

Back to the future? Rethinking auctions for renewable electricity support

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Abstract— The effectiveness and cost-effectiveness of two main types of instruments (feed-in tariffs and quotas with tradable green certificates) have usually been compared in the literature on renewable electricity promotion. Due to negative past experiences with a third instrument (auctions), this instrument has been broadly dismissed in academics and, until recently, also in policy practice. However, and based on an in-depth review of experiences with auction schemes for renewable electricity around the world, this paper argues that some of the problems with auctions in the past can be mitigated with the appropriate design elements and that, indeed, auctions can play an important role in the future implementation of renewable electricity support instruments around the world. The paper provides a proposal for the coherent integration of several design elements.

Index Terms— Renewable electricity; Support schemes; Bidding; Tendering

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