

Germany's 2024 offshore wind auction results

An initial review of the "June" auction

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Dominik Huebler, Director

Berlin

Your speaker today



Director
Berlin
+49 171 922 3525
Dominik.Huebler@nera.com

- Director in the Berlin office of NERA's Energy & Infrastructure Practice.
- Advised **bidders in offshore wind auctions** in Germany, the Netherlands and the UK covering valuation, competitor analysis, financial modelling offtake options, real option modelling, power price analysis, bid strategy and preparation
- Advised **auctioneers in renewables auctions** in various Eastern European countries
- Advised on **design of regulatory framework & renewables support** including CfDs, feed-in tariffs, green certificates, ... and market integration, risk mitigants, ...
- Advised on **commercial and investor-state disputes** in the offshore wind and other renewables sectors covering valuation, regulatory framework design, economic aspects of contract renegotiation, valuation of ecological aspects
- **Commercial and regulatory due diligence** for renewable energy developers
- Published and presented widely on the European offshore wind sector including on auction preparations and auction results as well as PPAs and guarantees of origin. See e.g. [here](#) (EN & DE), [here](#) and [here](#) (DE only).

BNetzA announced the winners of the June auctions on 21 June

2024 June auction

Site	Size	Winner	Bid (€bn / GW)	No. of rounds	Initial no. of bidders
N-11.2	1.5 GW	TotalEnergies & RWE	1.305	46	9
N-12.3	1 GW	EnBW	1.065	55	7

2023 June auction

Site	Size	Winner	Bid (€bn / GW)	No. of rounds	Initial no. of bidders
N-11.1	2 GW	Bp	1.83	64	8
N-12.1	2 GW	TotalEnergies	1.875	65	8
N-12.2	2 GW	Bp	1.56	55	8
O-2.2	1 GW	TotalEnergies	2.07	72	9

A round, what's in a bidding round...?

Not quite the same in 2023 and 2024

2023 June auction

Beispielhafte Darstellung der Gebotsrundenentwicklung mit vier Bietern:

Runde	Höhe der Gebotsstufe in Euro / MW	Zustimmung der Bieter
1	30.000	3 von 4
2	45.000 (+15.000, halbes Inkrement)	3 von 3
3	75.000 (+30.000, volles Inkrement)	2 von 3
4	90.000 (+15.000, halbes Inkrement)	1 von 2 (Verfahrensende)

2024 June auction

7. Die Höhe der Gebotsstufe beträgt in der ersten Gebotsrunde ~~grundsätzlich~~ 30.000 Euro pro Megawatt. Die Höhe der Gebotsstufe steigt in jeder Gebotsrunde um 30.000 Euro pro Megawatt. Sofern nur (noch) zwei Bieter teilnahmeberechtigt sind beträgt die Höhe der Gebotsstufe 15.000 Euro pro Megawatt. (volles Inkrement), sofern alle an der vorherigen Gebots-

Some “advanced maths” for additional insight into the evolution of bidding over time (1)

$$\#rounds = a + b$$

$$bid\ value\ (in\ \frac{\text{€m}}{GW}) = \text{€}30m * a + \text{€}15m * b$$

where

a = number of rounds with more than 2 bidders

b = number of rounds with 2 bidders only

Some “advanced maths” for additional insight into the evolution of bidding over time (example N-11.2)

$$46 = a + b$$

$$€1,305m = €30m * a + €15m * b$$

$$€1,305m = €30m * a + €15m * (46 - a)$$

$$€1,305m - 46 * €15m = €15m * a$$

$$€615m = €15m * a$$

$$41 = a$$

where

a = number of rounds with more than 2 bidders

b = number of rounds with 2 bidders only

A more graphical illustration – Monday 9am



N-11.2



0

N-12.3



0

One day of rapid-fire bidding later...



RUNDE	RUNDENSTART	RUNDENENDE
n	9:00 Uhr	9:20 Uhr
n+1	9:30 Uhr	9:50 Uhr
n+2	10:00 Uhr	10:20 Uhr
n+3	10:30 Uhr	10:50 Uhr
n+4	11:00 Uhr	11:20 Uhr
n+5	11:30 Uhr	11:50 Uhr
Mittagspause		
n+6	12:30 Uhr	12:50 Uhr
n+7	13:00 Uhr	13:20 Uhr
n+8	13:30 Uhr	13:50 Uhr
n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr

N-11.2



390m/GW

N-12.3



390m/GW

Meanwhile on day 2 something happens...



RUNDE	RUNDENSTART	RUNDENENDE
n	9:00 Uhr	9:20 Uhr
n+1	9:30 Uhr	9:50 Uhr
n+2	10:00 Uhr	10:20 Uhr
n+3	10:30 Uhr	10:50 Uhr
n+4	11:00 Uhr	11:20 Uhr
n+5	11:30 Uhr	11:50 Uhr
Mittagspause		
n+6	12:30 Uhr	12:50 Uhr
n+7	13:00 Uhr	13:20 Uhr
n+8	13:30 Uhr	13:50 Uhr
n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr

N-11.2



480m/GW

N-12.3



480m/GW

Things have diverged by the end of day 2...



RUNDE	RUNDENSTART	RUNDENEDE
n	9:00 Uhr	9:20 Uhr
n+1	9:30 Uhr	9:50 Uhr
n+2	10:00 Uhr	10:20 Uhr
n+3	10:30 Uhr	10:50 Uhr
n+4	11:00 Uhr	11:20 Uhr
n+5	11:30 Uhr	11:50 Uhr
Mittagspause		
n+6	12:30 Uhr	12:50 Uhr
n+7	13:00 Uhr	13:20 Uhr
n+8	13:30 Uhr	13:50 Uhr
n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr

N-11.2



780m/GW

N-12.3



630m/GW

Prices diverge further on day 3 with no end in sight...



RUNDE	RUNDENSTART	RUNDENENDE
n	9:00 Uhr	9:20 Uhr
n+1	9:30 Uhr	9:50 Uhr
n+2	10:00 Uhr	10:20 Uhr
n+3	10:30 Uhr	10:50 Uhr
n+4	11:00 Uhr	11:20 Uhr
n+5	11:30 Uhr	11:50 Uhr
Mittagspause		
n+6	12:30 Uhr	12:50 Uhr
n+7	13:00 Uhr	13:20 Uhr
n+8	13:30 Uhr	13:50 Uhr
n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr

N-11.2



1,170m/GW

N-12.3



825m/GW

Finally, near the start of day 4, N-11.2 also becomes a 1-on-1



RUNDE	RUNDENSTART	RUNDENENDE
n	9:00 Uhr	9:20 Uhr
n+1	9:30 Uhr	9:50 Uhr
n+2	10:00 Uhr	10:20 Uhr
n+3	10:30 Uhr	10:50 Uhr
n+4	11:00 Uhr	11:20 Uhr
n+5	11:30 Uhr	11:50 Uhr
Mittagspause		
n+6	12:30 Uhr	12:50 Uhr
n+7	13:00 Uhr	13:20 Uhr
n+8	13:30 Uhr	13:50 Uhr
n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr



The third strongest bidder leaves N-11.2 at €1,230m/GW



N-11.2's 1-on-1 ends in a quick knock-out on the same day



RUNDE	RUNDENSTART	RUNDENENDE
n	9:00 Uhr	9:20 Uhr
n+1	9:30 Uhr	9:50 Uhr
n+2	10:00 Uhr	10:20 Uhr
n+3	10:30 Uhr	10:50 Uhr
n+4	11:00 Uhr	11:20 Uhr
n+5	11:30 Uhr	11:50 Uhr
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n+6	12:30 Uhr	12:50 Uhr
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n+8	13:30 Uhr	13:50 Uhr
n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr



The second strongest bidder leaves N-11.2 at €1,305m/GW



Meanwhile the “middleweight” bought goes on for the whole day



RUNDE	RUNDENSTART	RUNDENENDE
n	9:00 Uhr	9:20 Uhr
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n+3	10:30 Uhr	10:50 Uhr
n+4	11:00 Uhr	11:20 Uhr
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n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr

N-11.2



1,305m/GW

N-12.3



1,020m/GW

The “middleweights” end later but more cheaply



RUNDE	RUNDENSTART	RUNDENENDE
n	9:00 Uhr	9:20 Uhr
n+1	9:30 Uhr	9:50 Uhr
n+2	10:00 Uhr	10:20 Uhr
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n+8	13:30 Uhr	13:50 Uhr
n+9	14:00 Uhr	14:20 Uhr
n+10	14:30 Uhr	14:50 Uhr
n+11	15:00 Uhr	15:20 Uhr
n+12	15:30 Uhr	16:00 Uhr

N-11.2



1,305m/GW

Remember: The third strongest bidder left N-11.2 at €1,230m/GW: €165m **above** the winning bid for N-12.3

N-12.3



1,065m/GW

What did the stock market make of all of this?

RWE ends the day down 0.18%



TotalEnergies ends the day up 0.26%



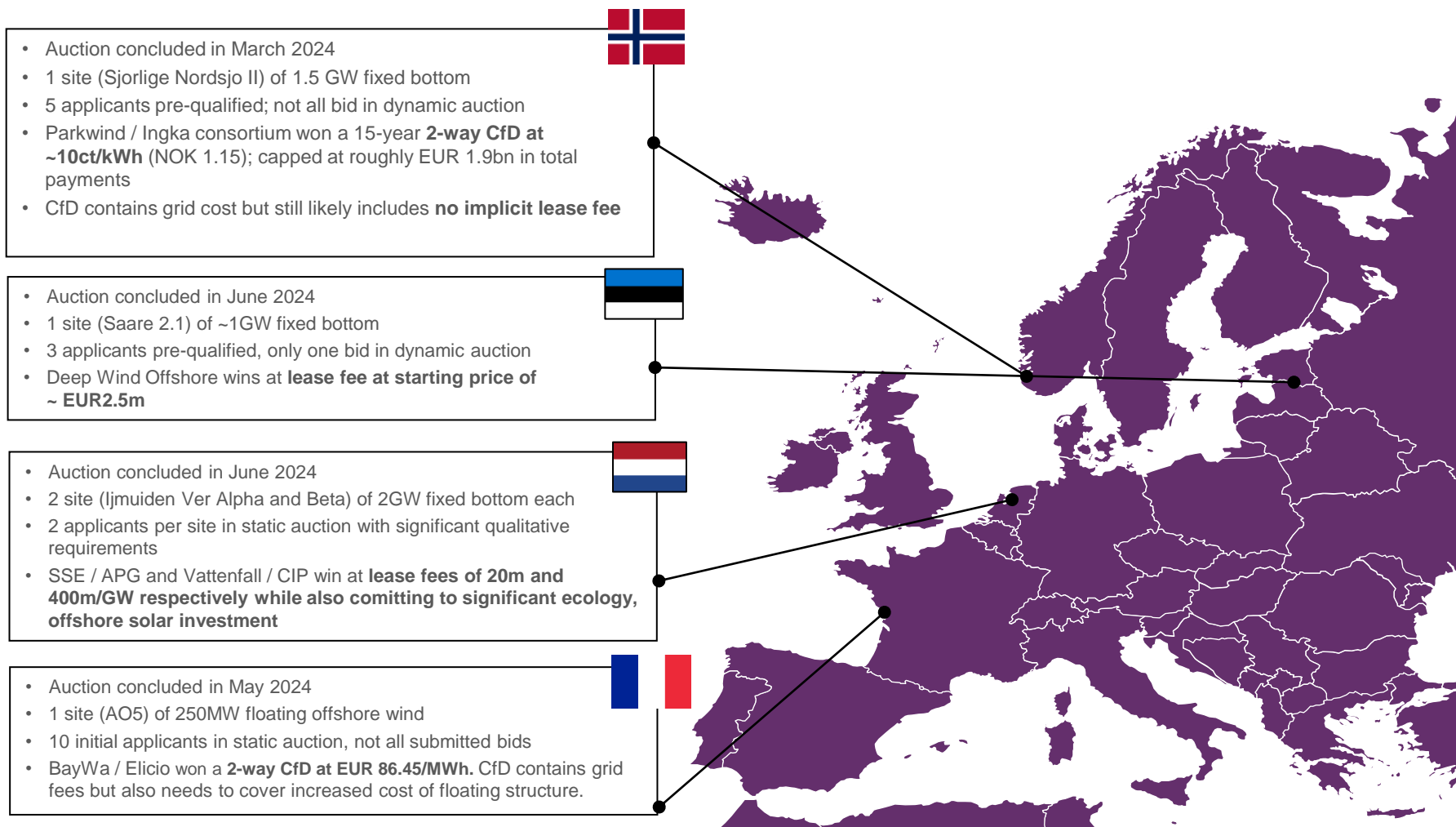
Orsted ends the day down 0.69%



BP ends the day up 0.72%

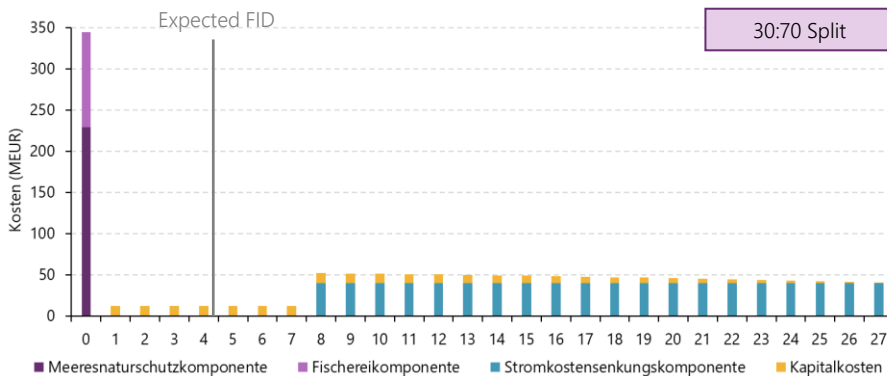
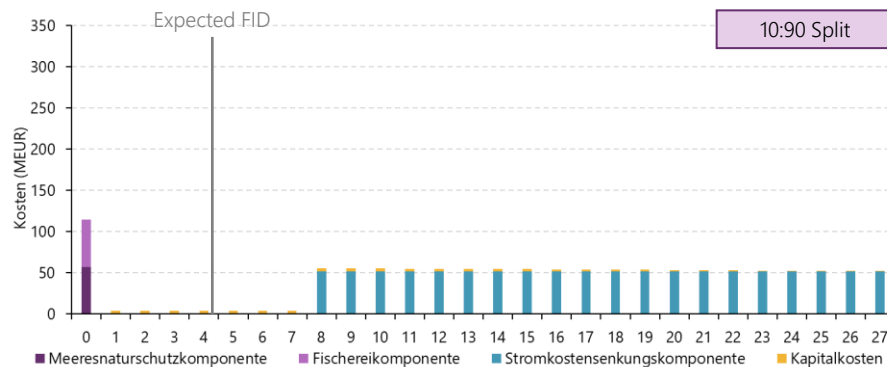


German results look „aggressive“ relative to other recent auctions although comparability is limited by auction specifics



We need to talk about the temporal allocation of payments under the German system...

Total cost and temporal allocation of the bid component



Source: NERA analysis based on bid component of ~EUR 900k/MW, 20-year amortisation, 3,500 full load hours and a WACC of 3,5%.

- 10:90 allocation increases ability to bid aggressively
 - reduces the NPV of bid component
 - reduces financing cost as most payments can be made when plant is generating revenues
 - increases optionality to abort projects
- Risk of project cancellations is a problem for
 - achieving GW targets
 - ability of the supply chain to ramp up capacity
 - bidders who lose their projects
 - intended recipients of bid component
- No one allocation is clearly better than the other as increasing the early payment share increases financing costs and reduces bid components to be paid when projects are successful
- Possible resolutions / improvements
 - Create a clear path to quickly “re-auctioning” sites at risk of cancellation
 - Use some of the bid component to resolve supply chain bottlenecks to improve ability to deliver for a given bid component

A decorative graphic on the left side of the slide, consisting of several overlapping triangles in purple, blue, green, and yellow.

Contact Us

Dominik Huebler

Director

Berlin: +49 171 922 3525

Dominik.Huebler@nera.com

