

# Renewable Energy: the Government takes the first step towards the eagerly awaited “auction”

Energy Area, Gómez-Acebo & Pombo

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Following several announcements by the Ministry of Energy, Tourism and Digital Roadmap, on 31 March 2017 the Cabinet finally approved *Royal Decree 359/2017, of 31 March, making a call for applications for the specific remuneration (investment/operation subsidy payment) scheme open to new facilities that produce electricity from renewable energy sources within the Spanish mainland electricity system*, published in the Official Journal of Spain on 1 April 2017.

This regulation is the first milestone in the (complex) process designed by the Ministry for, in the words of the royal decree itself, “*new renewable power auctions with the different technologies participating on an equal footing in order for the most cost-efficient projects to be included in the electricity system*”. This regulation must be supplemented with a Ministerial Order setting the remuneration parameters for standard facilities and with one or more decisions by the State Secretariat of Energy setting the date of the auction (or auctions, if several are organised) as well as the applicable rules and procedure.

Although the royal decree does not define the basic aspects of the process (starting with the date of the auction), it does confirm some of the information provided in the preliminary version published by the Ministry at the end of 2016:

- (a) The renewable power capacity to be awarded refers to a maximum of 3,000 MW, which in principle clears up doubts as to whether the power to which the auction would refer would ultimately be limited to 2,000 MW. We say “in principle” because the 3,000 MW capacity is a cap, but there is nothing preventing the auction (or successive auctions) from not reaching this capacity which works, we repeat, as an upper limit.
- (b) The call for applications is limited to the Spanish mainland, given the specific characteristics of the non-mainland electricity systems. Nevertheless, the royal decree’s Explanatory Notes state that there will be another specific call for applications for non-mainland electricity systems, although they do not provide any additional information on the same.

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- (c) Only new facilities may take part in the auction. New facilities are understood to be those that do not have a definitive operating licence and have never been definitively registered in the register of electricity production facilities. Therefore, existing facilities seeking to increase power by way of repowering are excluded.
- (d) Lastly, this excludes the possible participation of new facilities whose construction would lead to the closure or reduction in power of another facility using the same technology or of facilities whose main equipment is not new or has been used previously.

In summary, the Spanish government has fired the starting gun on an auction process which has awakened a great deal of interest in the sector. We hope for prompt issuance of the required rules in order for the auction(s) to be held, as announced by the Ministry, no later than June 2017.

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