



Designing the “ideal” auction model for Portugal

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WHY OFFSHORE WIND

- Accelerate the decarbonization of the Portuguese economy, based on an investment and job creation strategy.
- Portugal is in the process of revision of the NECP which, among others, aims to increase the contribution of renewable energies in electricity production to at least 85% by 2030.
- Offshore renewable energy sources, in particular those based on wind technology, have a wide potential to be explored given the greater capacity factors and electricity production stability and also flexibility services.
- The development of an offshore RES market has a high potential for the economic and social development of coastal areas, associated with the proximity of industrial, assembly and logistics activities, as well as specialized engineering services, for which it is essential the adequate development of port infrastructures.
- The combination of technologies already existing in Portugal with strong implementation (hydropower and onshore wind) and rapidly expanding (solar) with offshore wind and increased storage capacity will translate into a stable production mix and highly competitive prices for consumers, consolidating Portugal as a leader in the energy transition and attracting more and more industries.

WHAT HAS BEEN DONE TO DATE

- Ordinance nº 11404/2022, of September 23, from the Secretaries of State for the Sea, Environment and Energy and Infrastructures, creates an Interministerial Working Group for the planning and operationalization of electricity production power plants based on renewable energy sources of oceanic origin or location (Offshore WG).
- Offshore WG 1st report presented in May 2023
- Announcement nº 220-A/2023, of October 30, opened a period for expressing of interest in participating in a competitive procedure for the development of electricity production power plants based on renewable energy sources of oceanic origin or location.
- 49 entities submitted their interest in participating in the dialogue phase
- On the 11th of January 2024 took place the 1st session of the dialogue phase
- A clarification phase followed, in which more than 300 clarifications were answered (20th of February)
- Questionnaire to interested parties to allow the Offshore WG to improve the vision of the 1st report (22nd of February)

2 MODELS OF COMPETITIVE PROCEDURE ARE BEING EVALUATED

**UNIFIED
CENTRALIZED
MODEL**



**SEQUENTIAL
CENTRALIZED
MODEL**

KEY PRINCIPLES OF COMPETITION PROCEDURES

UNIFIED CENTRALIZED MODEL

- Pre-defined plots within one of the areas that are part of the PAER;
- TUPEM and TRC/CfD assigned simultaneously;
- Auction schedule for the allocation of TUPEM and TRC/CfD, including areas, volumes and base price;
- Attribution of TRC implies the definition of the connection point to the grid and the provision of the electrical connection infrastructure;
- Field studies with the necessary scope to enable the promoter for the bidding phase, based on the Terms of Reference;
- Field studies are carried out with no guarantee of attribution of TRC, CfD or TUPEM, with the possibility of a collaborative model between promoters;
- After the TRC is granted, the necessary actions must be taken to grant the production license, including obtaining a favourable environmental title;

SEQUENTIAL CENTRALIZED MODEL

- Pre-defined plots within one of the areas that are part of the PAER;
- TUPEM and TRC/CfD assigned sequentially;
- Auction schedule for the allocation of TUPEM and TRC/CfD, including areas, volumes and base price;
- Attribution of TRC implies the definition of the connection point to the grid and the provision of the electrical connection infrastructure;
- Field studies with the necessary scope to enable the promoter for the TRC bidding phase, complying with the specifications of the Terms of Reference, but not limited to them
- Field studies are carried out with guaranteed attribution of TUPEM
- Admission to the CfD tender will be subject to pre-qualification criteria of the projects;

PROMOTER PRE-QUALIFICATION CRITERIA (GENERAL)

- Intended to assess the technical and financial robustness of the promoters
- The eligibility is a necessary condition for participation in the competitive procedure, aside from the competitive model
- The pre-qualification criteria are the same regardless of the model adopted
- All natural or legal persons who meet the defined requirements may submit applications for pre-qualification
- It is allowed to submit applications by group, without any legal form of association among the members of the group at the time of submission of the application.
- Members of a competing group may not be individual competitors or be part of another competing group.
- Each and every member of a competing group assumes joint and several liability.
- Provisional and definitive guarantees will be provided after the pre-qualification phase.



PROMOTER PRE-QUALIFICATION CRITERIA (TECHNICAL)

Demonstrate cumulatively the following technical and financial requirements:

- Experience in the development of offshore wind projects¹;
- Experience in the operation and maintenance of offshore wind;
- Experience in the development of RES projects¹;
- Experience in the operation and maintenance of RES projects;
- Net asset;
- Turnover (average in the last 3 years);
- Minimum liquidity;



The thresholds of the various criteria still under discussion but aligned with the feedback collected from interested parties

EVALUATION PHASE (CRITERIA)

- Based on the European delegated act NET ZERO INDUSTRIAL ACT¹ which aims at strengthening the European manufacturing capacity of net-zero technologies and overcome barriers to scaling up the manufacturing capacity in Europe, reducing the risk with the disruption of supply chains
 - Wind technologies are listed as strategic technologies
 - Includes criteria's to be adopted in the context of competitive procedures (article 20)²
 - Pre-qualification criteria, incl.: Responsible Business Conduct; Cybersecurity and data protection; Ability to complete project within the stipulated time frame
 - Pre-qualification or award criteria to assess the contribution of the procedure to sustainability and resilience based on criteria's : such as contribution to resilience, environmental sustainability, innovation and system integration

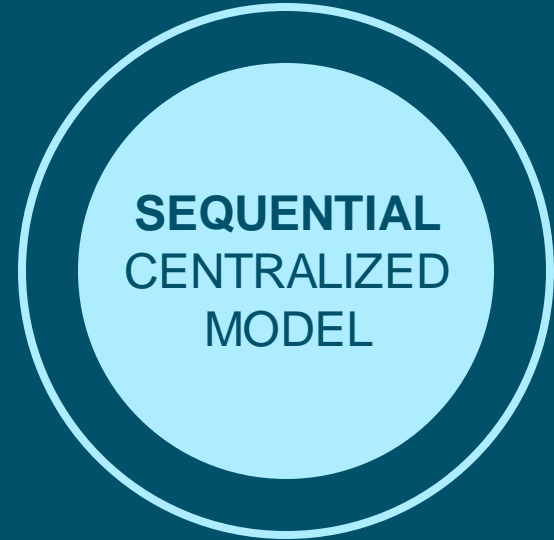


MAIN RECOMMENDATIONS FOR THE “IDEAL” AUCTION

- Apply the pre-qualification criteria as a condition of admissibility of projects with proper and adequate criteria.
- Apply environmental sustainability assessment criteria that promote circular economy, including short supply chains.
- Apply resilience assessment criteria for the main equipment of offshore wind power plants to ensure resilience in the supply chains.
- Consider the application of social and territorial development criteria.
- The model for evaluating non-price should be transparent, quantifiable and simple, using a limited set of criteria.



WHAT THE “IDEAL” AUCTION WOULD LOOK LIKE



The background features a dark teal color with several large, wavy, overlapping shapes in lighter shades of teal and bright blue, creating a dynamic, layered effect.

Obrigado!
Thank you!