

There are 15 days of public consultation for a project structurally modifying the national electrical system, in which almost everything changes, from the licensing of producers and other market agents (some new) to the much-needed creation of a legal framework for new activities.

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NEW PORTUGUESE ELECTRICAL SYSTEM LAW UNDER PUBLIC CONSULTATION

The Portuguese government wants to leave its mark on the sector with a new regulatory framework for the National Electrical System (NES), which is under public consultation since November 10 and until November 24. Here is a list of the main points of the draft regulation to be submitted to the Portuguese Parliament by the end of November.

1. Prior control of NES' activities and network planning

The differentiation between Ordinary Regime Generation (ORG) and Special Regime Generation (SRG) and the different procedures for licensing the activity of electricity generation will be extinguished.

The activities of generation, self-consumption and storage will be covered by a single regime of prior control which may take the form of prior notification, prior registration and operating certificate, or production and operating license.

The draft Decree-Law makes new investments in network infrastructures dependent on a cost and benefit analysis in relation to other alternatives, such as storage.

2. Tender mechanisms for the exercise of NES activities

The awarding of (i) Last Resort Supplier, (ii) Last Resort Aggregator, (iii) issuer of guarantees of origin and (iv) Logistics Operator for Switching Suppliers and Aggregators licenses will be subject to a prior public tender procedure.

The draft decree-law creates a new market agent: the integrated operator of the high-voltage, medium-voltage and low-voltage distribution networks, which will exercise the activity under a concession scheme, awarded after a prior public tender procedure.

Electricity generation and storage activities will be remunerated exclusively at market price or through bilateral contracts, eliminating once and for all the guaranteed remuneration regime. This notwithstanding the possibility of granting by public tender specific support schemes for production from renewable energy.

3. Active participation of consumers in electricity generation and in the markets

Passive consumers are to become active agents producing electricity for self-consumption or for the sale of surpluses and storage with:

- The installation of smart grid infrastructures, which include communications and energy data processing systems and technologies and smart meters;
- Consumer participation in electricity markets through the creation of the aggregator;
- New schemes for collective self-consumption and energy sharing through the establishment of energy communities.

The duties of the suppliers have been strengthened since they must offer electricity contracts at dynamic prices when they have more than 200,000 customers, provided the respective consumption facilities have a smart meter.

If the customer has a smart meter, the supplier is now also required to include in the bill a breakdown of average energy consumption by day of the week and time of day.

If the consumer has a smart meter, he shall be entitled, upon request, to access to the actual electricity consumption and the actual period of use, and this data shall be easily accessible and free of charge. The consumer is also entitled to additional information related to consumption history and detailed data regarding periods of use.

The draft Decree-Law also provides a scheme for the unlawful appropriation of energy.

4. **New realities: re-equipment, hybrids or hybridization, and storage.**

Three Technological Free Zones (ZLT) are planned to facilitate development in new realities:

- The first intended for research and development pilot projects in the scope of offshore electricity generation, from renewable energies of oceanic source or location;
- The second to be developed under the decommissioning process of the *Pego* coal-fired thermoelectric power plant; and
- The last one, to be located in *Perímetro de Rega do Mira*, intended for the establishment of innovation and development projects in the scope of compatibility of land use for agricultural activities and electricity generation.

The draft also provides that the re-equipment of a solar or wind power plant will not subject to the environmental impact assessment procedure. Additionally, upon total re-equipment of the generating station, the connection power is increased up to a maximum of 20% of the connection power initially allocated, subject to a simple prior control procedure of mere amendment to the production license or prior notification only.

The first challenge to the market has been set: to respond within 15 days to such a broad project to change the legal framework of the Portuguese electrical system.

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