

Auction based scheme Denmark 2021



- <https://ens.dk/ansvarsomraader/energibesparelser/virksomheder/erhvervstilskud-til-energieffektiviseringer>

Auction based scheme Denmark 2021 basics

- Scheme running 2020-end 2029
- State financed - 80 to 26 mio. euros p/y = $4 \times 80 + 1 \times 40 + 4 \times 26$
- Energy savings under EED art. 7 - Article 38 GBER
- App. 60% of total EED obligation
- Run solely in house by DEA

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- Competitive subsidy scheme addressed to private enterprises
- The scheme is aimed at achieving energy savings in businesses, and is open to end user energy saving projects in all types of energy in most of the private sectors in Denmark and most types of activities in Denmark. Road transportation, shipping, and savings in the IT sector are exempt.
- Subsidy is granted based on the bidding of subsidy per saved kWh in the individual projects. Subsidies are first granted to the project with the lowest costs per saved kWh, then to the next representing the second lowest costs, and so forth.

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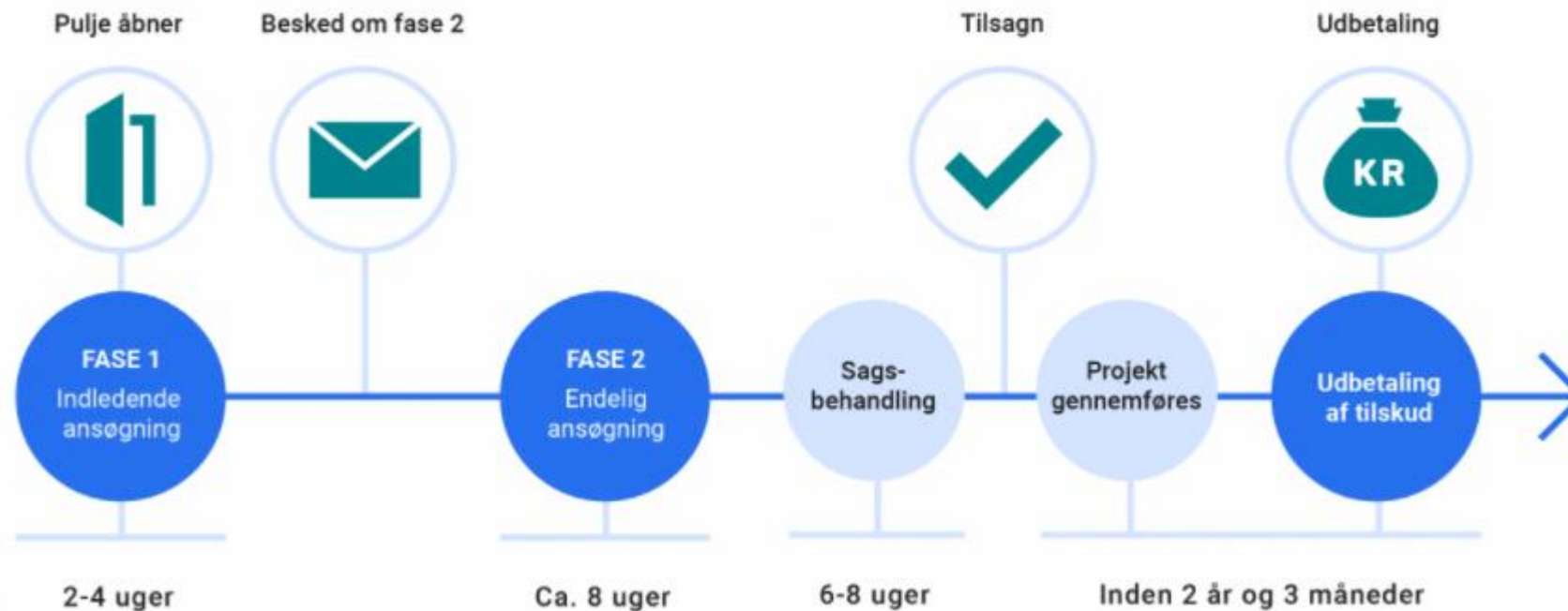
how

- 4-5 web based auctions per year
- Each auction cycle is 21 days

14 days – bidding proces - quantitative data – company, project type, energy category, energy savings per year, longevity of savings, amount of energy savings, and the bid.

Cap on max bid app. 1 cent per kWh/per year.

7 days stand still – data cleaning, verification and announcement



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Design frame

2018

- *“Make a competitive subsidy scheme (on energy savings) related to private enterprises”*
- *The scheme must solely address energy savings that are compliant with EED art. 7*
- *There is a cap at 1 cent per kWh (per year)*

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design

2019

- **1 draft**

1. auction scheme based on generic energy savings – not project identified end user savings.
2. Private enterprises and intermediaries compete

- **2 final draft**

1. Auction scheme based on specific energy savings – project identified end user savings
 - Hitrate – no sanctions
2. Private enterprises compete
 - Over compensation intermediaries + lock in of subsidy

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Build
2019-2020

- **Stakeholder involvement**
 - input on final design, rules, calculation methods ect. Build to use.
- **Legislation**
 - Executive Order – guidance notes – standard solutions ect.
- **IT**
 - Add on existing platform – never under estimate

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implementation and operation

2020-2021

- August - September 2020
 - Department build up 20 + engineers
 - communication – webinar
- October 15 2020
 - Go live – 300+ bids – app. 20 mio. euros in grants/subsidy
- September 14 2021
 - Final auction (4) closed for 2021

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- Pros

- Competition
- Lowest bid wins
- Pay at delivery

- Cons

- No competition
- No sanctions
- No guarantee for savings
- Timing of auctions