Many policies can be brought into play to meet a RET:

- Feed-in tariffs
- Public grants and investments
- Removal of fossil fuel subsidies
- Renewable portfolio standard
- Carbon price
- Facilitating phase-out of fossil fuels
- Reverse auctions
- Regulations
- Renewable energy zone planning
- Alleviating cost barriers
- Policies to facilitate energy storage
- Tax credits and breaks

Plus others
ARENA invests in projects to accelerate Australia’s shift to affordable reliable renewable energy

Funds projects that drive innovation & commercialisation of renewable energy technologies

Priorities:
• Integrating renewables into the electricity system
• Accelerating hydrogen
• Supporting industry to reduce emissions

Example grant: Wind energy for telecommunication sites

Read more

https://arena.gov.au
Public investments

Example investment: Virtual power plant, South Australia

CEFC invests in clean energy technologies, projects and businesses to accelerate Australia’s transition to a low emissions economy

Leverages investment commitments to attract additional investment from the private sector

https://www.cefc.com.au

Read more
An electricity supply agreement between two parties, with an agreed price

Typically extends for ~20 years

A key mechanism for public procurement of new renewables projects in many countries

In Australia, various entities have been signing PPAs for renewables

Helps project developers access low-cost finance
Figure 10: Number of Corporate PPAs by sector (%)

- Education: 10%
- Hospitality: 10%
- Information Technology: 10%
- Infrastructure: 10%
- Local Government: 5%
- Manufacturing: 5%
- Mining: 10%
- Resources: 5%
- Retail: 24%
- Water Utility: 10%

Source: PPA Database 2019-20, BRC-A.

Figure 11: Corporate PPAs, Solar and Wind Farms, 2019-20 (MW, %)

- Wind: 52%
- Solar PV: 48%

Source: PPA Database 2019-20, BRC-A.

Figure 4: PPA Market Segments, 2018-20

Source: PPA Database 2019-20, BRC-A.

A reverse auction involves bidders making offers to supply a good/service

The lowest offers are accepted

Pay-as-bid: Projects are paid the price they offered

Have been used to acquire new renewables, with auction winners receiving a PPA

Competition in these auctions has helped to drive down prices
Reverse auction offers

P

Procurement quantity

Quantity
India’s reverse auction prices

Lowest price for solar power, Indian rupees per kWh

- Wind: US 3.7c/kWh

Exchange rate: 75 Indian rupees ≈ 1 USD
Tips for successful reverse auctions

1. Encourage a large number of participants

2. Limit the quantity being procured at auction

3. Take steps to place downward pressure on project costs
   • Offer secure PPAs
   • Guaranteed transmission connections
   • Government-established solar parks can help to avoid cost replication via:
     • Provision of data on local solar/wind conditions
     • Provision of environmental impact assessments

4. Strike a balance between penalising delivery failures (e.g. through loss of bond) and fostering competition

Read more
In the ACT scheme, projects receive a PPA on a *contract for difference* basis

- When the wholesale market price is below the FiT price, ACT will pay the generator a top up amount

- When the wholesale market price is higher than the FiT amount, ACT will be paid the difference

- For the generator, the price risk is removed
Contract for difference payments

Source: Buckman