



JONES DAY  
**COMMENTARY**

## NEW CALL FOR TENDER IN THE ONSHORE WIND POWER SECTOR FOR FRENCH OVERSEAS TERRITORIES AND CORSICA

With tenfold growth between 2005 and 2009, wind-powered energy is and should continue to be a booming sector in France in the coming decades. The French Government aims to increase the overall capacity of the French wind power sector by a further factor of 10, reaching a total of 20,000 MW by 2020. This strategy should favor the development of wind power on both the French mainland and in Corsica as well as in French overseas territories. The latter are set to increase their self-sufficiency in terms of electricity supply by reaching at least 50 percent of renewable electricity as a proportion of final consumption by 2020 and by using innovative electricity storage and grid management technologies.

In this context, the French Government has just announced a call for tender for onshore wind power projects of an overall capacity of 95 MW located in

Corsica and certain French overseas territories.<sup>1</sup> This new tender confirms the French Government's wind power development strategy, favoring tender processes over open door projects. It also provides an interesting insight into the conditions for wind power projects in France in the context of the imminent announcement of a major call for tender for 3,000 MW of offshore wind energy projects located along the coasts of mainland France.

Similar to its solar power strategy, the French Government policy in favor of wind energy is grounded in regulated preferential purchase rates guaranteed over a 20-year period. For open door projects, the regulated purchase rates currently stand at €82 per

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<sup>1</sup> The relevant French overseas territories include Guadeloupe, Martinique, Saint Barthélemy, and Saint Martin in the French Caribbean; French Guyana in South America; and La Réunion in the Indian Ocean.

MWh for the first 10 years and between €28 and €82 per MWh for the following 10 years, depending on the annual operational time of the electricity production infrastructure. The preferential electricity purchase rates applicable to the tender projects will, in contrast, be determined on the basis of a reference purchase price provided by the bidders. This reference price, which therefore remains outside the scope of the unified price applicable to open door projects, is the most crucial element of the bid, since it accounts for 50 percent of the selection criteria applicable to bidders and is eliminatory if it exceeds a maximum price determined in the call for tender.

Due to the isolated position of Corsica and the French overseas territories, the electricity grids of these regions are not interconnected. Such small grids do not benefit from the balancing effect of larger grids and are much more vulnerable to electricity production variations. The use of “intermittent” electricity sources, such as solar panels or wind turbines, accordingly remains an ongoing concern. While supporting the growth of wind power on small non-interconnected grids, the Government also aims to reduce its potential adverse impact on such isolated grids. For that purpose, bidders are required to provide a “production guarantee,” which will require the implementation of production forecast systems and energy storage facilities. Such “production guarantee” systems represent a technological leap forward, in relation to which the bidders are expressly required to provide insights into their research and development programs and partnerships with research institutions or specialized companies.

Finally, due to their geographic location, some of the projects will be required to use hurricane-proof technologies allowing for the stowing away of the most vulnerable parts of the wind turbines concerned, such as their blades.

Bidders have until May 30, 2011 to submit their tenders. The projects selected are expected to start commercial production by late 2013 – early 2014.

## LAWYER CONTACTS

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