

## PORTUGUESE OFFSHORE WIND ENERGY AUCTION UPDATE

*The notice for the expressions of interest to identifying potential bidders in the Portuguese offshore auction is expected at the end of this month. Government officials say that there will be a prequalification phase in Q1 2024, and eventually a tender for seabed rights before the CfD auction.*

On October 4<sup>th</sup>, 2023, the Portuguese Prime Minister announced a request for expressions of interest in the first Portuguese auction of *offshore* wind energy.

The task force appointed by the Portuguese Government one year ago to support the deployment of the 2023-2030 Portuguese offshore wind plan had already recommended a preliminary phase for expressions of interest as an initial step towards gauging the interest of potential promoters.

In this preliminary phase, companies will express their intention to participate in the competitive procedure, promoting the formation of consortia of participants, and indicating the trade-offs and investments they intend to make.

This expression of interest will have the mere purpose of identifying potential candidates. Therefore, it will not grant any participation rights.

In the pre-qualification phase, scheduled for the end of the year but most likely to occur at the beginning of 2024 and lasting no less than 3 months, the bidders will have to fulfill the *criteria* set by the auction rules, as a condition to participate in the tender stage. Interested parties will have to demonstrate the technical feasibility of the project, previous experience in implementing wind farms, financial viability, and sustainable business models, as well as a positive economic impact.

The Portuguese Energy Secretary of State, Ana Fontoura, mentioned in a recent public event that starting by tendering the rights of use of the maritime space is a possibility because it would give time to the bidders to gain first-hand experience in the design of the projects (not having to offer immediately with a price offer that could be too expensive for consumers); as well as would allow them to eventually consider merchant projects without a feed-in-tariff for the sale of electricity.

The final stage would be the auction of 'contracts for difference' (CfD) for the sale of electricity.

The inaugural auction will assign approximately 3.5 gigawatts (GW) of capacity, distributed across seven lots located in Viana do Castelo (2), Leixões (1), and Figueira da Foz (4), each lot having approximately a total capacity of 500 MW. Of these, it is intended to have 2 GW in operation by 2030.

Despite all these recent announcements, there is still great uncertainty on the tender structure and whether the timings set by the Portuguese Government will be kept. Hopefully, the soon-coming notice for the manifestations of interest will thread some light on what comes next.

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