
URÍA MENÉNDEZ

PROENÇA DE CARVALHO

Client briefing

Solar power auctions in Portugal

25 March 2019

Launch of solar power auctions

1. THE ANNOUNCEMENT

The Secretary of State for Energy has recently announced that the Government will launch an auction for the awarding of 1,350 megawatts of solar capacity in June 2019. Furthermore, in January of 2020 the Government will launch another auction for the awarding of an additional 700 megawatts.

These auctions are part of the Portuguese National Plan for Energy and the Climate (*Plano Nacional Energia e Clima*), through which the Government expects to achieve a level of 80% of electricity production provided from renewable sources by 2030. Under this plan, the Government's objective is to launch two auctions per year, with the aim of achieving between 6 and 7 Gigawatts of new capacity in photovoltaic facilities by 2027.

2. THE 2019 AUCTION

In accordance with the information that was made public, in the auction scheduled to take place in June 2019 the solar power capacity shall be auctioned under two models:

- a) Under the first model, energy injection capacity awarded to producers shall be remunerated at a fixed fee, mostly likely through contracts for differences with a duration of 12 to 15 years. Thus, under this model, the award criterion is expected to be the lowest fixed fee offered by competitors.

In accordance with the information made public so far by the Secretary of State for Energy, the energy rates cap is likely not to surpass the threshold of EUR 45 per MW/hour.

- b) Under the second model, energy injection capacity awarded to producers shall be paid at market prices. Notwithstanding, producers shall contribute with part of their earnings to the National Electricity System (NES), thus lowering the tariffs paid by consumers. The award criterion will be the highest percentage of earnings paid to the NES. The aim of the latter modality is to attract investors that prefer to sell electricity in the free market or to set prices directly with an offtaker.

The production licences to be awarded further to these auctions are expected to be valid for a period of two years (the deadline to reach COD).

Pursuant to the information made public so far by the Secretary of State for Energy, the ability to sell or assign the auctioned licences during the development stage shall be limited.

The design and financial terms of the auctions are still being reviewed and developed by the Government, which foresees carrying out a market consultation one month prior to launching the tenders (i.e., in May 2019).

Contact lawyers

The Energy practice of Uría Menéndez (“UM”) is widely recognised in Iberia and the global investor community, largely due to our industry-focused approach, which differs from that of many of our competitors. Instead of being specialist lawyers from different practice areas, the Energy practice lawyers combine regulatory, commercial and financial legal expertise with a long track record of advising energy companies and lenders in energy projects. Their regulatory expertise and transactional skills make our Energy practice a leader in M&A transactions involving energy companies, as well as in project financing.



Bernardo Diniz de Ayala

Partner

+351 210 308 613

bernardo.ayala@uria.com



João Louro e Costa

Senior Associate

+351 210 920 136

joao.lourocosta@uria.com

BARCELONA
BILBAO
LISBOA
MADRID
PORTO
VALENCIA
BRUXELLES
LONDON
NEW YORK
BOGOTÁ
CIUDAD DE MÉXICO
LIMA
SANTIAGO DE CHILE
BEIJING

www.uria.com

This newsletter provides general information and does not constitute legal advice