

Results of the Italian Renewable Energy Auction

Seventh Auction under the FER1 scheme

4th February 2022



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7th Renewable Energy Auction Results

Results published 31-Jan-2022



Auction Results - Onshore Wind



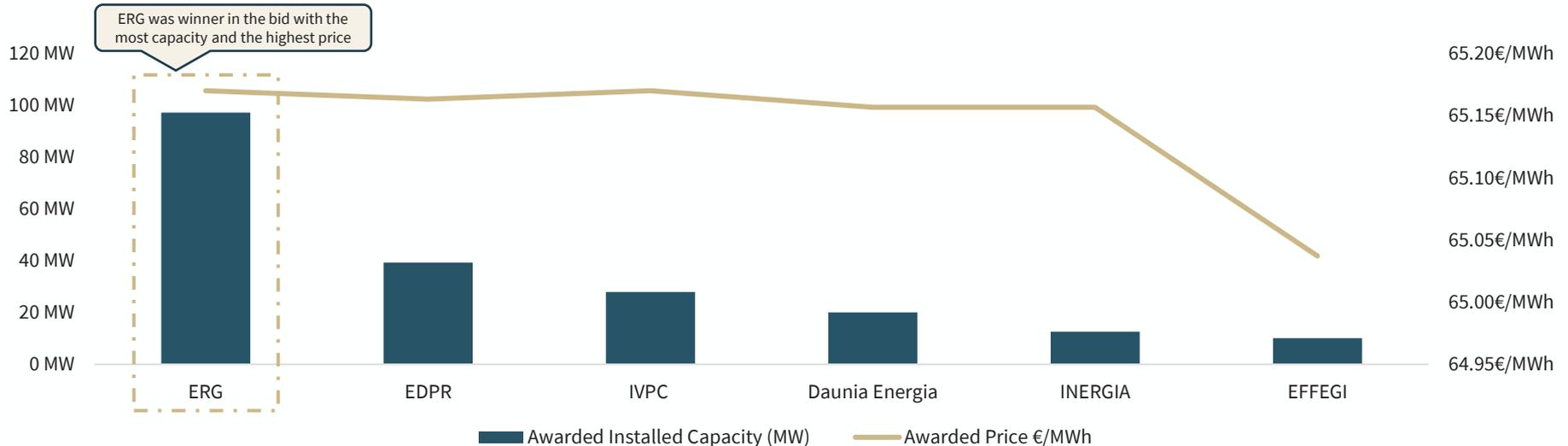
ERG was awarded the most Installed Capacity for Onshore wind with over 97MW awarded at a price of 65.17€/MWh

Auction Results for Onshore Wind by Company

Company	Installed Capacity Awarded (MW)	Average Price Awarded per MW (EUR/MWh)
ERG	97.2	65.17
EDPR	39.2	65.16
IVPC	27.9	65.17
Daunia Energia	20.0	65.16
Inenergia	12.6	65.16
Effegi	10.0	65.04
(...)		
Total	392.5	65.15

Key Results

- 18 Projects awarded
- Max size of project 50.4MW
- Average decrease in tariff of 2.06% respect to GSE base tariff
- 392 MW awarded
- Average size of project 21.8MW



Source: Gestore dei Servizi Energetici

Disclaimer: The companies mentioned here do not reflect the totality of winners of the auction, but only the more recognizable entities for informative purposes only. For a detailed list please visit GSE.



Auction Results - Solar PV



Enel was awarded the most Installed Capacity for Solar PV with over 89MW awarded at a price of 65.16€/MWh

Auction Results for Solar PV by Company

Company	Installed Capacity Awarded (MW)	Average Price Awarded per MW (EUR/MWh)
Enel	89.2	65.2
ContourGlobal	58.0	64.8
Engie	14.6	65.2
Juwi	12.2	65.2
Blusolar Energia	11.0	65.2
ACEA	10.0	65.2
...		
Total	582.5	65.1

Key Results

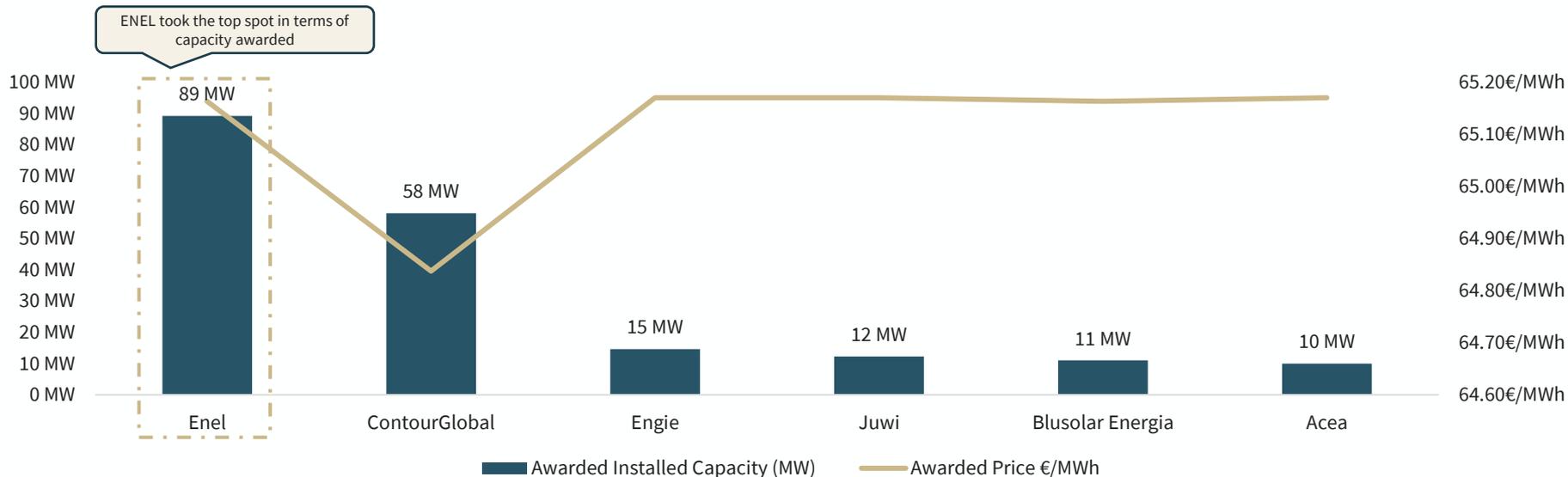
59 Projects awarded

Max size of project 87.5MW

Average decrease in tariff of 2.12% respect to GSE base tariff

582 MW awarded

Average size of project 9.9MW



Source: Gestore dei Servizi Energetici

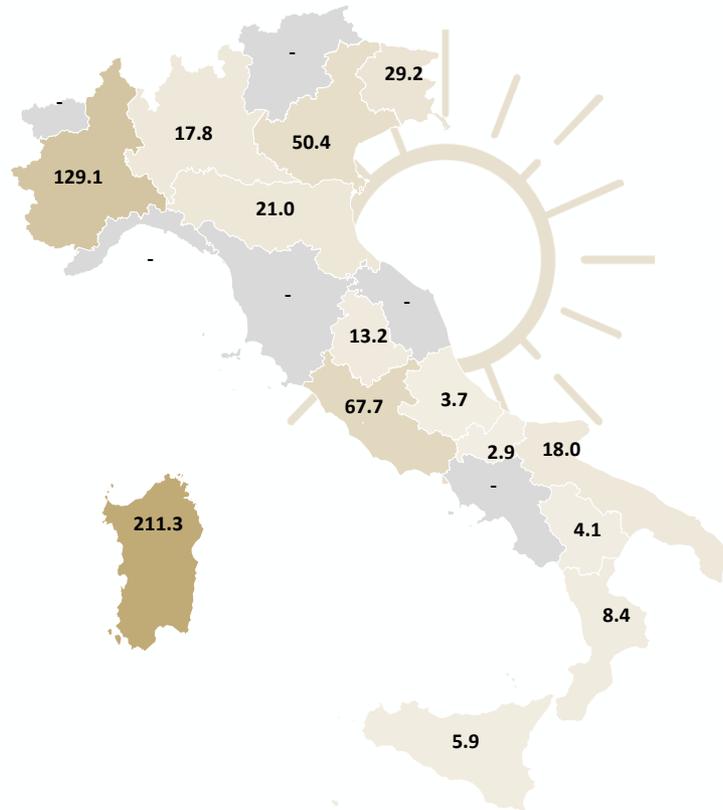
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Auction Results - Geographical footprint

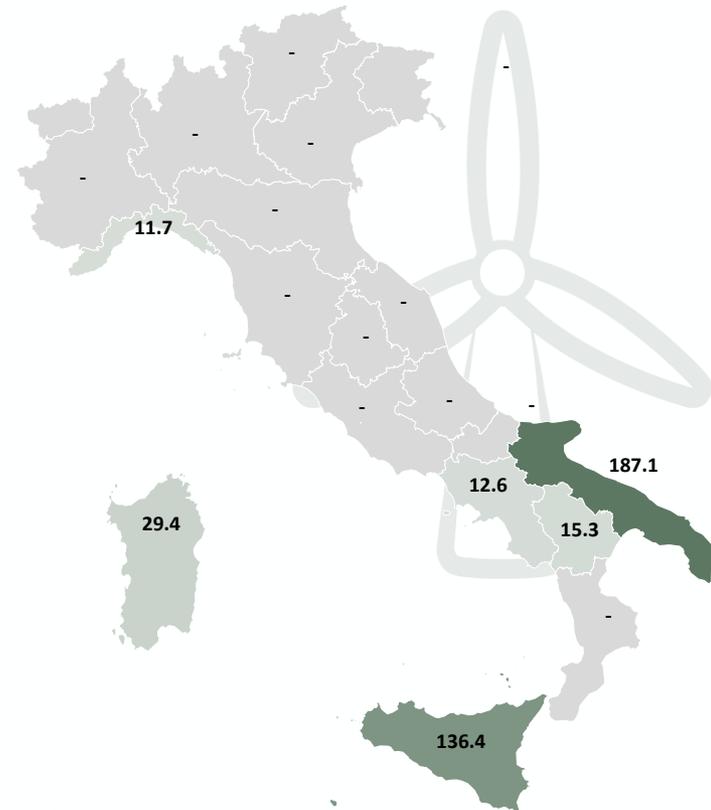
Solar PV mainly auctioned in Sardinia and Piedmont, while Onshore Wind assets almost uniquely auctioned in Southern Italy

Auction Results for Solar PV (MW)



Solar PV auctioned: 583 MW

Auction Results for Onshore Wind (MW)



Onshore Wind auctioned: 392 MW

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FER1 Decree and Auction information

Auction figures and conditions

Seventh Auction under the FER1 Decree

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Main conditions of the FER1

- FER is granted by auctions of **sealed bidding**.
- The product that is auctioned is the **installed capacity of the plant or facility**.
- **Reductions (%) to a base tariff** (determined by the GSE at a level of 66.5€/MWh) **are offered in the auction**.
- The **bidder undertakes to deliver a certain amount of energy, minimum auction energy**, within a **certain timeframe**.
- The bidder will participate in the daily and intra-daily market and will receive a price for the energy that will be calculated based on the auction award price and the market price.

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Requirements

In order to apply for incentives, the following **eligibility requirements** must be met:

- a. the plant must be **fully permitted**;
- b. the **connection proposal** by the grid operator must have been **accepted**;
- c. the **constructions works** must not have commenced (except for plants for which applications were submitted but were not granted under the 2016 FER Decree);
- d. **delivery** of a **bid bond** equal to **1% of the capex** (final performance bond equal to 2% of the capex to be delivered upon award of the incentive).

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Scope of Implementation

- Eligible technologies under the FER1 Decree are: Wind (onshore only), PV Solar, Hydro (running water and reservoir/basin), and Sewage gases.
- Notably, plants located in other EU member states (or in a third neighbouring state having a free trade agreement with the EU) which physically export electricity to Italy can also apply for incentives under the FER1 Decree
- **New plants or extensions to existing facilities**, such as the hybridisation or repowering of existing renewable energy plants, under a special procedure.

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Auction figures

- The **FER1 decree established a total of 7 auctions**, with the possibility to increase in case the entire capacity auctioned was not awarded, **in which over 8GW** were supposed to be auctioned.
- However, due to well-known permitting issues in Italy, there have been over **3.3GW** that have **not yet been awarded**.
- The GSE has already stated that **all the unassigned capacity will be auctioned off at a new auction that will close applications on the 2nd of March 2022**, and results are due on the 31st of May. In case there will be left over capacity, there will be a ninth auction in with starting date in May.



Previous auctions results

Previous auctions have seen little interest from developers, after years of unreliability and complicated procedures

Auction Results

Auction	Date Auction Results Published	Installed Capacity Auctioned (MW)	Installed Capacity Requested (MW)	Delta (MW)	Delta (%)	Average Price per Auction (€/MWh)	Average reduction in Tariff (%)
1	28-Jan-20	730	772	42	105.8%	55.10	(18.0%)
2	28-May-20	872	588	(285)	67.3%	65.09	(7.7%)
3	24-Sep-20	1,341	486	(854)	36.3%	64.59	(2.9%)
4	26-Jan-21	1,882	576	(1,305)	30.6%	65.07	(2.1%)
5	27-May-21	2,461	358	(2,103)	14.6%	65.15	(2.0%)
6	27-Sep-21	3,316	859	(2,457)	25.9%	65.17	(2.0%)
7	31-Jan-22	4,825	1,800	(3,025)	37.3%	65.10	(2.1%)
Total		15,427	5,440	(9,987)	35.3%	63.61	(5.3%)

Auction Results

- The Italian FER1 auctions have been **largely undersubscribed**. The criterion that all projects must have completed the authorization process coupled with a **difficult regulatory scenario**, with multiple regions incapable of clearly setting out where the authority lies has created a **permitting backlog** which has **hurt the participation** to the **auctions**.
- New regulations which are meant to come into force soon, will try to help absolve this backlog. The **Regulation change** will implement a **national commission composed of 40 members** which will **adjudicate nationally** on the **status of projects**. This measure is supposed to **help ease the burden from regions**, and is **supposed to expediate the nationally important projects**.

FER2

- In view of the European Recovery Plan initiative, the **Italian government has promised to revamp the regulatory process for Renewable energies** with an aim to accelerate the obtention of the targets that it has set out in the National Energy and Climate Plan.
- Indeed, the **Minister for the Ecologic Transition has promised that a new revamped and improved version of the FER1** decree will be **published in 2022** with an aim at **easing the current burden** that developers must face.
- In the meantime, the **GSE has already established one new auction under the current FER1**. The **next auction** is going to have **3.3GW** of capacity auctioned and **results will be due the 31st of May 2022**.



Italy - Contacts

We would be pleased to get to know you better



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