



# **Increasing Renewable Energy Uptake through Auctions**

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## OUR APPROACH

- The world needs to produce more energy with fewer greenhouse gas emissions if global society is to meet its development and environmental goals.
- Achieving these goals will require significant shifts in the way the world produces and uses energy over the course of this century.
- Shell's long-term success relies on our ability to provide much-needed energy and related products in a way that is commercially competitive as well as socially and environmentally responsible.



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# AN INTRODUCTION TO SHELL NEW ENERGIES



**New Fuels**



**Power Gen**



**Shell Ventures**



**Digital Business**



**Nature Based Solutions**



**Connected Energy**



## **AUCTIONS ARE SEEN AS A PATHWAY TO CHEAPER SUSTAINABLE ENERGY**

- A large number of countries are turning to auctions for introducing renewables to their energy mix
- Whilst traditionally generation capacity has been auctioned, there are some pathfinder nations auctioning for storage solutions as well
- This push for more renewables comes as a consequence of countries wanting to benefit from the declining cost of renewables
- Some of the critical factors that contribute towards a good auction design include:
  - Transparency of process
  - Clarity of participation rules and RES legislation
  - Barriers of entry for non-serious players and reward for serious developers
  - Capacity targets
  - PPA terms
  - It helps to have a multilateral institution back the auctions
- However, auctions alone do not guarantee a successful renewable energy programme

# ORGANIZING SUCCESSFUL AUCTIONS IS JUST ONE PART OF THE SOLUTION

Risk factor	Kazakhstan	Brazil	Morocco	South Africa	UAE
Payment	1	3	4	3	5
PPA terms	0	4	4	4	4
PPA duration (>15y)	2 (15y)	4 (20y)	5 (25y)	4 (20y)	5 (25y)
Take-or-pay offtake?	1	4	4	4	4
Currency Indexation	1	3	4	2	5
Long term Finance	1	3	4	4	5
Commitment to RE	2	4	5	3	5
History of RE / IPPs	1	4	4	4	5
Site and connection	2	3	5	3	5

5 = Highly attractive

1 = Unattractive / high risk



