
Colombian government launches 3rd auction for renewable energy.

Legal Flash Colombia

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On June 11, 2021 the Ministry of Mines and Energy (“MME”) officially launched the third auction of long-term contracts for renewable energy.

After the successful auction held in October 2019 which allocated 2.085 MW of solar and wind power generation capacity and awarded long-term contracts to 14 renewable energy projects, the 2021 auction will be third renewable energy auction for long-term contracts launched by the Colombian government and is expected to add 2.800 Mw to the national energy mix.



Main Features

This document highlights the most important features of this new auction which would take place no later than October 31, 2021.

- > Eligible projects to participate require to have capacity equal to or greater than 5 MW.
- > Projects with a capacity between 5 MW and 20 MW will have to be centrally dispatch for the duration of PPA.
- > Projects have to be registered at phase two with Colombia's mining and energy planning unit (UPME). Phase two at UPME registry requires that the technical, economic, environmental and social feasibility of the project is established.
- > Projects need to have connection rights approved by UPME and commercial operation date set after October 31, 2021.
- > Winning projects will be awarded with 15-year PPAs.
- > The obligation to supply energy under the awarded PPAs will start in January 1, 2023.
- > MME set three hours blocks in which projects may offer energy. In each block, power generators may present one or more offers.
- > Projects that had been assigned PPAs in the 2019 auction may participate, but their offers can only be presented for the block 3, which runs from 17:00 to midnight.
- > As happened in prior auctions, there will be a complementary award mechanism to assign the surplus of energy between the targeted demand and the energy actually awarded in the auction. The MME will reveal the targeted once the offers from power generators and the off takers are received.

It is expected that in the coming weeks, the MME will publish the specific terms and conditions of this new auction and the final draft of the PPA.



For further information related with this document, please contact our Energy and Natural Resources team in Colombia:

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