



Our New Energy

April 2026

Considerations on ER 2.0 auction procedure

ER 2.0 competitive procedure: GSE objective is to build the RES capacity at the cheapest cost to the system

1 Overview of Energy Release competitive auction



Volume – Premium bid

The premium represents the top-up above the ER 2.0 CfD price required to build the offered RES volumes and reconstitute the anticipated volumes



Broad participants range

- Eligibility encompasses:
- IECs*
 - Delegated producers
 - Independent producers (TPP)



Marginal premium (MP) settlement

All awarded parties will settle to a level of premium equal to the marginal premium (MP) value



-20 €/MWh premium floor

Premiums can be negative, but down to a minimum floor of -20 €/MWh

Differently from delegated producers, that don't have any asset constraint, TPP must bid with a project that is fully authorized and has an accepted grid-connection offer

2 For EICs, the objective is to lose the auction



Losing EIC will pay the MP

In exchange for such payment, the EIC will be released from the obligations of construction and restitution obligations



Post-auction flexibility

Winning EIC can delegate RES obligations to a TPP (via the Addendum) after the publication of the auction results

MP will become a reference

Even if it is not due to the auction results, the EIC may find itself paying a premium similar to the MP when negotiating the bilateral contract

Substantial risk

Failure to identify a TPP before Q2-2029 would result in the EIC having to return the entire benefit received in anticipation

Since premium can be negative, paradoxically if the auction proves extremely competitive and results in a negative MP, an EIC could even gain money by losing.

Auction dynamics: The volumes within Cluster A (Addendum) directly reduce the overall contingent available for independent third-party producers in Cluster B



Principle

The sum of the two clusters (A+B) adds up to the total amount of the anticipation volumes (70.8 TWh).



Participants Groups

Cluster A

- Includes all EICs and producers having signed an Addendum
- Also includes EICs that are intentionally deciding not to participate in the auction and postpone the closure of bilateral agreements (or restituting through assets of their own)
- Automatic assignment with a bid at -20 €/MWh
- They will not receive the marginal premium, given their existing bilateral agreement

Cluster B

- Includes all other participants, including producers that managed to contract only a portion of their production volumes and partially enter Cluster A
- They must participate in the auction by offering a premium above/below the ER strike of 65 €/MWh , down to a minimum of -20 €/MWh .



Influencing Variables

1

Volumes signed/planned to be signed via bilateral agreements

2


Pipeline of genuinely RtB projects interested in ER 2.0


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Cannibalization with projects awarded with FER X during last auction


EIC bidding scenarios: ER 2.0 bis is a sophisticated exercise of game theory, shaped by the EIC's perceived market conditions and risk management strategy

Risk-Averse EICs

 They prioritize being relieved of the construction and restitution obligations

 They will submit a high bid to ensure they lose


 It is reasonable to suppose an upper limit for such bids (approx. 50% benefit)


 This upper limit is set based on the aggregation fee seen in 2024/early 2025


Potential risk


Pay a significant premium, much higher than the one currently exchanged on the market

Risk-Taking EICs – Aggressive Players

 They aim to maximize their payoff and accept the risk of winning the auction

 They seek to avoid paying a high marginal premium


 They will bid a low premium, maybe even lower than market values


 They hope to either lose or, if they win, drive down the marginal premium


Potential risk


Have little auction competition, and a high marginal premium, they will then need to cope with in their subsequent bilateral negotiation

Risk-Taking EICs – “Wait and See” Players

 They aim to maximize their payoff and accept the risk of winning the auction

 They seek to avoid paying a high marginal premium

 They will bid what a fair premium is for them and see what happens

 They hope to either lose or, if they win, drive down the marginal premium



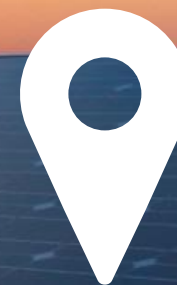
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