

Government regulates energy sector with aim of being 100% renewable by 2050

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The government considers that Spain is ready to head up a green revolution that allows industry to modernise, sustainable and quality jobs to be created, and that contributes to fight climate change.

The Council of Ministers approved a Royal Decree-Law to boost renewable energies and convert the sector in a driver of economic and industrial recovery following the COVID-19 crisis, with the ultimate aim of Spain obtaining all its electricity from sustainable sources by the year 2050.

The Fourth Vice-President of the Government and Minister for Ecological Transition and Demographic Challenge, Teresa Ribera, argued that the impact of the measures will not just be limited to the energy sector, for example through reducing dependency on imported energy sources and savings in the electricity bill. "Renewable energies are already the cheapest source of electricity generation", she said. The minister pointed out that this will also help improve competitiveness, development and the modernisation of the industry, create sustainable and quality jobs tied to the country, and mitigate climate change.

The "green investment" argued Teresa Ribera, is one of the main priorities of the European Union and of the Government of Spain. "Spain is ready and in a position to harness this new industrial revolution".

The minister highlighted that our country is in an unbeatable position, not only due to its climate conditions - Mediterranean and Atlantic winds and a number of hours of sunshine above the global average - but also because the renewables sector is consolidated, innovative and has a great capacity to grow.

According to the figures provided by the minister, over the last 10 years, the cost of installing a photovoltaic panel has fallen in Spain by more than 80%, and consequently, the price at which the energy generated is sold has fallen by 94%. Spanish industry is already capable of producing almost all the elements of a wind turbine, 65% of the components necessary for a solar installation to operate and 90% of the capital goods necessary to digitalise the networks and guarantee the integration of renewables in the energy system as a whole.

Halt speculation, new auction system and storage

The Royal Decree-Law seeks to establish a safe and modern legal framework that guarantees certainty and stability in the energy system, declared Teresa Ribera. One of its goals is to halt speculation associated with the permits to connect to the electricity networks, to which end a mandatory timeline is established with five milestones that developers must adhere to; if not, their connection permit will immediately expire.

Furthermore, a new auction system has been designed that replaces the current one dating back to 2013, which has become obsolete. "It was conceived at that time with the idea that generating 1 kWh of renewable energy cost more than the price at which it was then sold in the market, while the current situation is exactly the opposite", explained Teresa Ribera.

The new system offers the developer a price for long-term energy that guarantees the foreseeability and stability of income for investors and allows participation under equal conditions, whatever their size. Another advantage, stated the minister, is that it will pass on to the consumer the savings stemming from the production of electricity from renewable sources.

Storage is also regulated in the new legislation, such that a plant can use the energy produced at a subsequent time, and it also incorporates the hybridisation of renewable technologies in a single location to save network costs and minimise the environmental impact.

Reduction in impact of COVID-19 on sector

Teresa Ribera acknowledged that the health crisis caused by the coronavirus has had an impact on the sector since the values of electricity market prices and CO2 emissions allowances have fluctuated.

That is why, she stated, measures have been put in place so that facilities that sign up to the specific remuneration regime where operating costs essentially depend on fuel prices (co-generators, slurry and waste operators) enjoy recalculated remuneration. Furthermore, in order to guarantee the liquidity of the electricity

system, the use of surplus income will be authorised to cover potential imbalances and variations between income from the system and costs in 2019 and 2020.

Just transition and sustainable mobility

The minister advocated the need for renewable energy projects to reach those areas where coal-fired power stations that are not economically sustainable will close down, and hence actions are planned to promote this transition.

As regards sustainable mobility, the infrastructures necessary to create ultrafast charger points for electric vehicles on highways and motorways will be declared a public use.

Local authorities may use up to 100 million euros of municipal surplus funds to purchase low emissions vehicles, and the second edition of the MOVEs Plan, approved last week, will incorporate the possibility of individuals gaining access to subsidies to buy electric motorbikes.

Other environmental measures

Corporate income tax discounts for technological innovation activities at industrial automotive plants will be increased from 12% to 25% and the validity of the National Energy Efficiency Fund will be extended until 2030.

The government also authorised the Institute for Energy Diversification and Savings to call a round of proposals for the sum of 20 million euros for photovoltaic solar energy installations in the Canary Islands.