

Learning from UK CfD Auctions

12th September 2019

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UK Offshore Wind in 2030



TODAY



7.9GW of generation capacity,
providing c. **8.5%** of the
country's electricity



c. **11,000** skilled jobs



£0.5 billion / year
in exports

2030

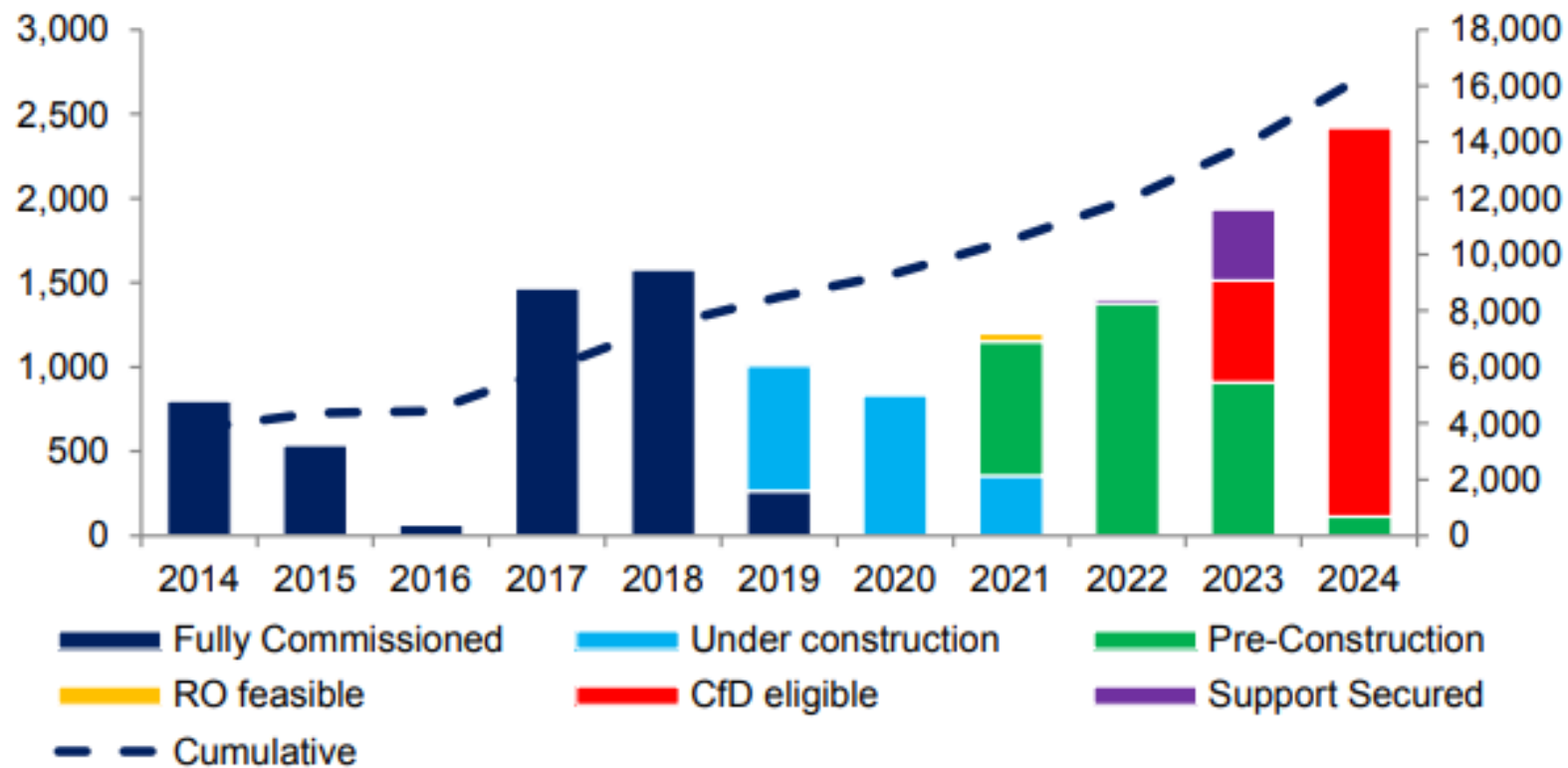
30GW of generation capacity,
providing c. **35%** of the
country's electricity

c. **27,000** skilled jobs

£2.6 billion / year in
exports

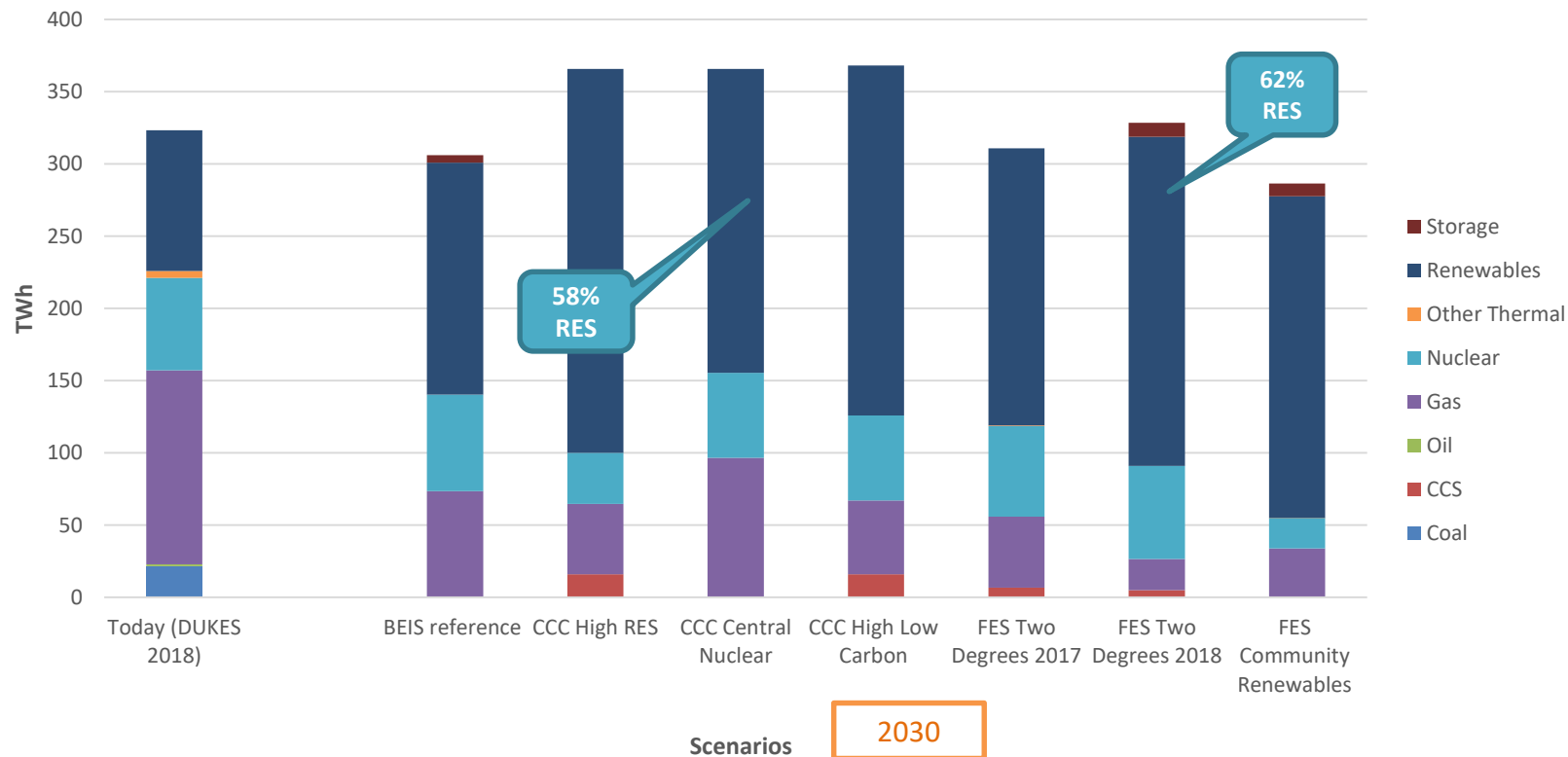
UK 5-Year Outlook

UK Commissioning Activity & Forecast by Status (MW p.a.)



- UK Net Zero 2050 – Four-fold increase in RES generation
- Renewables dominate c.60-80%
- Contracts for Difference is the main policy to deliver renewables

2030 Generation mix forecasts from different scenarios



Contracts for Difference



- Eligibility criteria: planning consent and grid connection agreement
- Competition on Price only. 15-year contract with Strike Price pay as cleared. Reference prices based on future wholesale price forecast.
- 12 Month Milestone Delivery Date for FID or 10% spend committed
- CfD allocation round every 2-years from 2019

TCD	2017/18	18/19	19/20	2020/21	21/22	22/23	23/24	24/25	25/26	26/27
AR year	AR1 - 2015				AR2 - 2017			AR3 - 2019		

- **First CfD Allocation Round February 2015**
 - £325m Budget allocated - £315m spend
 - 100MW budget ringfence for wave and tidal stream technologies
 - East Anglia 1, 714MW for delivery 2017/8
 - Neart na Gaoithe, 448MW for delivery 2018/9
 - Other technologies: Onshore Wind 749MW, Solar PV 72MW, Advanced Conversion Technologies Energy from Waste with CHP

1.2GW Offshore Wind at £115/MWh Strike Price

- **Second CfD Allocation Round September 2017**
 - £290m Budget allocated – £148m spend
 - 150MW maxima for fueled technologies
 - Hornsea Two, 1386MW, and Moray East, 950MW, for delivery 2022/3
 - Triton Knoll, 860MW, for delivery 2021/22
 - Other technologies: ACT 65MW, Biomass CHP 86MW

3.2GW Offshore Wind at £74.45-£57.50/MWh Strike Price

AR 3: What is new this time?



Auction Rules

- RIW
- Delivery years 23/24 and 2024/25
- £65m budget
- No technology specific minima or maxima
- Whole auction capacity cap set at 6GW

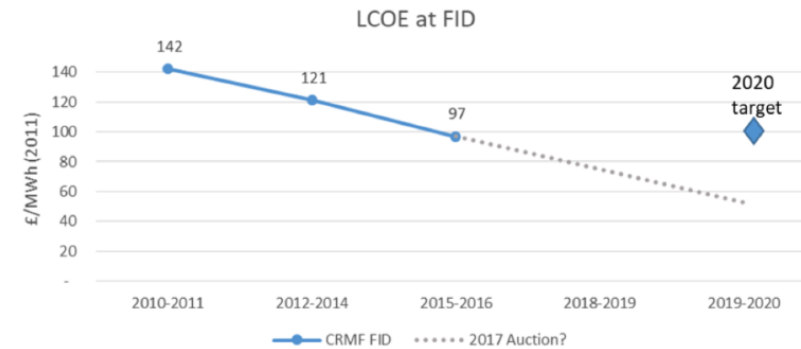
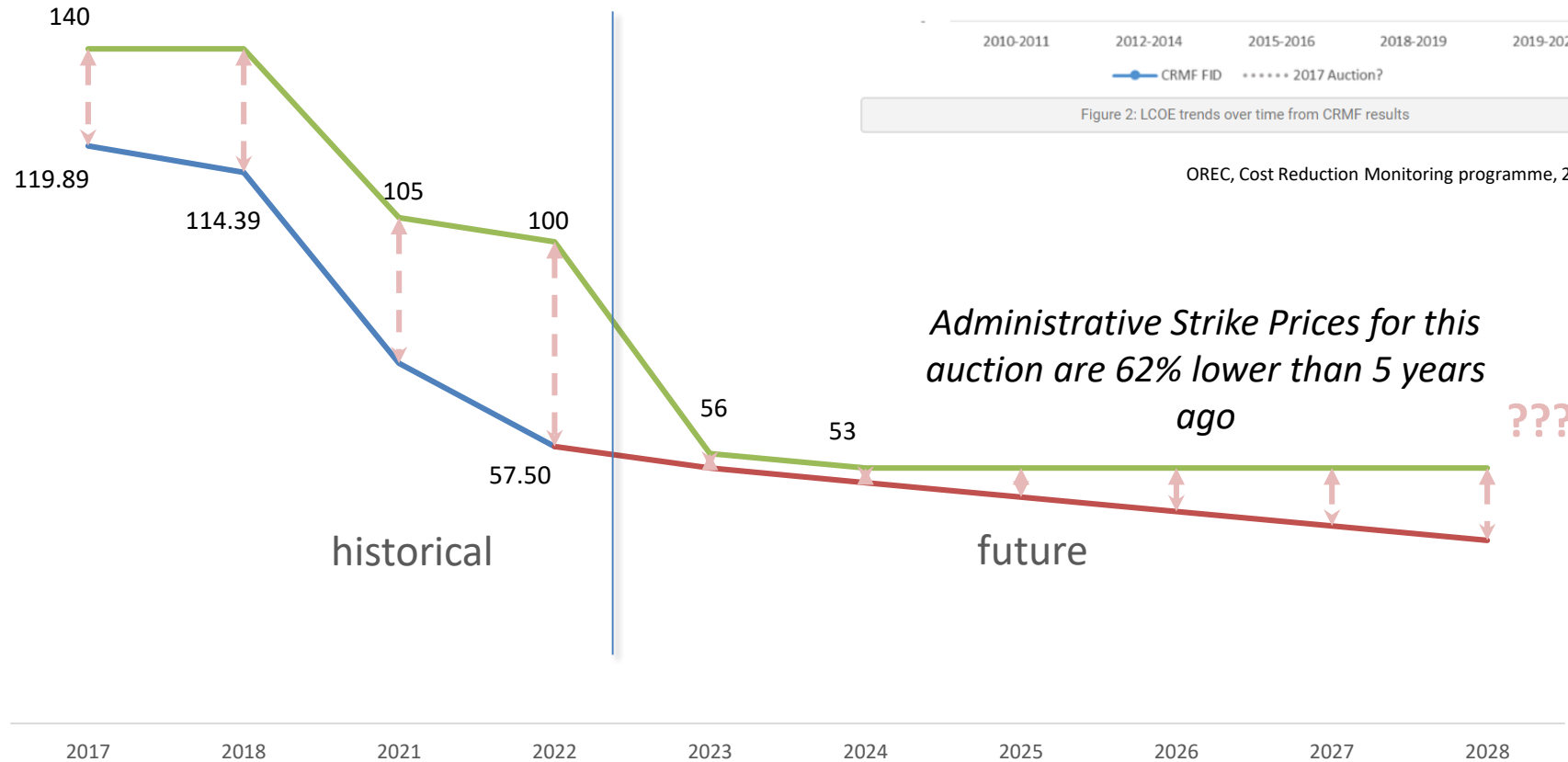


Cost mitigation

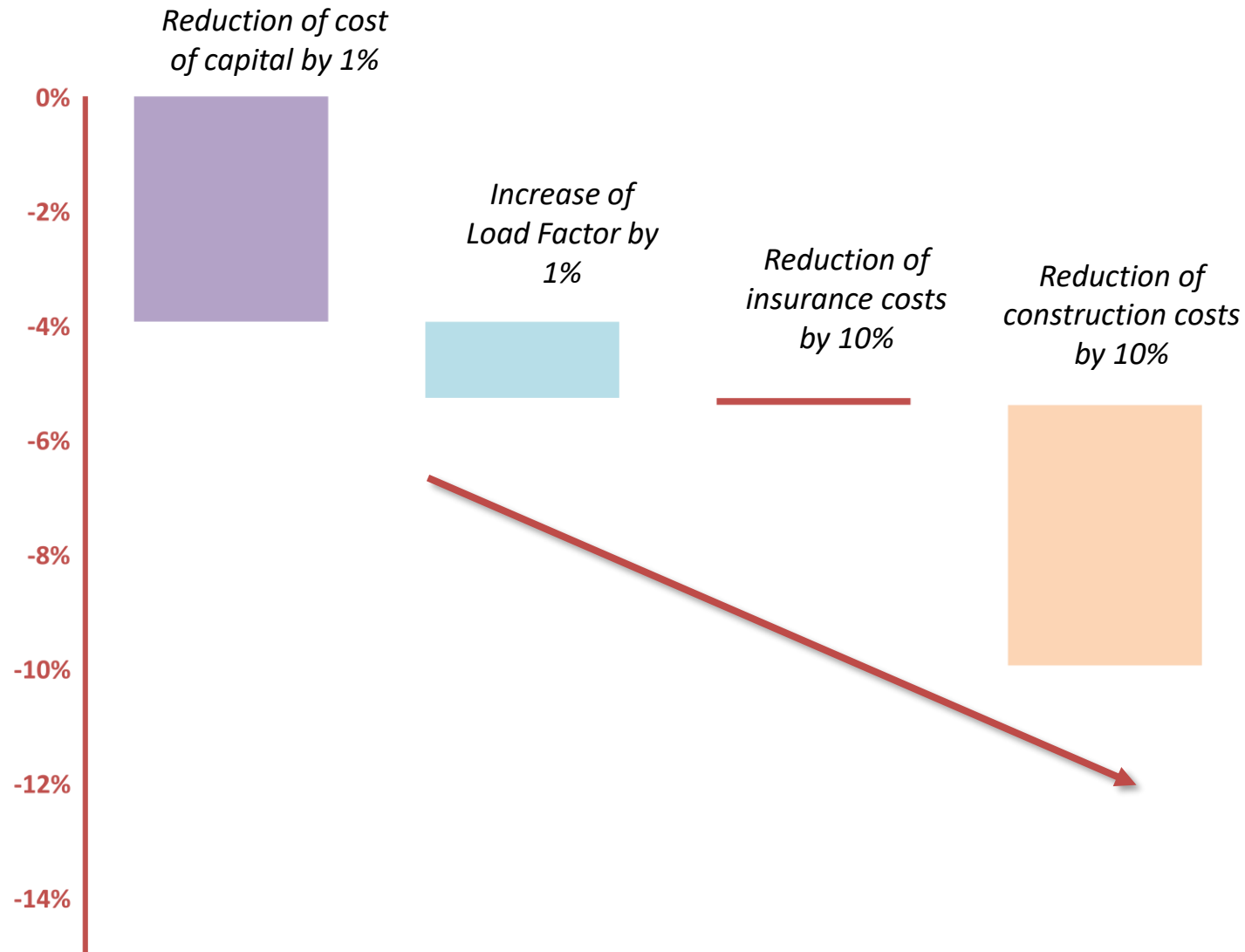
- Increased load factor assumptions
- Different reference prices for baseload and variable technologies

Unforeseen cost reductions

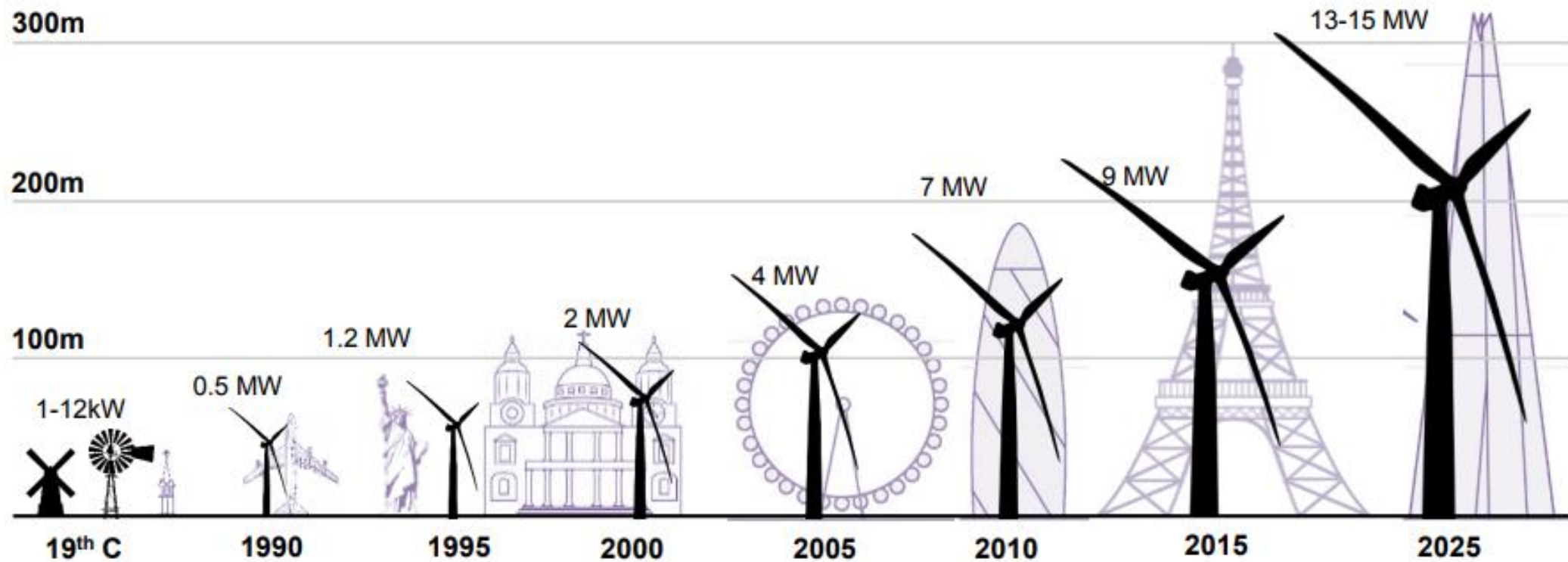
Administrative strike prices vs. Clearing prices



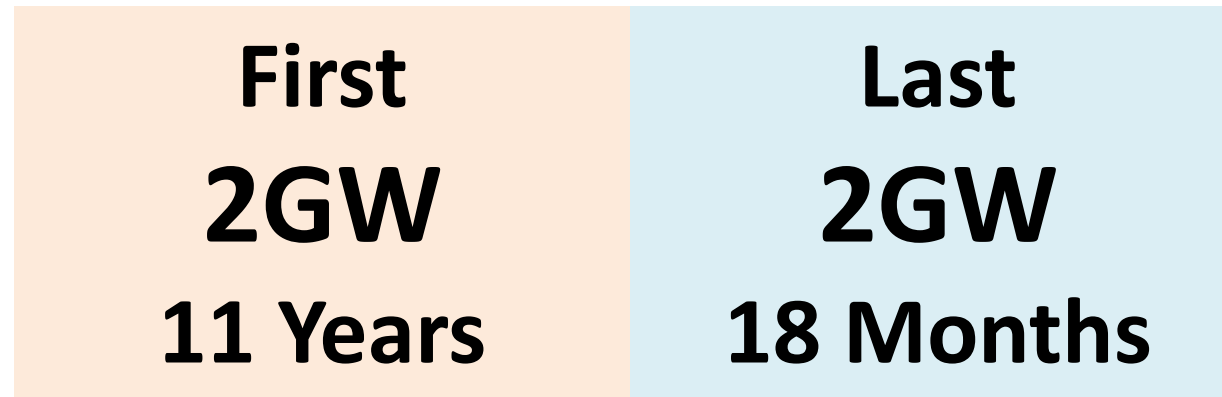
How low can they go?



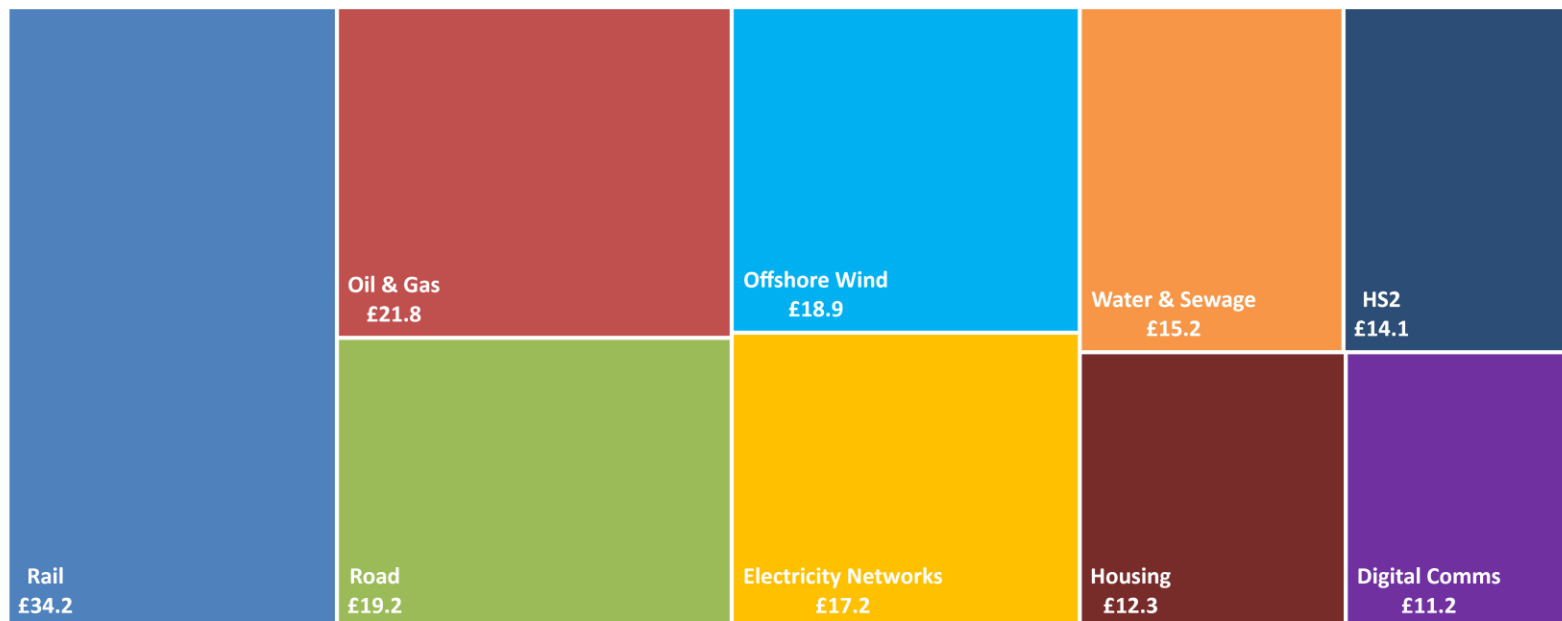
Rapid Technology Innovation



CfD – Offshore Wind Scaling-up



2017-21 National Infrastructure Pipeline Top 10 (£bn)



Where Next?

The Future is Floating?



Where Next?

Zero Subsidy



The background of the slide is a blue-tinted photograph. It features several wind turbines in a field, with a large turbine's blade and nacelle prominently in the foreground on the left. In the middle ground, a group of five cyclists is riding along a path. The overall scene conveys a message of sustainable energy and active living.

Find out more...

<http://www.renewableuk.com>

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