installations above 1 MW – three bids were placed in the auction. Two bids won the auction, and 0.32 TWh of energy was contracted, which represents 3% of the available volume. The value of the contracted energy was approx. 123 million, which represents barely 2.3% of the budget.
- The remaining four auctions were not finalised as the required number of bids (i.e. 3) was not met.

Comparison of selected parameters in the auctions of 2018, 2019 and 2020

	Reference price in 2018	Range of prices in winning auction bids 2018	Average price in winning auction bids 2018	Reference price in 2019	Range of prices in winning auction bids 2019	Average price in winning auction bids 2019	Reference price in 2020	Range of prices in winning auction bids 2020
large onshore wind farms (> 1MW)	310 PLN/MWh	157.80 PLN/MWh - 216.99 PLN/MWh	196.17 PLN/MWh	285 PLN/MWh	162.83 PLN/MWh - 233.29 PLN/MWh	208.49 PLN/MWh	250 PLN/MWh	190,00 PLN/MWh - 249,90 PLN/MWh
large PV projects (> 1MW)	400 PLN/MWh			365 PLN/MWh			340 PLN/MWh	

In contrast with other EU countries in which RES auctions are held, it can be seen that in Poland the prices offered by investors increase each year.

As in all auctions to date, the period for which support is granted is 15 years from the date energy is first sold in the auction system.

The producer is obliged to ensure that it sells electricity from the relevant installation by the prescribed deadline. In the auction system, this deadline is 24 to 72 months (depending on the type of installation). Because of the pandemic, this deadline may be extended by no more than 12 months reckoned from the date the deadline for fulfilling the obligations would have expired.

RES auctions in 2021

At the beginning of December 2020 the Ministry of Climate updated the ordinance on the maximum quantity and value of electricity produced from RES, which may be sold by auction in 2021. The ordinance should be adopted still in 2020.

The assumptions to the draft ordinance show that auctions in 2021 will contribute to the creation of almost 2,570 MW of new production capacities. The highest volume is proposed for photovoltaics – 1,800 MW.

The ministry estimates that thanks to the auctions in 2021, installations using the following volumes of energy will be created:

- onshore wind energy (> 1 MW) – 600 MW,
- solar power (> 1 MW) – 800 MW,
- solar power (\leq 1 MW) – 1000 MW.

The above-mentioned quantities of power apply only to new installations. No sale of electricity produced in existing installations is planned.

The total estimated volume of energy intended to be sold by auction in 2021 in the 15-year period of support is 69 591 800 MWh, including 69 091 800 MWh from new installations and 500 000 MWh from existing installations.

The total maximum value of the above-mentioned volumes in the 15-year period of support is PLN 24 612 755 000, including PLN 24 277 755 000 as regards new installations and PLN 335 000 000 as regards existing installations.

CONTACTS

Agnieszka Janicka
Partner

T +48 22 627 11 77
E agnieszka.janicka
@cliffordchance.com

Paweł Puacz
Counsel

T +48 22 627 11 77
E pawel.puacz
@cliffordchance.com

Marcin Markowski
Legal Adviser

T +48 22 627 11 77
E marcin.markowski
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Norway House, ul. Lwowska 19, 00-660
Warsaw, Poland

© Clifford Chance 2020

Clifford Chance, Janicka, Krużewski,
Namiotkiewicz i wspólnicy spółka
komandytowa

Abu Dhabi • Amsterdam • Barcelona • Beijing •
Brussels • Bucharest • Casablanca • Dubai •
Düsseldorf • Frankfurt • Hong Kong • Istanbul •
London • Luxembourg • Madrid • Milan •
Moscow • Munich • Newcastle • New York •
Paris • Perth • Prague • Rome • São Paulo •
Seoul • Shanghai • Singapore • Sydney •
Tokyo • Warsaw • Washington, D.C.

Clifford Chance has a co-operation agreement
with Abuhimed Alsheikh Alhagbani Law Firm
in Riyadh.

Clifford Chance has a best friends relationship
with Redcliffe Partners in Ukraine.