

THE FIRST PORTUGUESE H2 AND BIOMETHANE AUCTION IN THE SECOND HALF OF 2023

In the first Portuguese auction, the Government launched a centralized purchase by the LRS, for 10 years' contracts with a base value price of €62/MWh for biomethane and €127/MWh for hydrogen.

CONTACTS

JOÃO MACEDO VITORINO

JVITORINO@MACEDOVITORINO.COM

FREDERICO VIDIGAL

FVIDIGAL@MACEDOVITORINO.COM

CATARINA FIGUEIRA

CFIGUEIRA@MACEDOVITORINO.COM

This information is provided for general purposes only and does not constitute professional advice.

The Portuguese Government published [in Diário da República](#) the bases of the new auction for a centralized purchase of biomethane and hydrogen produced by electrolysis of water using electricity from renewable energy sources. It will be composed of two parcels:

- 150 GWh/year of biomethane; and
- 120 GWh/year of hydrogen.

The Last Resort Supplier (LRS) shall buy the amounts auctioned through direct contracting with the producers. Contracts concluded with producers will last for 10 years and the base price, as the maximum price to be paid for by the LRS, is €62/MWh for biomethane and €127/MWh for hydrogen.

The quantities to be purchased by the LRS from each producer and the price payable shall be defined in the contract and valid throughout the contractual period, with the respective guarantees of origin.

The costs of network access tariffs, those for the injection of renewable gases, will be borne by the LRS.

The Environmental Fund will compensate the LRS for the costs of acquiring biomethane and hydrogen from producers (and associated guarantees of origin). Where the result of the sale of the gases of renewable origin is higher than the respective acquisition cost, the positive difference will be returned by the LRS to the Environmental Fund.

The contract is conditional on the qualification of producers to connect to the transport or gas distribution networks, as applicable.

The auction documents will be prepared by the Directorate-General for Energy and Geology (DGEGE) in coordination with the LRS to be submitted for approval to the Energy Secretary of State no later than May 30, 2023.

The auction is expected to be launched by June 30, 2023.

© MACEDO VITORINO