

Directions for Allocating Installed Capacity of Offshore Wind Potential Zones

Taiwan, R.O.C

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Directions for Allocating Installed Capacity of Offshore Wind Potential Zones

Chapter 1. General Provisions

Article 1 Purpose and Authorization

The Ministry of Economic Affairs (hereinafter referred to as MOEA) promulgates these Directions authorized by Articles 4 and 9 of the Renewable Energy Development Act, Article 5 of the Regulations on the Installation of Renewable Energy Power Generation Equipment, and Article 24 of The Electricity Act.

The objective is to promote a steady and orderly development of offshore wind energy corresponding with the construction of domestic fundamental infrastructure in order to realize the offshore wind power targets effectively and drive domestic industry development.

Article 2 Governing Authority

Directions shall be executed by the Bureau of Energy (hereinafter referred to as BOE), MOEA, or the Industrial Development Bureau (hereinafter referred to as IDB).

Article 3 Definition and Categories

For the purpose of these Directions:

- a. **Project:** Means a single potential zone that an applicant, who is an electricity enterprise or a preparatory office of electricity company limited by shares, applies to MOEA to enter into the installed capacity allocation. Following the process of allocation, the project shall be classified into various stages respectively and named as Qualified Project, Selection Project, Auction Project, or Allocated project.
- b. **Qualified Project:** Means a Project submitted by the applicant is not expired or invalid pursuant to Article 9 or 12 of Directions of Application for Offshore Wind Site Selection and has been reviewed and verified.
- c. **Selection Project:** Means a Qualified Project that participates in the

Selection Procedure for "Commissioning in 2020" or "Commissioning in 2021 - 2025" within the installed capacity allocation

- d. Auction Project: Means a Qualified Project that has participated in the Selection Procedure is scored a minimum of 60 points in Selection Procedure but is not allocated all the Project's total applied for installed capacity and subsequently enters the Auction Procedure.
- e. Allocated Project: Means a Selected or Auction Project has been allocated installed capacity in Selection or Auction Procedure.
- f. Commissioning Year: Refers to the year in which a project is installed with grid connection and meter and prepares to enter into pre-commissioning process.

Article 4 Selection and Auction Volume

MOEA shall execute the following procedures so as to allocate 5.5 GW of installed capacity between 2020 and 2025:

- a. Selection Procedure

Depending on the Commissioning Year of the Project, MOEA shall implement two procedures; "Commissioning in 2020" and "Commissioning in 2021-2025". Projects in each procedure will be scored, and ranked. The highest ranked projects, within the capacity allotted to the commissioning period, will be allocated installed capacity.

Unless otherwise provided, 500 MW of capacity shall be allocated in the procedure of "Commissioning in 2020" and 3 GW in the procedure of "Commissioning in 2021-2025".

- b. Auction Procedure

MOEA shall rank the Auction Projects based on their Feed-in-Tariff (hereinafter referred to as FIT) price, and, subsequently, their commissioning year indicated by the applicant from 2021-2025. Highest ranked projects will be allocated capacity within remainder of the 5.5 GW capacity after the capacity allocated in the Selection Procedure has been

deducted.

Chapter 2. Selection Procedure

Article 5 Qualification of Selection Procedure

Projects will qualify for the Selection Procedure if they have been submitted by an applicant to BOE for registration and are not invalid or expired under “Directions of Application for Offshore Wind Site Selection”.

Article 6 Project Scope on Grid Connection

Project capacity, commissioning year and connection points shall not exceed those approved or announced in the letter issued by Taiwan Power Company (hereinafter referred to as TPC).

Article 7 Project Scope on Environmental Concept

Project scope and capacity shall not exceed the conclusion from the latest approval, conditional approval or recommendation of approval governed by the Environmental Impact Assessment and Review Committee of the Environmental Protection Administration of the Executive Yuan.

Article 8 Commissioning Year

The applicant may select one or more commissioning years and express the willingness to divide capacity of project in the Selection Procedure for "Commissioning in 2021 - 2025".

Article 9 Commitment on Projects Planned for “Commissioning in 2021-2025”

- (1) The applicant shall commit to the following terms in order to enter the procedure for "Commissioning in 2021 - 2025":
 - a. If the project plans for “Commissioning in 2021” or “Commissioning in 2022”, the applicant shall commit to providing a substantial supply chain plan with elaboration, proof, and the letter issued by IDB before December 31, 2018.
 - b. If the project plans for “Commissioning in 2023”, “Commissioning in 2024” or “Commissioning in 2025”, the applicant shall commit to providing a

substantial supply chain plan with elaboration, proof, and the letter issued by IDB before December 31, 2019.

- c. The applicant shall commit to adopting best available technology to avoid or mitigate environmental impact.
 - d. The applicant shall commit to allocating 3% of the electricity development assistance funds, pursuant to Article 65 of The Electricity Act, to the ecosystem integration and corporate social responsibility project.
- (2) The IDB shall publish its requirements for the supply chain plan and the substantial supply chain plans in (1) shall be published on the IDB website.

Article 10 Preparation and Submission

- (1) The applicant shall tender the submission with 30 copies of the following documents (refer to Appendix 1) and the electronic files, in person or by post (based on the time of delivery on the delivery proof), to BOE before 5:00 pm on March 30, 2018:
- a. An "Application Form for Offshore Wind Potential Zones Installed Capacity Allocation- Commissioning in 2020" or an "Application Form for Offshore Wind Potential Zones Installed Capacity Allocation "Commissioning in 2021 - 2025". (Refer to Appendix 2 and 2-1)
 - b. Maps illustrating the location, layout and the surrounding windfarms.
 - c. Environmental impact statements and the approval, conditional approval or the latest minutes of panel meeting which recommends to approve the project issued by the Environmental Impact Assessment and Review Committee of the Environmental Protection Administration of the Executive Yuan.
 - d. Letters issued by TPC with regard to the grid connection of renewable power generation systems.
 - e. Registration issued by BOE under Direction of Application for Offshore Wind Site Selection
 - f. Proposal of Offshore Wind Potential Zones Installed Capacity Allocation

on Selection Procedure. (Refer to Appendix 3)

- g. Project Data Collection and Usage Agreement (Refer to Appendix 4)
- h. Representative Authorization Letter (Refer to Appendix 5)
- i. Statement of Offshore Wind Potential Zones Installed Capacity Allocation (Refer to Appendix 6)
- j. An applicant who applies for the Selection Procedure for "Commissioning in 2020" shall provide actual and substantial documents in order to prove the progress of project.
(such as the submarine cable circuit planned course survey permit, the sea area land use location permit, specific zones of non-first-grade coastal conservation zones permit, underwater cultural heritage survey, opinion reports, or agreement letters from the local government, fisheries and other relevant parties, and other substantial proof related to wind farm development, required for the electricity enterprise planning permit).
- k. An applicant who applies for Selection Procedure for "Commissioning in 2021 - 2025" shall propose an Offshore Wind Potential Zones Installed Capacity Allocation Commitment (refer to Appendix 7) and the proof of founding of each sponsor of the applicant.
- l. Other documents required by MOEA.

Article 11 Reviewing and Verifying

- (1) The Selection Procedure includes qualification reviewing, verifying and scoring. The procedure shall be divided into two procedures for "Commissioning in 2020" and "Commissioning in 2021-2025" respectively according to the commissioning year indicated by the applicant.
- (2) MOEA shall notify the applicant to revise or supplement application or explain in person within fixed time for any question raised by MOEA regarding to the application submitted by the applicant.
- (3) A project which fails to satisfy the qualification pursuant to Article 5 or submits after the deadline provided in Article 10 shall not be accepted.

- (4) Under following circumstances, MOEA shall notify the applicant to revise or supplement the application within fixed time. If revising or supplementing are not within fixed time or are incompliant with the requirements, the project shall not be accepted.
- a. Incompliant with Article 6 to 9.
 - b. Incomplete, missing or questionable application.
 - c. False or concealed information
 - d. Other conditions which require further explanation or supplementation.

Article 12 Calling the Panel Meeting

- (1) For the Selection Procedure, MOEA shall call 19 to 27 panelists including representatives of authorities, institutions who are experts or scholars of offshore wind power engineering, finances, or other related expertise. The external panelists in meeting shall not be less than one third of the group.
- (2) During a panel meeting, half of the panelists shall be in attendance and attend the meeting in person.
- (3) In any one of the following circumstances, a panelist shall recuse himself from the meeting:
- (I) Whether the panelist him/herself, his/her spouse, his/her relative within three generations, or other relative who lives together, is involved with the application.
 - (II) Within the last three years, the panelist him/herself or his/her spouse has had relationship of employment, consulting or agency with the applicant or the representative of the applicant.
 - (III) Within the last three years, the panelist him/herself or his/her spouse has had a working relationship with the applicant or the representative of the applicant as an employer/employee, a consultant, a principle, a mandatory, or an agent.
 - (IV) Other than the preceding circumstances, the panelist him/herself or MOEA

identifies the unsuitability of being a panelist.

- (4) In case of preceding circumstances or other unsuitable reasons, MOEA shall exclude the unsuitable panelist if the panelist does not recuse him/herself.

Article 13 Scoring Criteria

- (1) For the Selection Projects planned for "Commissioning in 2021-2025", scoring must be awarded based on the following criteria during the panel meeting (selection items, detailed items, and key points of scoring as described in Appendix VIII):
 - a. Technical capabilities (60%): Divided into construction (25%), engineering design (20%), operation and maintenance planning (15%).
 - b. Financial capabilities (40%): Divided into financial soundness (30%), associations with domestic financial institutions (10%).
- (2) For the Selection Projects planned for "Commissioning in 2020", in addition to the preceding scoring criteria, the panelist shall examine project's progress of the permits (whether prepared, under review, or acquired) provided in Electricity Act, Electrical Registration Regulations and relative regulations.
- (3) A Selection Project shall be placed last in the ranking if it is scored a total of zero points by panel meeting in any selection item.

Article 14 Ranking and Allocating Projects for "Commissioning in 2020"

- (1) The Selection Projects planned for "Commissioning in 2020" shall be scored and ranked without consideration of the difference between geographic regions. The project with the highest total scores shall be ranked in first place, the next ranked the second, and so on. For Selection Projects with identical rankings, the project with higher scores in its "technical capabilities" shall have priority. If the scores for "technical capabilities" are also identical, MOEA will conduct a random drawing.
- (2) The volume of the Selected Procedure for "Commissioning in 2020" shall be 500 MW in principle. MOEA shall allocate the capacity from the highest ranked project to the project whose allocated capacity accumulated with preceding

allocated projects reaches 500. MOEA may increase the 500 MW cap by up to an additional 100 MW to accommodate the project which is the last ranked project within 500 MW. Whereas the project is not located in Changhua area, it is not subject to 100 MW limitation.

- (3) The Selection Project which is not allocated the entire capacity due to the situation provided in (2) may forfeit the capacity already allocated and participate in the Selection Procedure for “Commissioning in 2021-2025” or the Auction Procedure.
- (4) Projects which are not allocated capacity may participate in the Selection Procedure for “Commissioning in 2021-2025” or the Auction Procedure.

Article 15 Ranking and Allocating Projects for “Commissioning in 2021-2025”

- (1) The Selection Projects planned for "Commissioning in 2021-2025 " shall be scored and ranked without consideration of the difference between geographic regions. The project with the highest total scores shall be ranked in first place, the next ranked the second, and so on. For Selection Projects with identical rankings, the project with higher scores in "technical capabilities" shall have priority. If the scores for "technical capabilities" are also identical, the Selection Project planned to commission earlier shall have priority. If the commissioning years are also identical, MOEA will conduct a random drawing.
- (2) The volume of Selection Procedure for "Commissioning in 2021-2025" shall be 3 GW in principle. MOEA shall allocate the capacity from the highest ranked project to the project whose allocated capacity accumulated with preceding allocated projects reaches 3 GW. MOEA may increase the 3 GW cap by up to an additional 100 MW to accommodate the project which is the last ranked project within 3 GW.
- (3) The Selection Project which is not allocated the entire capacity due to the situation described in (2) may forfeit the capacity already allocated and participate in the Auction Procedure.
- (4) Projects which are not allocated capacity may participate in the Auction Procedure.

Article 16 Ceiling Capacity on Consortium

- (1) In the Selection Procedure for “Commissioning in 2021-2025”, MOEA shall also rank the consortium pursuant to the projects’ rank.
- (2) For the consortium ranked in first place, the ceiling capacity for all Selection Projects submitted by the first- place consortium shall not exceed 40% of 3 GW. The second place shall not exceed 30% of 3 GW, the third place not 20% of 3 GW. For the rest of the consortium their selection projects shall not exceed 10% of 3 GW.
- (3) In case ceiling capacity satisfies all the Selection Projects submitted by the ranked consortium, the rest of ceiling capacity shall be allocated to others but the ceiling capacity is still subject to (2).
- (4) In case ceiling capacity does not satisfy all the projects submitted by the ranked consortium, MOEA shall deduct the allocated capacity from the consortium’s lowest ranked project but may increase 100 MW to the deducted project in consideration of the integrity and effectiveness of the windfarm.
- (5) The Selection Project which is not allocated the entire capacity due to the situation described in (4) may forfeit the allocated capacity and participate in the Auction Procedure.
- (6) Qualified projects which are owned by the same preparatory office, or of which one of the sponsor or representative is the same shall be viewed as one consortium.
- (7) In case consortium described in the application does not match the record proposed for registration under “Directions of Application for Offshore Wind Site Selection”, MOEA shall verify and identify consortium pursuant to the record registered before December 18, 2017.

Article 17 Allocation Limitation

- (1) Allocation shall be implemented based on the ranking, followed by the earliest commissioning year, grid connection points and the sequence indicated by the applicant.

- (2) If there is no sufficient grid capacity in the earliest commissioning year indicated by an applicant, MOEA shall allocate the capacity to next indicated commissioning year.
- (3) Capacity allocation shall not be outside of the grid connection points, capacity, and the commissioning year indicated by an applicant.

Article 18 Projects Devision

- (1) In the Selection Procedure for “Commissioning in 2021-2025”, if annual announced grid capacity is insufficient to allocate entire project and an applicant expresses the willingness to divide the project capacity, MOEA shall divide the insufficient part of project to next available grid connection points and year unless insufficient part is less than 100 MW capacity.
- (2) Under preceding circumstances, if there is no more available grid capacity prior to 2025, allocated applicant shall agree to forfeit insufficient part of project.
- (3) Under circumstances provided in (1), if an applicant expresses the unwillingness to divide project capacity, the entire capacity shall be moved to the next grid capacity available year unless no more available grid capacity prior to 2025. If so, an applicant shall agree to forfeit entire allocated project capacity.
- (4) An applicant who forfeits the capacity pursuant to (2) or (3) may participate in the Auction Procedure.
- (5) Transmission Company may moderate the outcome of allocation and division on the grounds of feasibility, steadiness of transmission and layout of cables.

Article 19 Anouncement and Notification

- (1) MOEA shall announce the outcome of ranking, allocation, and the rest of grid capacity, as well as notify each allocated applicant of the commissioning year, allocated capacity, and grid connection point. Allocated applicants, subsequently, shall complete the signing of Administrative Contract within fixed time indicated by MOEA. The Administrative Contract shall provide terms, included but not limited to, the performance bond and penalties for breach of contract.
- (2) MOEA shall notify the applicants who are not allocated in the Selection

Procedure that they may participate in the Auction procedure before the deadline for submission.

- (3) Other than the condition provided in Article 14(3), Article 15(3), Article 16(5), or Article 18(4), an allocated applicant who forfeit the allocated capacity shall not participate in the Auction Procedure.

Chapter 3. The Auction Procedure

Article 20 Qualified Projects

- (1) A Selection Project which is scored 60 or above but not allocated the entire capacity of the project is qualified to participate in the Auction Procedure.
- (2) Articles 5 to 8 apply to the Auction Procedure.

Article 21 Preparation and Submission of a Bid

- (1) Applicants shall tender their submission by post (based on the time of delivery on the delivery proof) or in person, to BOE before 5:00pm on the deadline for submission indicated by MOEA with sealed bidding form (See Appendix IX) into the inner bidding envelope (See Appendix X), notification described in Article 19 and the following documents into outer bidding envelope (See Appendix XI) with the affixed seals or signatures of the applicant and the representative on the cover of the envelope.
 - a. Auction Application Form
 - b. Maps illustrating the location, layout and the surrounding windfarms.
 - c. Environmental impact statements and the approval, conditional approval or the latest panel minutes that recommends to approve the project issued by the Environmental Impact Assessment and Review Committee of the Environmental Protection Administration of the Executive Yuan.
 - d. Letters issued by TPC with regard to the grid connection of renewable power generation systems.
 - e. Project Data Collection and Usage Agreement (Refer to Appendix 4)
 - f. Representative Authorization Letter (Refer to Appendix 5)

- g. Statement of Offshore Wind Potential Zones Installed Capacity Allocation (Refer to Appendix 6)
- h. Other documents required by MOEA

Article 22 Requirement on Bidding Form

- (1) Applicants shall tender a FIT price (NTD/kWh) with the number to an accuracy of four decimal places.
- (2) Applicants must follow the specified format of the bidding form and complete each part with accurate and truthful information. Forms shall be completed by using blue/black fountain pens, ballpoint pens which cannot be edited/erased, or printers. If corrections must be made, please affix the seals of the applicant and the representative next to the corrected ones.
- (3) The names of the applicant and the representative shall be clearly stated on the bidding forms, and the seals or signatures of the applicant and the representative are also required.

Article 23 Bid Exchange and Revocation

- (1) If there are missing or incomplete documents provided in Article 21, MOEA shall notify the applicant to revise and supplement the application within a fixed time. If not done so or document is incompliant with the requirements, application shall not be accepted.
- (2) Application shall not be accepted if an applicant does not meet the qualification provided in Article 20 or deadline for submission described in Article 21.
- (3) Once the bidding form provided in Article 21 has been delivered to BOE, it shall not be exchanged, revised, or supplemented.
- (4) Applicant may revoke the bidding by post or deliver the withdrawal letter to BOE in person before 5:00pm prior to bid opening. If not done so, the revocation is invalid.

Article 24 Reviewing and Verifying

- (1) The bid or bidding form shall be invalid if:

- a. FIT price is not filled out by the way requested or is unclear.
 - b. It is a repeat or shill bid.
 - c. It is not prepared with the specific format provided or unclear on the ground of damages.
 - d. It is not sealed or is torn which might influence bid opening.
 - e. It is unclear on the grounds of incorrect or false information.
 - f. It is unclear or without or incomplete seals or signature on the bid, bidding form, envelope or on the modified ones.
 - g. There is more than one bidding forms sealed inside a bidding envelope.
 - h. Without indicating the applicant's name and address, or the name, address, and phone number of the representative or sponsor on the cover of the outer bidding envelope.
 - i. Bidding form is added with conditions or expiration.
 - j. Other significant defects verified by MOEA.
- (2) In case the applicant does not fill out, provide more than one, or offer the price higher than the FIT rate announced in the bidding year, the FIT price indicated by an applicant shall be recognized as the FIT price announced in the bidding year.

Article 25 Bid Opening and Ranking

- (1) An applicant or the representative of the applicant with Authorization Letter (See Appendix XIII) may attend the bid opening in person.
- (2) Without taking the difference between geographic regions into consideration, the projects shall be ranked by FIT price. The lowest bid shall be ranked in first place, the next lowest ranked the second, and so on. If ranked identically, MOEA shall conduct a random drawing to determine the ranking.

Article 26 Allocation and Granted FIT Price

- (1) MOEA shall allocate the capacity to ranked projects within the rest of 5.5 GW capacity after the capacity allocated in the Selection Procedure has been

deducted.

- (2) Signed FIT price shall be recognized as the lowest one between the granted price in the Auction Procedure and the announced FIT rate announced in the year of signing the Power Purchase Agreement with TPC.
- (3) Allocated applicant may supply electricity via direct supply or wheeling to end users and shall report to the BOE within one month after the contract signing date. If an allocated applicant stops supplying electricity via direct supply or wheeling and signs a new Power Purchase Agreement contract, applicant shall comply with relevant energy regulations at that time and the contract price shall apply to lowest price between the bidding price and the FIT rate announced in the year of signing the Power Purchase Agreement with TPC.
- (4) Other than the condition in terms of allocation capacity of 3 GW or verified by MOEA, Article 17 to Article 19 shall apply to the Auction procedure.

Chapter 4. Signing of the Administrative Contract

Article 27 Preparation and Submission

- (1) For applying for signing of Administrative Contract, allocated applicant shall provide notification provided in Article 19 or 26, modified Proposal of Offshore Wind Potential Zones Selection in accordance with the opinion from panelists ,and sufficient performance bond before the deadline for submission indicated by MOEA.
- (2) If allocated applicant does not revise the document within fixed time indicated by MOEA, MOEA shall void or revoke the outcome of allocation and deny the submission for signing of the Administrative Contract on the grounds that allocated applicant submits the application after deadline for submission, incompliant documents, or without sufficient performance bond.
- (3) Administrative Contract provided in (1) shall be announced by MOEA separately.

Article 28 Performance Bond

- (1) Projects planned for "Commissioning in 2020" will owe a performance bond which shall be calculated by multiplying the total capacity by NT\$4 million per 1

MW (a performance bond of NT\$4 million/MW). The performance bond of projects for “Commissioning in 2021-2025” shall be calculated by multiplying the total capacity by NT\$2 million per 1 MW (a performance bond of NT\$2 million/MW).

- (2) Allocated applicant may choose to pay their performance bond from one of the following payment methods:
 - a. Cash
 - b. Promissory note or check issued by a financial institution
 - c. Certified check
 - d. Postal order
 - e. Central Government bonds(CGBs)
 - f. Certificate of deposit pledged to the procuring entity
 - g. Irrevocable stand-by letter of credit issued or confirmed by a bank
 - h. Bank guarantee (included in Appendix XIV)
- (3) Allocated applicants who choose to deposit payment for the performance bond in cash shall make a deposit before the signing of the Administrative Contract. In addition, a receipt shall be obtained as proof of performance bond payment. The same applies to those who wish to submit payments for the performance bond using other methods besides cash.
- (4) One year after an applicant acquiring electrical license, or once after the contract was terminated and MOEA verifies no further amount to be deducted, the rest of the performance bond (without interest) or the bank guarantee shall be returned to the bank or an applicant.
- (5) Other details, such as the account information for depositing performance bond payments, shall be announced by MOEA separately.

Article 29 Project Milestones and Penalties

- (1) After signing Administrative Contract, MOEA shall issue the Offshore Wind

Power System Installation Agreement to allocated applicant.

- (2) Allocated applicant shall acquire establishment permit provided in Electricity Act and Electrical Registration Regulations before December 31, 2019 and work permit in the year committed by allocated applicant.
- (3) If allocated applicant is liable to delay the acquisition of establishment permit up to 12 months, the registration issued under “Directions of Application for Offshore Wind Site Selection” shall be voided which shall not be subject to the requirement provided in Article 12 Section 1 (s) under said Direction.
- (4) MOEA shall void the work permits in which there is no progress in constructional work within two years of obtaining their work permits.
- (5) Allocated applicant fails to fulfill its commitments required in Article 9, the penalty for breach of contract shall be processed according to Article 27 Section 3 of the Administrative Contract.
- (6) An applicant who delays the process provided in (2) or (4) due to force majeure or reasons not liable to the applicant, no later than 90 days before expiry of the time limit, may apply for extension which shall be no longer than 6 months every time.
- (7) Allocated project and the signed Administrative Contract shall be revoked or invalid if the registration is invalid or expired provided in “Directions of Application for Offshore Wind Site Selection”.

Chapter 5. Reserved Projects

Article 30 Qualification and Procedure

- (1) If the registration is invalid provided in Article 27 (2), Article 29 (3), the signed Administrative Contract is terminated, or other circumstances verified by MOEA, the allocated capacity of project shall be released to next- ranked but not allocated project in Selection Procedure. The same procedure applies to the Auction Procedure.
- (2) Reserved application which receives capacity allocation as described above shall acquire the establish permit within two years after capacity allocation. In addition,

reserved applicant shall commit to commissioning wind farm before the end of 2025 which is not subject to Article 12 Section 1(2) in “Directions of Application for Offshore Wind Site Selection”.

- (3) Articles provided in Chapter 2 to Chapter 4 are applicable to the performance bond, the signing of the Administrative Contract, as well as other conditions.

Chapter 6. Supplemental Provisions

Article 31 Supplemental Provisions

Other matters not covered herein shall be processed according to relevant legislations.