

A NEW BOOST FOR PORTUGUESE RENEWABLES?

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OVERVIEW

On 19 March 2026, the Portuguese Minister's Cabinet approved a legislative package with a significant impact on the national energy market, combining the transposition of European obligations with initiatives aimed at attracting investment and accelerating renewable energy projects.

These new regulations, not yet enacted, pursue several key objectives, namely:

- (i) reducing dependence on fossil fuels;
- (ii) addressing the growing geopolitical and energy price volatility evidenced by recent shocks in international markets; and
- (iii) removing barriers to investment by simplifying permitting procedures for renewable projects, promoting self-consumption, reducing grid connection costs for renewable gases, and increasing flexibility in access to electricity grid capacity.

They arise in a context of strong growth in the renewable energy sector — which accounted for approximately 68% of electricity consumption in 2025 — but also of structural limitations in grid connection, on both the generation and consumption sides. This confirms that the sector's main challenge no longer lies in the ambition of its targets, but in the ability to deliver them.

I. Streamlining of renewable projects and strengthening consumer protection

Renewable Energy Acceleration Areas (*Zonas de Aceleração das Energias Renováveis* - ZAER) are introduced, where permitting procedures will be faster and more streamlined. This is a direct response to a well-known issue — lengthy licensing processes — which remains one of the main bottlenecks to the development of new projects.

On the consumption side:

- (i) self-consumption installations up to 800 W are expected to be exempt from prior control, removing a layer of administrative burden that is not justified for small-scale systems;
- (ii) suppliers with more than 200,000 customers will be required to offer fixed-price contracts with a minimum duration of one year, introducing greater predictability into a highly volatile market;
- (iii) the announced protection regime for households and SMEs in situations of electricity price crises may allow suppliers to set prices below cost, effectively acting as a safety net during periods of sharp price increases;
- (iv) limitations on disconnection for economically vulnerable consumers during critical periods, as well as the obligation to offer payment plans in cases of arrears exceeding 60 days, tailored to consumers' financial situation and with implications for limitation periods.

2. Development of biomethane and hydrogen

The Government proposal reduces a major cost barrier for biomethane and other renewable gas projects by having the National Gas System cover part of their connection costs to the public gas network. This measure aligns with the [Biomethane Action Plan 2024–2040](#) and the [Portuguese National Hydrogen Strategy](#).

By shifting—even partially—the connection costs to the system, the financial profile of these projects changes significantly, lowering upfront investment needs and easing access to financing.

However, although cost-sharing is helpful, it is not enough on its own to ensure the long-term growth of this sector. Its success will still depend on clearer regulation and market conditions that make projects competitive.

3. Greater flexibility in access to electricity grid capacity

A temporary regime, in force until 30 June 2027, will make the management of Capacity Reservation Titles (TRC) more flexible by allowing capacity to be split, aggregated, exchanged, transferred, partially surrendered, and by permitting technological changes to related projects. This seeks to address a central problem in the sector: limited grid capacity and the large number of TRC-holding projects that cannot progress due to technical, financial or market constraints. Allowing capacity to be reconfigured and transferred should help redirect it toward more mature, execution-ready projects, improving the use of existing infrastructure.

Overall, the measure aims to introduce greater flexibility into a system that has struggled with grid-capacity bottlenecks, bringing it somewhat closer to a market-based model. However, its impact will depend heavily on implementation—especially the rules for capacity transfers and trading—and on preventing speculative behaviour or distortions in how capacity is redistributed.

4. Final remarks

The package of measures now announced targets real constraints in the sector — permitting, connection costs, grid access and demand growth — and is broadly aligned with the needs identified by the market.

Recent experience shows that the sector’s main challenge lies not in defining policies or identifying solutions, but in their effective execution, often dependent on subsequent regulation and lengthy administrative procedures.

In this context, the way in which these new instruments are implemented will be decisive, particularly regarding the regimes applicable to the ZAER, the operationalisation of TRC flexibility, and the support mechanisms for renewable gases. Otherwise, the structural constraints that have hindered the sector’s development may persist.

The signals are positive and the announced legislative package is, to a large extent, necessary. The real test will be, as always, their ability to deliver tangible results. Once the new legislation is enacted, we will publish a more detailed analysis.

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