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Results analysis

PPE2 tender for ground-mounted PV – Session #2

Version 1.10

— AUGUST 5TH, 2022



PPE2 ground-mounted PV tender – Introduction

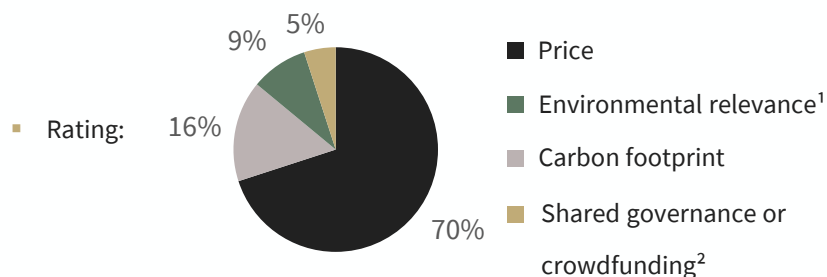
The PPE2 tender for ground-mounted PV grants solar developers a feed-in premium for their installation

Introduction

- The French Ministry of Ecological and Solidarity Transition released in August 2021 its **new renewables tenders’ plan to takeover** with the CRE 4 tenders program coming to an end in 2021. This new program, called “**PPE2**” due to its central role in France’s second multi-annual energy plan (*Programmation Pluriannuelle de l’Energie*), includes several tender rounds for nearly **29 GW called**, with applications **starting from 2021 and ending in 2026**
- Among all PPE2 tenders, one is supporting ground-mounted PV installations between 500 kWp and 30 MWp located in mainland France
- We are today analyzing the results of the **2nd session of the PPE2 tender for ground-mounted PV**, released on August 5th, 2022. The **average tariff has steeply increased** (+16.4%) since the last session of the PPE2 tender for ground-mounted PV. The tender session was **undersubscribed** with 339 MWp awarded for 700 MWp called

Tender criteria

- Type: Ground-mounted PV
- Capacity: Between 500 kWp and 30 MWp



¹ Environmental relevance can either be maximum if the project is located on degraded lands, or null otherwise

² Shared governance and crowdfunding premium are mutually exclusive, with shared governance accounts graded between 0% to 5% while crowdfunding will be either 0% or 3% with no intermediate value

³ Adjusted data based on category #1 and category #2 of CRE 4 ground-mounted tender (therefore excluding category #3 which was designed for shade houses, no longer part of PPE2 ground-mounted tender)

Tender criteria

	PPE2 1st session	PPE2 1st session
Awarded capacity	704.9 MWp	339.0 MWp
Number of awarded projects	71	38
Average awarded tariff ¹	€ 58.84/MWh	€ 68.51/MWh
Maximum bidding tariff	€ 90.00/MWh	€ 90.00/MWh
Application deadline	December 23 rd , 2021	May 20 th , 2022



PPE2 ground-mounted tender – What’s new since CRE4

The PPE2 tender for ground-mounted PV is a straight-forward follow-up to the CRE 4 ground-mounted tender with some adaptations

Notable adjustments since CRE 4 ground-mounted tender

- **Shade houses** are **no longer part of this tender** which now solely aims at ground-mounted PV
- **Priority will be given to projects below 5 MWp for up to 200 MWp of tendered capacity** for each tender as the tender no longer differentiates different categories of assets. The CRE will eliminate the worst bids accordingly with the mechanism in case of undersubscription for this reserved capacity
- **Financial guarantees** will now be **paid by project sponsors when applying to the tender** and released if the project is not awarded
- **Compatibility** of the tender **with installations featuring storage system** - although the latter can not be subsidized under this tender
- Ground-mounted **installations located in i) “constructible” areas of municipal maps** (*Carte Communale*) or ii) **“urbanized” or “to be urbanized” areas** (*Urbanisé* or *A Urbaniser*) **in municipalities with a local urbanization plan** (*Plan Local d’Urbanisme*) are **now eligible**
- **Rating criteria adjustments:** environmental relevance, shared governance and crowdfunding are now part of the overall rating:
 - **Environmental relevance** for degraded lands
 - **Shared governance** accounts for the long-term ownership of the projects by local individuals or communities
 - **Crowdfunding** accounts for the financing of the project by local individuals or communities
- The **commissioning delay is increased** from 24 months to 30
- Implementation of the **Deggendorf rule:** the project sponsor can not apply if currently subject to a State order for repayment for unlawful aid

Carbon footprint’s reference values for rating

Minimum	200 kg CO2 eq/kWp
Maximum	550 kg CO2 eq/kWp

Tender calendar

	Application deadline	Tendered capacity
1st session	December 23rd, 2021	700 MWp
2nd session	May 20th, 2022	700 MWp
3rd session	November 30th, 2022	925 MWp
4th & 5th sessions	2023 TBD	2 x 925 MWp
6th & 7th sessions	2024 TBD	2 x 925 MWp
8th & 9th sessions	2025 TBD	2 x 925 MWp
10th & 11th sessions	2026 TBD	2 x 925 MWp

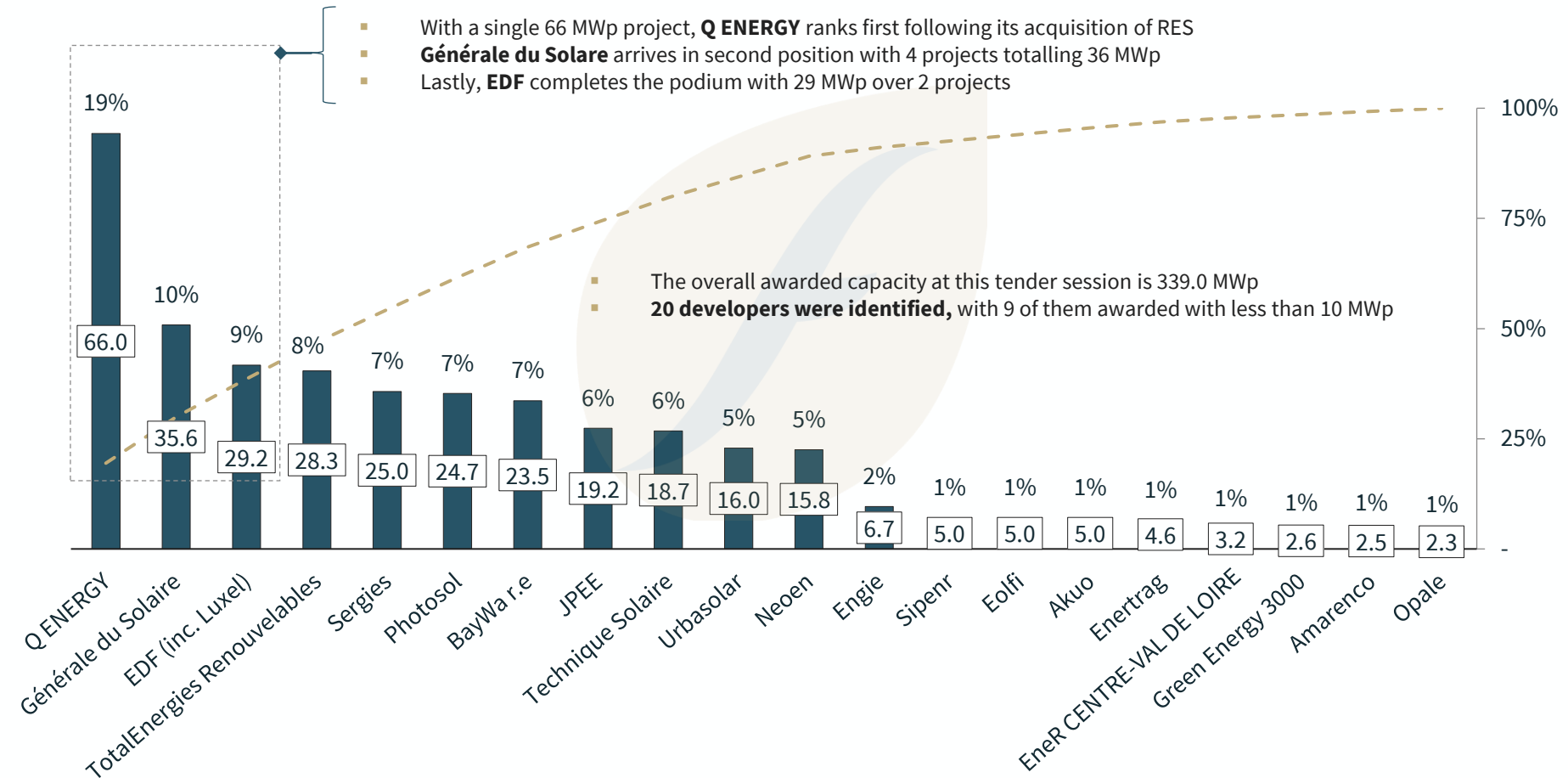
N.B. Finergreen has recently released a comparative study on the key adjustments made since CRE4 in the different PPE2 tenders’ specifications. Please reach out to us if interested!



PPE2 ground-mounted tender #2 – Awarded projects

The total awarded capacity amounts to 339 MWp, with 20 identified developers

Capacity awarded per developer (MWp)



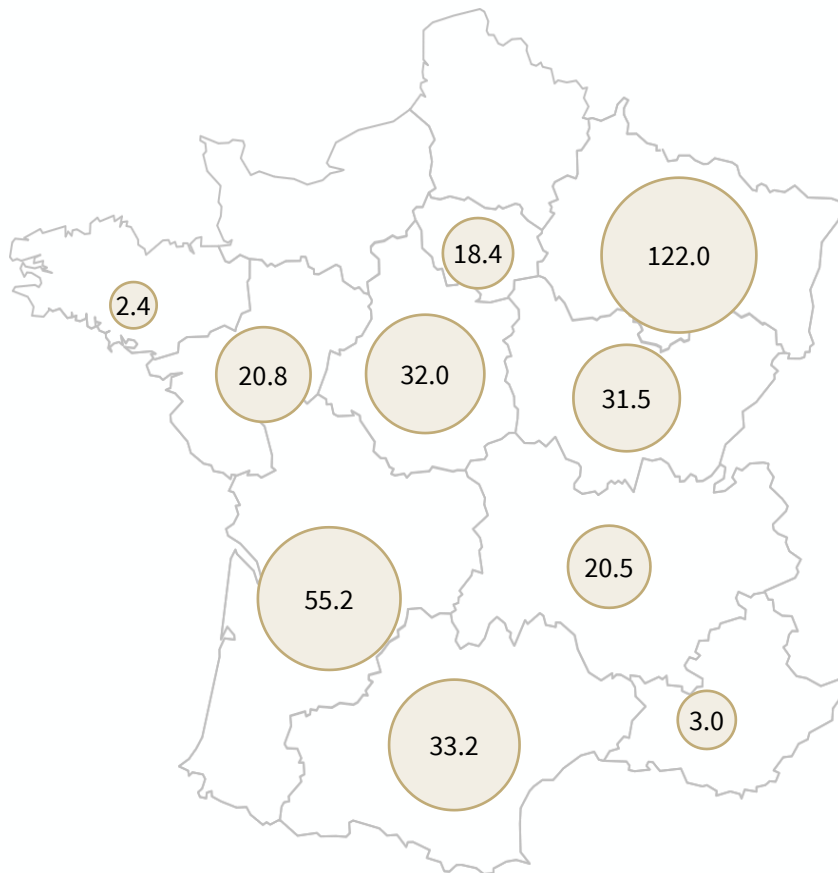
N.B.: This graph shows the cumulated projects capacity awarded to each developer; the developer might not be the final owner of the plant



PPE2 ground-mounted tender #2 – Mapping

More than two thirds of the capacity awarded is located in France's Northern half

Capacity awarded per region (MWp)



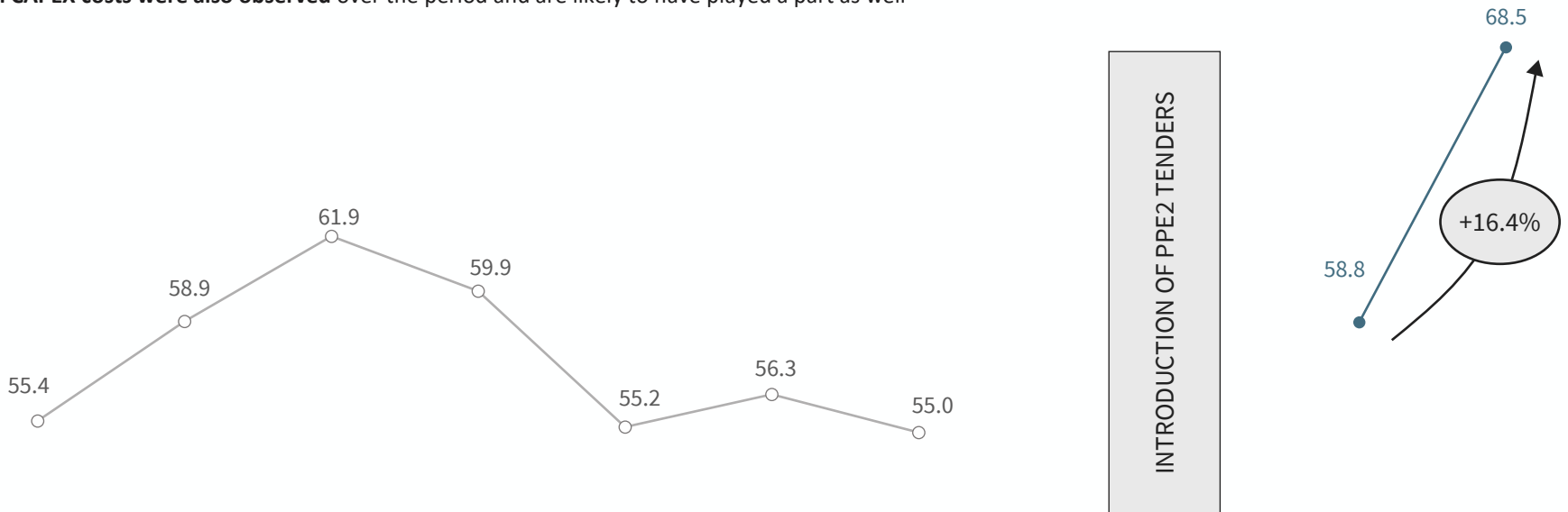
- **With its outstanding attractiveness, Grand-Est is the region with the greatest awarded capacity** with 36% of the globally-awarded capacity, more than twice the total capacity by the **second most awarded region, Nouvelle-Aquitaine**. While Nouvelle-Aquitaine was ranking first in the previous PPE2 session for ground-mounted assets, Grand-Est was only fifth.
- **Developers have been bidding more and more further north, most likely due to land pressure over the last ground-mounted tenders in France.** Only one third of the total awarded capacity is in the 4 southernmost regions.
- The undersubscription likely favoured the northernmost projects, usually bidding at higher tariffs to compensate their lower irradiation levels.
- Just as for the previous tender session for ground-mounted PV plants, neither **Grand Nord** nor **Normandie** did receive any awarded capacity under this second session.

PPE2 ground-mounted tender – Average tariff evolution

Under this new PPE2 session, the average awarded tariff experienced an unprecedented increase (+16.4%)

Average tariff evolution since CRE 4 tender (€ per MWh)

- One of the most notable elements in this second PPE2 session for PV ground-mounted plants is its **record 16.4% increase in average awarded tariff** from the previous session. This is all the more striking as the previous PPE2 session (#1) had already led to a substantial increase since the last CRE4 tariffs (+7.1%).
- The steep increase in tariff is **correlated with a similar increase in interest rates between January and June 2022**, and could be one of the driving factors; **increases in CAPEX costs were also observed** over the period and are likely to have played a part as well



Session 4 - IAS (650 MWp, Aug 2018) Session 5 - IAS (790 MWp, Mar 2019) Session 6 - IAS (787 MWp, Aug 2019) Session 7 - IAS (601 MWp, Apr 2020) Session 8 - IAS (301 MWp, Oct 2020) Session 9 - IAS (381 MWp, Feb 2021) Session 10 - IAS (597 MWp, Nov 2021)

PPE2 Session 1 (705 MWp, Mar 2022) PPE2 Session 2 (339 MWp, Aug 2022)

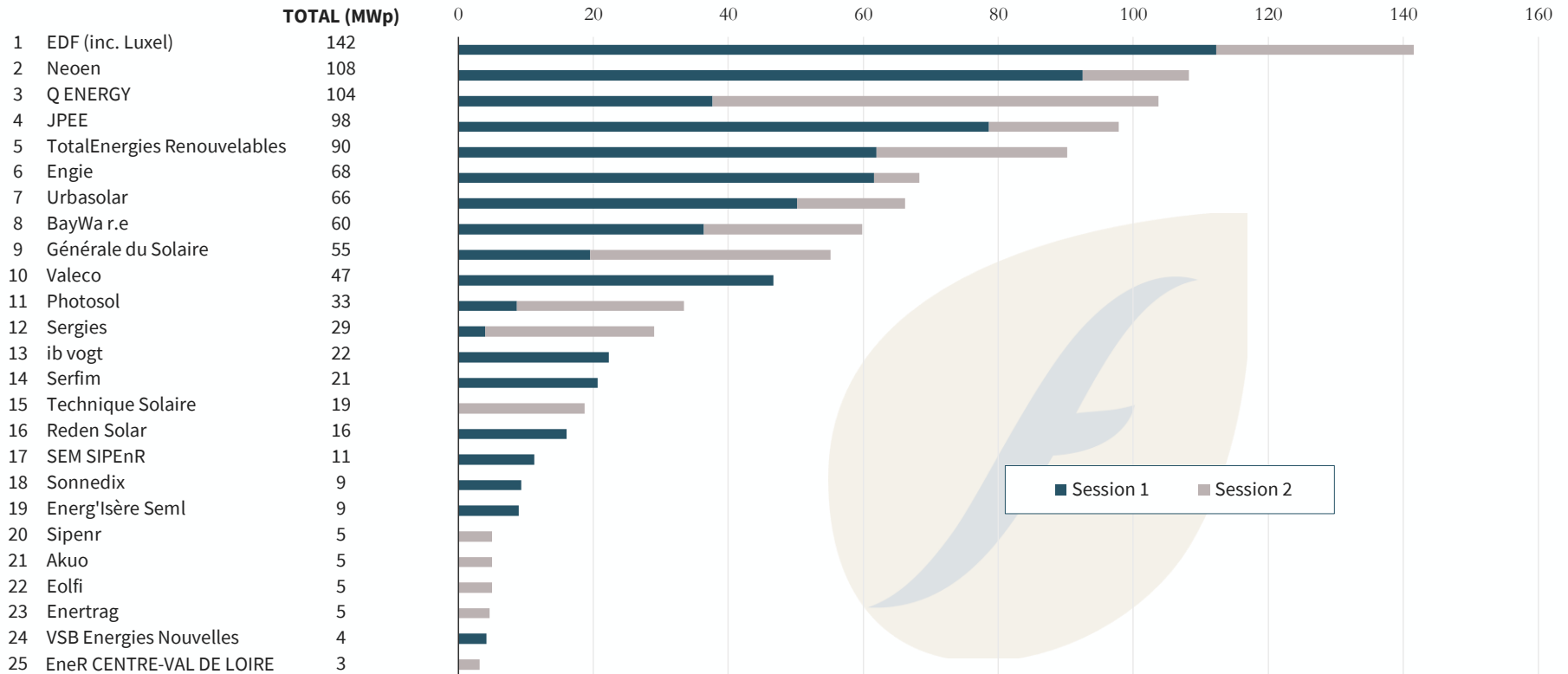
NB: Adjusted data based on category #1 and category #2 of CRE 4 ground-mounted tender (therefore excluding category #3 which was designed for shade houses, no longer part of PPE2 ground-mounted tender)



PPE2 ground-mounted tender – Top 25 developers

Most developers were already among the top 25 most-awarded developers in the CRE4 tender for ground-mounted plants

Top 25 most-awarded developers under the PPE2 ground-mounted tender scheme



Contacts

Feel free to reach out



Arthur OMONT
Vice President

M. +33 (0) 7 81 34 61 40
arthur.omont@finergreen.com



Bastien MARTINEZ
Associate

M. +33 (0) 7 60 03 29 06
bastien.martinez@finergreen.com





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