



Press Release

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Bundesnetzagentur announces successful bids in first auction for offshore wind farms

Jochen Homann: "Average award price of 0.44 ct/kWh far below expectations"

The Bundesnetzagentur has today announced the results of the first auction for grid connections and funding for existing offshore wind farm projects.

"The average weighted award price of 0.44 cents per kilowatt hour is far below expectations. This shows the auction has unlocked medium and long-term cost reduction potential, which will lead to a reduction in funding to an extent that had not been expected," said Jochen Homann, Bundesnetzagentur President, commenting on the outcome of the auction.

"Offshore wind energy is categorically proving its competitiveness. This is good news for all electricity consumers who contribute to funding renewable energy through the renewable energy surcharge," stated Mr Homann. "It remains to be seen, however, whether the prices in the next auction will be as low."

Auction results

Four bids were able to be accepted, taking account of the total volume up for auction of 1,550 megawatts (MW) and the possible grid connections. The four successful bids are all for projects in the North Sea and amount to 1,490 MW and thus nearly the total volume that was available for auction.

The average award price was 0.44 cents per kilowatt hour (ct/kWh). The lowest price bid was 0.00 ct/kWh, and the highest price accepted was 6.00 ct/kWh.



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Intense competition

The results reflect the very high intensity of competition in this auction round: bids are eligible in the two rounds in 2017 and 2018 from projects in the North and Baltic Seas comprising a total volume of around 6,000 MW to 7,000 MW, with the volume for auction in both rounds amounting to 3,100 MW. Moreover, investments have already been made into developing the projects, and so the question now facing the investors is how to factor these investments into their calculations. In addition, the project developers can expect further significant reductions in costs to be achieved before the wind farms are put into operation between 2021 and 2025.

Successful projects are entitled not only to funding under the Renewable Energy Sources Act, but also to grid connection – financed through the network charges by the electricity consumers – and the possibility to operate the wind farms for 25 years. This, too, involves a considerable amount of funding.

Second auction in 2018

The second auction for existing offshore wind farm projects will take place on 1 April 2018. The volume for auction will again be 1,550 MW, plus the 60 MW not awarded in the first auction. The total volume available in the second auction will therefore be 1,610 MW. This includes a minimum of 500 MW to be awarded as required by the Offshore Wind Energy Act for offshore wind farms in the Baltic Sea. Bids can be placed in the second auction again for projects that were not awarded funding in the first auction.

Further information on the results of the first auction for offshore wind farms is available at www.bundesnetzagentur.de/WindSeeG17-1.