



Portuguese solar projects go to auction

The two auctions expected no later than June 2019 for new solar energy projects in Portugal will have a guaranteed tariff.

For several years, the Portuguese Government supported a free market approach for renewable energy producers, withdrawing all incentives to solar energy production. This meant the end of new feed-in tariff contracts and the difficult task of promoting new solar projects with free market tariffs. Expectably, the financing of such projects was heavily affected, resulting, to quote the Minister of Environment and Energy recent interview, in *"...1.2 gigawatts of solar power licensed, and only 49 megawatts implemented"*.

To change this state of affairs, the Portuguese Environment and Energy Minister announced in January two auctions for solar licenses with guaranteed tariffs.

The Portuguese Environment and Energy Minister is *"certain that there will be lots of investors with different dimensions"* interested in bidding for the licenses under new tariff structure. Promoters will be grouped by the dimension and financing capacity. But, possibly, in the auction with guaranteed tariff will not apply to the *"largest players"*. Auctions with guaranteed tariffs will more likely be destined to smaller players, to facilitate the access to credit to less bankable promoters.

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The impact of this policy change will, of course, depend on the guaranteed tariff's range. So, we will have to wait until April, when the auctions' details are to be revealed.

The new solar energy policy comes in the context of the also new National Energy and Climate Plan (in Portuguese, *Plano Nacional para a Energia e Clima* – "PNEC") which is mandatory to all EU countries under Regulation 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action. The Portuguese Minister of Environment and Energy announced that PNEC is due to publication on July, after a public consultation period beginning in April.

The new PNEC targets to reduce total energy consumption in 35% by 2030. It forecasts a private investment amounting to 18 billion euros in renewable energy generation facilities and in transport and distribution networks. The aim is to achieve a 47% of renewable sourced of the total energy consumption in Portugal.

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