

REA Member Forums Meeting

5th November 2019

A warm welcome to REA members working in the solar, energy storage, electric vehicles, large scale power markets and finance areas.



REA Plenary

Presentation for member meeting

5th November 2019

All groups including Solar, Energy Storage, Electric Vehicles, Large Scale Power & Markets, and Finance Forum



Capacity Market and CfD Auctions

Frank Gordon, Head of Policy, REA



Record CfD Auction results

Provisional results of the Contracts for Difference (CfD) Allocation Round 3 auction announced 20th September.

Auction ran earlier in the summer and was only open to 'Pot 2' technologies.

Capped at 6GW of projects pre-action and only ACT, AD, Biomass CHP, could bid, from the Bioenergy power technologies. Two successful ACT projects.

5.8GW of projects procured – cap likely to have been breached

‘Remote Island Wind’ won contracts in first year of trying- seen as similar cost profile to offshore wind



Auction results

Project Name	Developer	Technology Type	Capacity (MW)	Strike Price (£/MWh)	Delivery Year	Homes Powered	Region
Bulwell Energy Limited	Bulwell Energy Limited	Advanced Conversion Technologies	27.50	39.650	2023/24	50,980	England
Small Heath Bio Power Limited	Small Heath Bio Power Limited	Advanced Conversion Technologies	6.10	41.611	2024/25	11,310	England
Costa Head Wind Farm	Costa Head Wind Farm Limited	Remote Island Wind	16.32	39.650	2023/24	15,750	Scotland
Druim Leathann Windfarm Limited	Druim Leathann Windfarm Limited	Remote Island Wind	49.50	41.611	2024/25	47,760	Scotland
Hesta Head Wind Farm	Hesta Head Wind Farm Limited	Remote Island Wind	20.40	39.650	2023/24	19,680	Scotland
Muaitheabhal Wind Farm	Uisenis Power Limited	Remote Island Wind	189.00	39.650	2023/24	182,340	Scotland
Doggerbank Creyke Beck A P1	DoggerbankOffshoreWindFarm Project1ProjcoLimited	Offshore Wind	1200.00	39.650	2023/24 ¹	1,505,330	England
Doggerbank Creyke Beck B P1	DoggerbankOffshoreWindFarm Project2ProjcoLimited	Offshore Wind	1200.00	41.611	2024/25 ¹	1,505,330	England
Doggerbank Teeside A P1	DoggerbankOffshoreWindFarm Project3ProjcoLimited	Offshore Wind	1200.00	41.611	2024/25 ¹	1,505,330	England
Forthwind	Forthwind Limited	Offshore Wind	12.00	39.650	2023/24	15,050	Scotland
Seagreen Phase 1	Seagreen Wind Energy Limited	Offshore Wind	454.00	41.611	2024/25 ¹	569,520	Scotland
Sofia Offshore Wind Farm Phase 1	Sofia Offshore Wind Farm Limited	Offshore Wind	1400.00	39.650	2023/24 ¹	1,756,220	England

(E) Breakdown of the outcome by technology, year and clearing price (2012 prices):

Technology		2023/24	2024/25	Total Capacity (MW)
Advanced Conversion Technologies	£/MWh	39.65	41.611	33.60
	MW	27.50	6.10	
Remote Island Wind	£/MWh	39.65	41.611	275.22
	MW	225.72	49.50	
Offshore Wind	£/MWh	39.65	41.611	5466.00
	MW	2612.00	2854.00	



Results analysis

These projects will be delivered at prices below the projected wholesale power price in the UK, in 2023/24 and 2024/25

Two ACT plants won contracts, at £39.65 in 2023/24 and £41.61/MWh in 2024/25 respectively...

BEIS very happy with results: c.25 – 61% lower prices than ‘Administrative Strike Prices’ set before the auction

Highlights CfD auction best suited for offshore wind, in need of reform to provide route to market for wider set of renewable power technologies- REA press release and BEIS/LCCC discussions here, Similar call from Scottish Government this week.

REA also highlighted that the contracts are projected to pay back to Treasury from their start – reaching up to £240m by late 2020s – this money should be recycled back into CfD Budget/renewables support (this is highly dependant on future power prices however!)

All CfD Contracts were signed as of mid-October – surprise?



Capacity Market

The UK Capacity Market has been (re)cleared for use as of October 2019

Follows Tempus Energy appeal against the mechanism which suspended the CM

All 2020 auctions now to go ahead as planned

Payments to be made for existing contracts in January 2020

Invoices to be payable from suppliers in January 2020

Outstanding – UK Judicial Review of Capacity Market
Implementation of Emissions Limits to Capacity Market

