

## Client Alert

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## Offshore Wind Power Planning Site Capacity Allocation Guidelines

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The Ministry of Economic Affairs (**MOEA**) announced the Offshore Wind Power Planning Site Capacity Allocation Guidelines (**Allocation Guidelines**) (離岸風力發電規劃場址容量分配作業要點) on 19 August 2021. The Allocation Guidelines outlines the regulations and rules for an applicant to apply for grid capacity from the Bureau of Energy (**BOE**) / MOEA. The timing for the MOEA to accept application for grid allocation is to be announced.

### Capacity to be allocated and timeline

For Round 3 (2026~2035), the MOEA is targeting to allocate an aggregate of 15 GW capacity by 2035. Broadly speaking the MOEA endeavors to have installation of 15 GW offshore wind capacity by 2035. This can be broken down into two (2) major phases of attaining 9 GW between the years of 2026~2031 (**Phase 1**) and 6 GW between the years of 2032~2035, (**Phase 2**).

The MOEA is aiming for allocating 1.5GW of offshore wind development each year from 2026 to 2031 to achieve an aggregate amount of 9 GW. The capacity for Phase 1 will be allocated through three (3) auctions, each cover two years (**Allocation Years**).

### Eligibility to Participate in Grid Allocation

To participate in the grid allocation process, the applicant would have to satisfy the following requirements:

- (a) Site Planning Recordation;
- (b) Environmental impact assessment (**EIA**) preliminary approval with/without conditions from the EIA Panel;
- (c) the intended install capacity cannot be larger than the one stated in Taiwan Power Company (Taipower)'s opinion letter for grid connection;
- (d) the offshore windfarm (**OWF**) site cannot overlap any other OWF site which has received development consent from the MOEA (i.e. the Round 1 Demonstration Projects and Round 2 Potential Sites projects, or Round 3 winning projects of prior auctions) and the shortest distance from the boundary of such OWF site should be no less than 1,200 meters; and
- (e) the capacity awarded to each OWF site will be subject to a limitation of 500 MW, subject to an adjustment of up to an additional 100MW.

### Qualification review and price auction

The capacity allocation process may be a two-step procedure: (1) qualification review and (2) price auction. The qualification review will examine the criteria of (1) technology capability, (2) financial capability and (3) localization requirement.



In terms of technological capabilities, the MOEA would examine the applicant's construction capabilities, engineering design and operational and maintenance planning. Whereas for financial capability of the applicant, the MOEA would examine the financial health of the applicant as well as the applicant's shareholders' capability to inject capitals. The MOEA will separately announce the localization requirements.

Applicants who receive a score of 70 points or higher in technical capabilities and financial ability review and that the applicant obtains at least 10 'bonus' points and satisfy requirement related to the key localization items will then be compared based on their bid price to determine which applicants would be awarded grid capacity and the amount of grid capacity.

The Allocation Guidelines have clarified that the maximum price that the applicant can bid for the auction of 3GW for 2026-2027 is NTD 2.49 / kWh (**Maximum Bid Price**), which was the average price for projects which were successful in the grid allocation for Round 2 auctions process as stated the MOEA's press release, whereas the lowest bidding price is NTD 0 / kWh. When the MOEA released its draft rules for Round 3 in May 2021, the Maximum Bid Price was initially pegged to the avoided cost, which is now set at the Maximum Bid Price. Note, the FIT for Round 2 is approximately double the Maximum Bid Price. The maximum price applicable in the following Allocation Years (i.e. that for 2028-2029 and for 2030-2031) will be based on the average price of preceding Allocation Years.

#### **Maximum Capacity for a Developer Group**

The aggregated capacity to be allocated to applicants under the same developer group, which is defined by applicants with the same representative person or the same shareholder who owns 20% of the applicant's shares, will be capped at 500MW in each Allocation Years. The developer will also need to undertake that it will not have certain control power over other applicants, or holding directly or indirectly more than 20% shares of other applicants before the Electricity Enterprise License is obtained, otherwise, it will be considered a breach of the Administrative Contract.

#### **Administrative Contract**

Once the applicant has been awarded grid capacity by the MOEA, it will enter into an administrative contract with the MOEA which outlines the obligations applicable to the applicant and it is required to submit a performance bond calculated at NTD 2 million / MW.

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