Beat: Technology

FRENCH MINISTRY OF ENERGY UNVEILS REVISION OF THE 2006-2010 PHOTOVOLTAIC

SO CALLED BUBBLE CONTRACTS

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USPA NEWS - Since the early 2000s, the state has supported the development of renewable energies through guaranteed purchase tariffs for producers. The Government plans to review, among these contracts, those which benefit from a remuneration manifestly excessive in relation to the investment made, weighing excessively on the public accounts, to bring it back to a more reasonable profitability. These adjustments will concern a small number of contracts among the largest signed between 2006 and 2010. In total, a few hundred contracts out of the total of 235,000 photovoltaic contracts signed will be affected. A case-by-case review clause is provided to study each individual situation and adjust the system according to the economic situation of the projects as closely as possible. Thanks to the savings made, new renewable energy production projects will be able to benefit from support to support their development.

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The purchase prices guaranteed to producers are determined to allow both reasonable and sufficient remuneration for investors. In order to support the take-off of the photovoltaic sector in 2006, the State adopted a photovoltaic support tariff ten times higher than the market price (around € 600 / MWh), guaranteed for a period of 20 years (tariff determined with regard to the investment costs of the time). Between 2006 and 2010, these costs were divided by four for ground-based plants or large roofs, without the tariff being sufficiently reassessed: this situation led to an explosion in the profitability of the projects.As early as 2010, professionals agreed that certain market segments enjoyed excessive profitability with an "internal rate of return greater than 20%", corresponding to a return on equity for the shareholder of up to 80%. The modification of the tariff in 2010 put an end to this abnormal situation, but had no retroactive effect on the projects which had signed purchase contracts between 2006 and 2010: there are today around 235,000 contracts which benefit from these particularly advantageous rates. This "stock" of old contracts (installed capacity of 3.6 GW) represents less than 1% of national electricity production (5% of renewable electricity production), but concentrates a third of public support for energy. renewable, or nearly 2 billion euros per year, for another ten years, or a total of 20 billion euros which remains to be paid.----------
To correct this situation, the Government will initiate a targeted retroactive revision of the tariffs on the largest photovoltaic contracts signed between 2006 and 2010. All small and medium-sized installations of less than 250 kWp will not be concerned: this threshold excludes all the installations of the individuals (less than 9 kWp), as well as almost all agricultural installations which are below this threshold and which will therefore not be impacted.

THE GOVERNMENT EMPHASIZED THAT----------
· The support tariff for these installations will be reduced;
· No reimbursement of aid already received will be required;
· Special treatment of non-interconnected areas (ZNI) will be carried out;
· Farmers and their funders will probably have to review their financing plans. .
After consultation with the sector, the Government has also incorporated a safeguard and examination clause on a "case-by-case" basis: this involves covering situations in which the reduction in the tariff would be likely to compromise the continuation of production. . In this case, adjustments may be made to avoid this risk, after contradictory analysis by the Energy Regulatory Commission (CRE). In

particular, the purchase contracts may be extended in this context.
The Government wishes to emphasize that this adjustment relating to a few hundred contracts with exceptional profitability in no way marks a more general desire to reverse its other commitments relating to renewable energies, which are massive: more than 110 billion euros commitments to be covered over the next 20 years. This measure correcting an obvious anomaly therefore has no reason to have the slightest impact on the financing of renewable energy projects. All new support schemes have been notified to the European Commission, which means that the level of remuneration has been formally validated at Community level. New renewable energy projects are therefore based on legally sound purchase contracts, which cannot be called into question.
BETWEEN 2020 AND 2021 THE GOVERNEMENT PLANS TO INCREASE SUPPORT FOR RENEWABLE ENERGIES NU NEARLY 25%----------
Between 2020 and 2021, the Government plans to increase support for renewable energies by nearly 25%. New calls for tenders will also be launched and will finance more than 10 GW of solar photovoltaic installations over the next 5 years.
More specifically concerning the photovoltaic sector, several measures particularly favorable to the sector have been announced in recent weeks, including the introduction of a new tariff window to support rooftop installations of up to 500 kW of power, instead of of 100 kW so far. The savings generated by the provision made by the Government on the old photovoltaic solar contracts with excessive remuneration will support this accelerated deployment of renewable energies in our country. Source: French Ministry fo ecology and energy

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