

Expert workshop

RENEWABLE ENERGY AUCTIONS IN POLAND - How to calculate bid prices and volumes?

Warsaw, 19 November 2015

Warsaw Plaza Hotel

- Introduction of the auction model
- Main calculation parameters for offers
- Effects of the production profile on prices
- Possibilities and requirements in balancing and direct marketing
- Consideration and financial valuation of risks
- Bidding strategies



Additionally: Case study
„Balancing and direct sales of
renewable energy in Poland“
by Vortex Energy

BACKGROUND



Starting from January 2016, the auction system will become the effective promotion scheme for renewable energies in Poland. The transition leads to manifold changes for all players in the market. It influences the project calculations of both, existing and new, installations participating in the tender.

Projects with an installed capacity of more than 500 kW, which have won the bid, receive a contract of difference (COD) for 15 years. Nevertheless, also under the COD, producers face substantial price and volume risks. Project developers and investors need to have answers to the following questions:

Electricity market price: The COD remuneration is based on the difference between the bidding price and average market prices. However, production profiles of wind and PV differ significantly from the average market profile. How can the resulting risks and chances be quantified? Furthermore, after the end of the promotion period of 15 years, the generated electricity will receive only the market price. What is the exact impact of the expectation about future electricity prices on the overall project value and the bidding price?

Balancing costs: To compensate for fluctuation between planned and actual production, projects above 500 kW have to participate in the balancing market or purchase balancing services. What are the actual balancing costs that should be taken into consideration?

Bidding volume: If production falls below 85% of the bidding volume within three years, severe penalties will have to be paid. What bidding volume offers the optimal value between maximum revenue chances and minimum penalty risks?

Strategic role of RES

RES play an essential part in the Energy Policy of Poland and will contribute to the country's energy security in the future. The seminar addresses **investors, project developers, and stakeholders** who plan to take part in the auctions and want to learn about the key parameters for optimizing their offers.



OUR EXPERTS:

Dr. Markus Reichel,
CEO DREBERIS GmbH
and DREBERIS Sp. z o.o. (Polen)
Certified Valuation Analyst - of the IACVA

Mathematician, Certified Valuation Analyst, Polish Energy Market expert, President of Association for Medium-sized Enterprises in Saxony. Core competences: Strategic positioning, Contract negotiations, Business valuations, Feasibility studies, Electricity and certificate price forecasts. Fluent in German, Polish and English.

Stephan Wegert,
Authorised Officer and Senior Consultant at DREBERIS

He has experience from several years of consultancy work in energy investments and he has analyzed in-depth promotion schemes in Poland. He has also taken part in several analyses of the technical and economical potential of RES in Poland. Specializations: Business valuations, Feasibility studies, Electricity and certificate price forecasts, Strategic positioning.

PROGRAM

09.30 WELCOME COFFEE

10.00 - 10.15 OFFICIAL WELCOME

10.15 - 11.15 INTRODUCTION OF THE RES AUCTION MODEL IN POLAND



- Timetable of introduction of the law
- Prequalification requirements
- Expected auction volumes for installations below/above 1 MW
- Contract of difference
- Penalties
- Influence of investment grants
- Expected timetable of the first auction

Speaker: Dr. Markus Reichel, DREBERIS

11.15 - 12.15 MAIN PARAMETERS OF BIDDING PRICES



- Reasons behind differences in bidding prices
- Location related factors - yield, grid connection, accessibility
- Technology related costs, construction time, service and maintenance
- Capital costs, financing structure, grants
- Expected revenue during the promotion period - the influence of market value factors
- Expected revenue after the promotion period - the influence of the terminal value

Speaker: Stephan Wegert, DREBERIS

12.15 - 12.45 CASE STUDY: VORTEX ENERGY IN POLAND

- Experiences with balancing of wind parks
- Experiences with electricity and certificate sales
- Expectations in the auction system

Speaker: Dr. Florian Leuthold, Vortex Energy

12.45 - 13.30 LUNCH

13:30 - 14.00 RISK QUANTIFICATION METHODS

- Quantification and valuation of risks by Monte-Carlo-simulations
- Consideration in the revenue forecast (discount on price and volumes)
- Alternative consideration as part of the capital costs (discount rate)

Speaker: Dr. Markus Reichel, DREBERIS

14.30-15.15 EXAMPLES OF RISK QUANTIFICATION

- Risk of penalties due to uncertainties in wind or PV production
- Trade-off between bidding volume and minimization of penalties
- Comparison of uncertainties in certificate market and the auction model

Speaker: Dr. Markus Reichel, DREBERIS

15.15 - 15.45 PRICE-SETTING ON THE AUCTION MARKET AND BIDDING STRATEGIES

- Market structure
- Price-setting mechanisms
- Existence of market power
- Role of sunk costs

Speaker: Stephan Wegert, DREBERIS

15.45-16.30 Discussion

ca. 16.30 END

The organiser reserves the right to amend or alter part(s) of the programme.

REGISTRATION FORM

PLEASE FILL IN THIS FORM IN BLOCK LETTERS AND SEND IT TO US:

per Fax: +49 351 8626 4310 or

per E-mail: justyna.blotna@dreberis.com

Hereby, I register for participating at the seminar

RENEWABLE ENERGY AUCTIONS IN POLAND

in Warsaw on 19 November 2015:

Name and Surname.....

Company

Position

Street

Postcode / Place.....

Telephone

E-mail

Tax identification number

Date, Signature

CONDITIONS:

Early Bird, valid until 05/11/2015:

399,00 € + 23 % VAT

Full Fee, valid after 05/11/2015:

499,00 € + 23 % VAT

Additional attendees from one company receive a 20% discount. Registration fee includes all presentations, brochures, refreshments and lunch.

The full conference fee remains payable in case of cancellations after 05/11/2015 and is non-refundable. Free cancellation is possible until 05/11/2015.

We will confirm your participation after receipt of the registration form. Invoices are due for payment within 7 days of receipt of invoice.

The organiser reserves the right to change the programme or to refuse confirmation of participation without reason.

CONTACT:

Please liaise with us if you have any questions or require further information:

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ABOUT US:



DREBERIS: International Strategy Consultants

Working on the energy markets in Central and Eastern Europe since 1999, DREBERIS provides international strategy, management and financial consulting services for investors, municipalities, but also for small and medium enterprises.



DREBERIS offers local market expertise combined with professional experience in the development and evaluation of international projects and business cases. Being involved in the energy and environmental sector of Central and Eastern Europe since 1999, we are well aware of the business opportunities and constraints in these fields.



Workshops for Experts



DREBERIS is also organizing **Workshops and Seminars for experts**, who want to improve their performance in Poland or plan to enter the market. Since 1999, hundreds of international participants representing large energy corporations and smaller specialized project developers, technology providers, banks and law firms, took part in our events on learning how to succeed in Poland.



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