



Press release

Bonn, 1 December 2020

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Results of first tendering process to reduce the production of electricity from coal

The Bundesnetzagentur has today announced the successful bids in the first tendering phase in accordance with the Act to Reduce and End Coal-Fired Power Generation.

"The tendering is receiving a good response from operators. The phase was significantly oversubscribed," said Jochen Homann, Bundesnetzagentur President. "The average price of the bids awarded a tender is well below the maximum price set by law."

Good response leads to significant oversubscription

The volume put out to tender of 4 gigawatts (GW) was significantly oversubscribed. Eleven bids with a total volume of 4,788 megawatts (MW) have been awarded a tender. The largest volume granted a tender is 875 MW and the smallest 3.6 MW.

The prices of the bids awarded a tender range from €6,047 per MW to €150,000 per MW, with each successful bidder being paid the individual price that they bid. The volume-weighted average price of the bids granted a tender is €66,259 per MW. The strong competition has thus pushed the prices of the successful bids well below the maximum price set of €165,000 per MW. The sum total of the awards is about €317m.

Whether or not a bid is granted a tender depends not only on the price bid, but on the ratio of the price to the expected reduction in carbon dioxide (CO₂) emissions.

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No bids had to be excluded from the process.

Details of the tenders awarded (in German) have been published on the Bundesnetzagentur website at:

www.bundesnetzagentur.de/kohleausschreibung20-1. The law does not provide for details of the bids not awarded a tender to be published.

Award procedure

The fact that the tendering process was oversubscribed meant that the tenders in this phase were awarded using an indicator that is calculated for each bid by dividing the price bid by the average annual historical CO₂ emissions per MW of the coal plant's net rated capacity.

This procedure means that if bidders bid the same price, the coal plants with the higher level of CO₂ emissions are awarded a tender first. This award procedure also means that some bidders may not be granted a tender even though the price per MW that they bid was lower than the highest bid price awarded a tender.

The last bid granted a tender was the first bid that resulted in the total volume put out to tender being exceeded. The remaining bids could not be awarded a tender.

Further steps in the process

The plants that have been awarded a tender may no longer offer their capacity or energy produced using coal on the electricity market as from 1 January 2021.



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The transmission system operators (TSOs) will now examine whether the plants awarded a tender are important for the transmission system. If necessary, they will submit relevant requests to the Bundesnetzagentur. If the Bundesnetzagentur grants a TSO's request to designate a plant as important for the system, the plant will be available for the grid reserve. The plant will then no longer be able to sell electricity on the electricity market, but it will still be available in critical situations to safeguard the electricity grid.

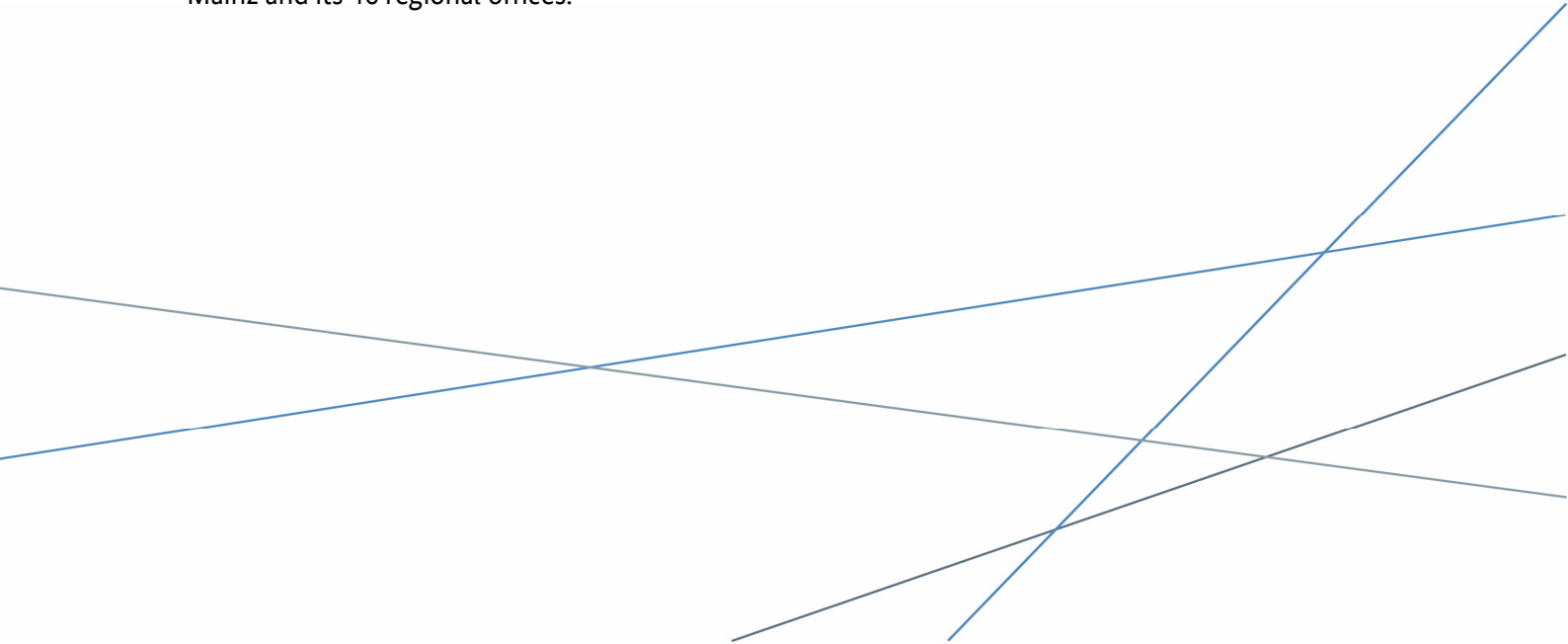
Further information on the steps in the process is available (in German) on the Bundesnetzagentur website at www.bundesnetzagentur.de/kohleverfahren.

The next tendering date is 4 January 2021. The relevant information is due to be published on the Bundesnetzagentur website on 7 December 2020.

The Bundesnetzagentur is an authority under the responsibility of the Federal Ministry for Economic Affairs and Energy. Its core tasks include supervising the energy, telecommunications, postal and railway markets.

As part of its mandate, the Bundesnetzagentur ensures that as many undertakings as possible can use the infrastructure in these sectors so that consumers benefit from competition and favourable prices.

The authority employs over 2,900 people at its headquarters in Bonn and Mainz and its 46 regional offices.



Plants awarded a tender in the first tendering process to reduce the production of electricity from coal

