

## Sun beginning to shine on Portuguese solar power

Portugal is embarking on a series of pilot solar photovoltaic and thermo-solar production sites that may lead to a dramatic expansion of the market

Last summer saw the launch of a new round of tenders for solar photovoltaic (PV) and thermal-solar projects grid connection points. Although that process may now be coming to a climax many consider it a test case that may ultimately see the market increase tenfold, says Vanda Cascão, energy partner with Vieira de Almeida in Lisbon.

"The tender process was for around 35MW of capacity and heavily oversubscribed. In part this is because there have been no new series of connection points in the market for some time, but also because this is perceived as a stepping stone to much larger opportunities."

Originally launched in August 2009, the government received almost 90 submissions following its request for proposals (RFPs). A shortlist of 15 sponsors has subsequently been chosen, based on criteria including the technical quality of the bids, the experience of the sponsor, the relevance for innovation in the PV or thermo-solar sectors and the relative efficiency of the final scheme.

"We are at the 'positive preliminary information stage', which means the bidders now have to submit further detailed documentation in order to qualify for a connection point. Taking into account the context of this tender, this should be merely a bureaucratic process, which if done correctly, should not present any issues," explains Cascão.

The broader aim of the tender process is therefore to prove the relative effectiveness and efficiency of the proposed technologies in situ. It is a continuing bet on the part of the Government to further develop the PV and thermo-solar markets.

"What everybody is expecting is a second larger phase to follow this process. Whether this will be undertaken on a 'first-come-first-served' or formal tender process, has yet to be defined. There is still room for very significant growth in the market with an estimated total capacity somewhere in the region of 1,500MW."

With such a scale there are therefore clear developing opportunities not only for sponsors,

but constructors and the providers of the technology. Cascão is inevitably aware however of the importance of certainty for those entities wanting to invest in Portugal.

"What we can currently say is that the legal framework that surrounds PV and thermo-solar production needs to be clearly established (a specific law is yet to be enacted) and to remain quite stable. As regards the solidity of the tariff regime, this latest wave of tenders is considered a test and an inevitable and significant part of its success will depend on the viability of schemes for sponsors."

The Government appears committed to the sector and there is a clear awareness that success requires a long-term commitment on behalf of both Portugal's Energy Directorate and the investors themselves.

"The current round of schemes may not require huge sums of money, and it remains early days for individual projects, but there appears to be an acceptance on the part of the authorities that in the current economic climate financial backers are looking for greater degrees of certainty."

Looking ahead, the smoothness of this current round of developments, and the willingness of the Government to facilitate and ease investment will also be crucial for encouraging larger scale production, says Cascão.

But she also points to the potential for other opportunities in the sector, including the possible emergence of secondary markets for approved or finalised schemes, as already exists in Portugal's wind sector.

"There is still a long way to go before the PV or thermo-solar markets can be considered as mature as the wind markets, but as a model we can see new and alternative opportunities emerging for investors – both those entering the market at its earliest stages as well as further down the line," she says.

"Sun is the new wind."



Vanda Cascão

El proceso de oferta de producción solar y termosolar de 35MW lanzado el pasado agosto en Portugal está llegando a su fin, con la determinación de una lista de candidatos preseleccionados. Sin embargo, se espera que el proceso conduzca a un nivel de inversión bastante más alto, con un potencial de mercado estimado en 1,500MW, dice Vanda Cascão, del departamento de energía en Vieira de Almeida Lisboa