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Results analysis

PPE2 tender for onshore wind – Session #3

— 24 MARS 2023



PPE2 onshore wind tender – Introduction

The PPE2 tender for onshore wind grants developers a feed-in tariff for their installation

Introduction

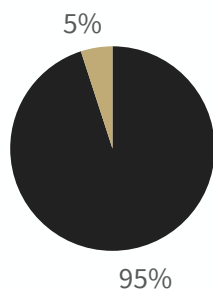
- The French Ministry of Ecological and Solidarity Transition released in August 2021 its **new renewables tenders’ plan to takeover** with the CRE 4 tenders program coming to an end in 2021. This new program, called “**PPE2**” due to its central role in France’s second multi-annual energy plan (*Programmation 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 onshore wind installations above 3 MWp with at least 7 turbines located in mainland France
- We are today analyzing the results of the **3rd session of the PPE2 tender for onshore wind installation**, released on March 21st, 2023. The **average tariff was set at 76.4€/MWh**. Only 54 MWp were awarded for 925 MWp called **even though the tender was actually over-subscribed (944 MW of candidates)**, mostly due to most projects not complying with a specific financial guarantee condition¹ in the tender specification (modified for this third session). An additional exceptional “catch-up” session could be set up by the CRE as a compensation.

Tender criteria

- Type: Onshore wind parks with at least 7 turbines

- Capacity: Above 3 MW

- Rating:
 - Price
 - Shared governance or crowdfunding²



Tender criteria

	PPE2 2 nd session	PPE2 3 rd session
Awarded capacity	294.0 MWp	54.0 MWp
Number of awarded projects	17	4
Average awarded tariff	€ 67.5/MWh	€ 76.4/MWh
Maximum bidding tariff	€ 70.00/MWh	confidential ³
Application deadline	April 15 th , 2022	December 23 rd , 2022

¹ The financial guarantee for this period was set at 30,000€ per MWp installed from 3 months after the application deadline or the project award until 6 months after the completion date

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 From this third session on, maximum bidding prices are confidential



PPE2 tender for onshore wind farms – What’s new since CRE4

The PP2 tender for onshore wind farms provides continuity with what was offered to wind developers under the CRE 4 tender scheme

Notable adjustments since CRE 4 onshore wind tender

The new PPE2 tender specification for onshore wind parks has not evolved much from the CRE 4 tender:

- **Wind parks granted with a feed-in tariff with EDF OA** under December 13th, 2016, Decree for wind installations **may be eligible** under the below conditions:
 - The project has not yet benefited from its feed-in tariff;
 - The project has been extended to include more turbines: while the feed-in tariff scheme is available for wind parks with no more than 6 turbines, the tender only applies to projects with at least 7 turbines.

NB: it should be noted that for this possibility was used for the first time with 12 projects that had been awarded a FIT through the open-counter mechanism abandoning it to take part in the tender¹.

- **Rating criteria adjustments:** shared governance and crowdfunding are now part of the overall rating:
 - **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. It is to be noted that the shared governance and crowdfunding ratings are mutually exclusive: one grade will always remain null.

Tender calendar

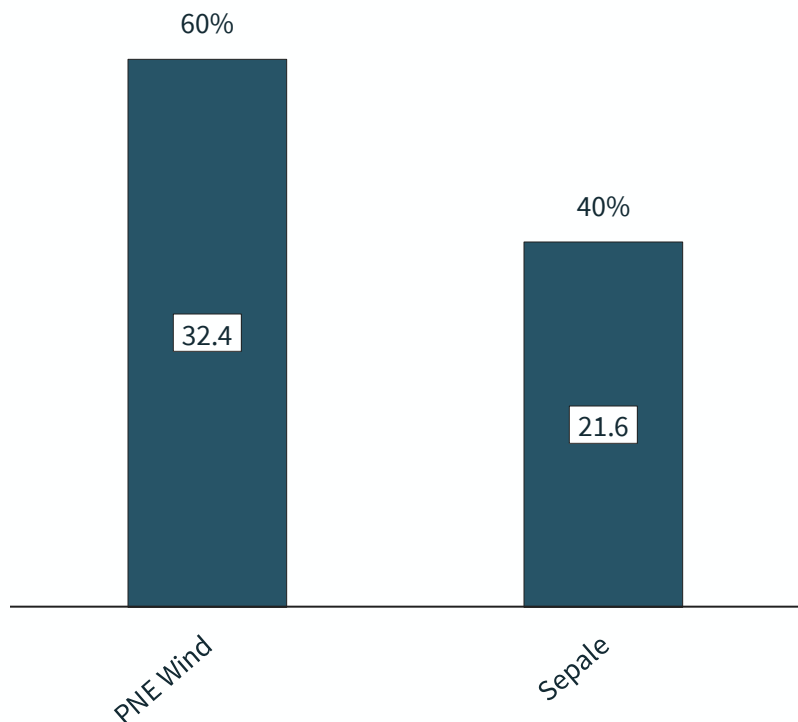
	Application deadline	Tendered capacity
1 st session	November 26th, 2021	700 MWp
2 nd session	April 15th, 2022	925 MWp
3 rd session	December 23rd, 2022	925 MWp
4 th & 5 th sessions	2023 TBD	2 x 925 MWp
6 th & 7 th sessions	2024 TBD	2 x 925 MWp
8 th & 9 th sessions	2025 TBD	2 x 925 MWp
10 th session	2026 TBD	925 MWp



PPE2 Session #3- Awarded projects

The total awarded capacity amounts to 54.0 MWp, with 2 identified developers

Capacity awarded per developer (MWp)



Comments

- The **overall awarded capacity** at this tender session is **54.0 MWp**
- **2 developers were identified:**
 - **PNE Wind** in first position with 32.4 MWp awarded;
 - **Sepale** with 21.6 MWp awarded
- According to the CRE, 47 applications were eliminated on the grounds that the submitted **financial guarantee did not cover the period required by the tender specification.**
- The CRE also indicates **a large range of tariffs among the received applications**, probably explained by the confidentiality of the maximum bidding price in a context of higher costs and interests rates for the sector. As a last reference, the PPE2 neutral tender closed in July 2022 set a maximum bidding price at 90.0€/MWh
- An additional session could be organized by the CRE for this tender process to compensate for the many projects that were eliminated because of the financial guarantee condition.

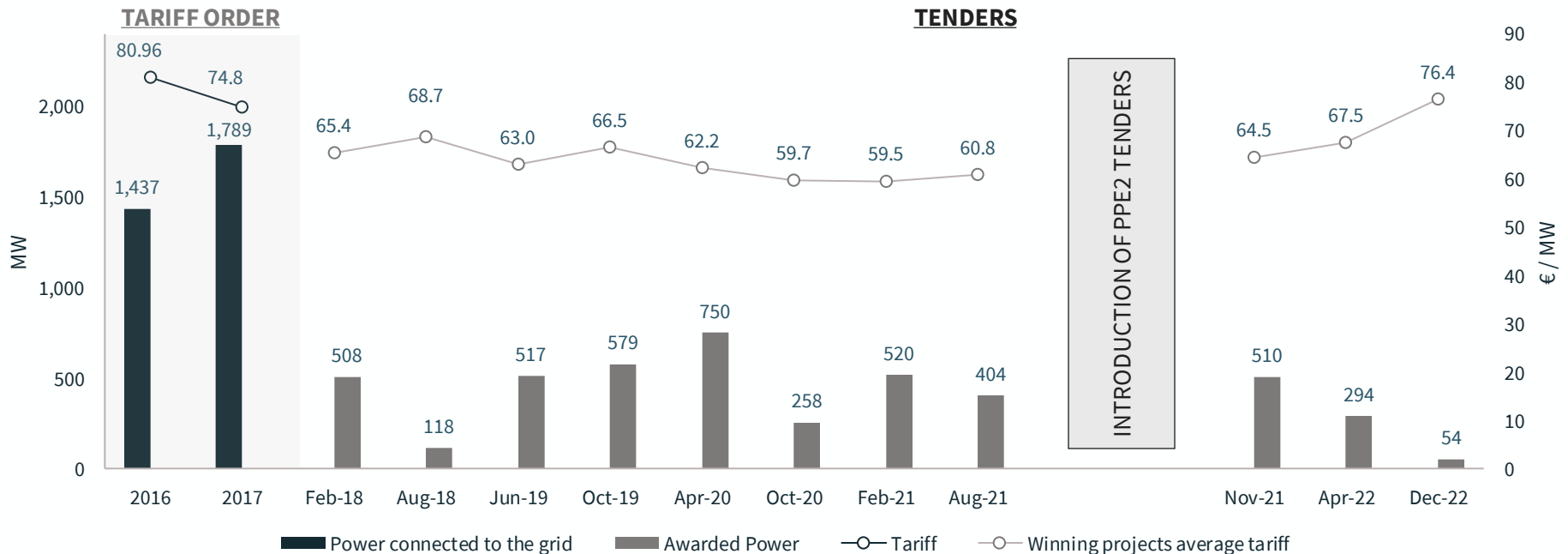


PPE2 onshore wind tender- Average tariff evolution

Under this new PPE2 session, the average awarded tariff experienced a significant increase (+13% compared to the last session)

Average tariff evolution (€ per MWh)

- **The average awarded tariff** for this third PPE2 session for onshore wind plants is 13.2% higher than the previous session one. Compared to the last CRE4 session, the increasing trend is even more striking (+25.7%)
- The steep increase in tariff is **correlated with a similar increase in interest rates over 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
- For the first time, the CRE indicated that previous awardees decided to suspend their contract obtained under the 2017 tariff order to bid at higher prices in the current tender sessions (+20€/MWh on average), supporting the CRE's recommendation to raise the 2017 tariffs



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