Electricity regulation in Portugal: overview

Vanda Cascão and Ana Luís de Sousa
Vieira de Almeida e Associados, Sociedade de Advogados, RL

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OVERVIEW

Electricity market

1. Provide an overview of the electricity market in your jurisdiction, including recent trends over the last 12 months.

Overview

The electricity market in Portugal has gone through a significant transformation in the past two decades. With the unbundling of the power transmission network and the liberalisation of power generation and supply, the market has switched into a highly deregulated market with a clear focus on the promotion of renewable energy.

This transformation, greatly influenced by the EU's regulations and policies, had its main guidelines set out with the definition of the National Strategy for the Energy Sector (*Estratégia Nacional para o Setor Energético*), approved by Resolution of the Council of Ministers no. 169/2005, of 24 October. This established the goal of developing a robust and competitive energy market, with renewable sources of energy playing a significant role in achieving energy efficiency and more sustainable energy consumption.

As part of the reorganisation of the electricity sector a set of legislation was approved in 2006 aiming to unite under a single framework (the Electricity Framework) the different regulatory acts governing the sector, including:

- Decree-Law no. 29/2006, of 15 February setting out the basic principles of the organisation and operation of the National Electricity System (*Sistema Eléctrico Nacional*) (SEN).
- Decree-Law no. 172/2006, of 23 August which further developed the terms and conditions under which each of the activities of the sector are to be undertaken.

The Electricity Framework transposed Directive 2003/54/EC concerning common rules for the internal market in electricity and has been subsequently amended as part of the process to reflect the Third Energy Package and complete the full liberalisation of the sector.

Recent trends

As part of the financial assistance programme signed by the Portuguese state with the EU and the International Monetary Fund (IMF) in May 2011, significant changes have occurred in the sector and measures have recently been adopted with a view to:

- Accelerating the full liberalisation of the electricity market.
- Limiting the costs associated with the production of electricity (in particular the renewables incentives regime).
- Ensuring competitiveness in the electricity market.

These changes include:

- Privatisation programmes for *Rede Eléctrica Nacional* (REN) (the Portuguese transmission system operator) and *Electricidade de Portugal* (EDP) (the Portuguese distribution system operator).
- A review of the existing support schemes (including the agreement signed between the Portuguese state and most windfarm generators for an extension of the feed-in tariff period against payments made), in order to reduce short/medium term public debt.
- The creation of an extraordinary tax contribution from the energy sector, to be levied in 2014, which should work as a financing mechanism to promote the systemic sustainability of the sector.

Regulatory structure

2. Describe the regulatory framework for the electricity sector, including the regulatory authorities.

Regulatory framework

The SEN is structured in accordance with the main activities within the sector:

- **Production.** The production of electricity is carried out in a competitive environment, subject to a licensing procedure. The legal regime applicable to the production of electricity differs depending on whether the activity is exercised under the special or ordinary regime. The special regime covers the production of electricity subject to special regulatory regimes (including cogeneration, minigeneration and microgeneration) and production of electricity from endogenous resources, whether renewable or non-renewable. The ordinary regime covers all other sources.
- **Transport.** Electricity is transported via the transmission network, which is operated under an exclusive public service concession granted to REN.
- **Distribution.** Electricity is distributed through the:
  - distribution network (high and medium voltage), which is operated under an exclusive public service concession granted to EDP;
  - low-voltage grid operated mainly under concessions at a municipal level.
- **Supply.** The supply of electricity is open to competition, subject only to a prior registration regime. Suppliers can freely buy and sell electricity, and have access to the transmission and distribution networks, subject to the payment of regulated tariffs. Consumers can choose or switch their supplier without any additional fee. The Logistics Operator for Switching Suppliers (still to be further regulated) manages the process for switching suppliers.

An autonomous entity from the EDP Group, *EDP Serviço Universal*, is licensed to act as last resort supplier and is responsible for the purchase of all electricity generated by the special regime and for

the supply to customers who still purchase electricity under regulated tariffs.

- **Operation of organised markets.** The operation and management of the organised electricity markets is free, subject to governmental authorisation. Portugal is part of the Iberian Market (MIBEL), which comprises two market operators:
  - OMEL (currently operated from Spain) which manages MIBEL's spot transactions;
  - OMIP (currently operated from Portugal) which manages MIBEL's forward transactions.

The legal framework requires that each of these activities is exercised independently of other activities, from a legal, corporate and decision-making standpoint.

Regulation of the SEN aims to achieve efficiency and rationality in the activities undertaken under it, in a non-discriminatory, objective and transparent way, and in accordance with best competition practices.

The Electricity Framework establishes a set of principles to be taken into consideration:

- The rationality and efficiency of the means and resources to be used.
- Maintenance of the environmental balance.
- Protection of the end consumer.
- Implementation of a competitive market, moving towards a European common electricity market.
- The public interest.

There are also particular electricity regulations specific to the two Portuguese autonomous regions (Madeira (*Região Autónoma da Madeira*) and Azores (*Região Autónoma dos Açores*)).

Regulatory authorities

The main regulatory authorities include:

- The Ministry of Environment, Spatial Planning and Energy (*Ministério do Ambiente, Ordenamento do Território e Energia*) (MAOTE), responsible for setting Portuguese energy policies and their implementation.
- The State Energy Department (*Direção Geral da Energia e Geologia*) (DGEG), which is the entity responsible for the design, promotion and evaluation of policies and the definition of regulations concerning energy resources. It is also responsible for the allocation of network interconnection points and the licensing of generation activity.
- The Energy Services Regulatory Authority (*Entidade Reguladora dos Serviços Energéticos*) (ERSE), an autonomous public entity responsible for the supervision and regulation of the electricity market, including the approval of regulated tariffs and prices.
- The Environmental Agency (*Agência Portuguesa do Ambiente*) (APA), a public entity with responsibilities concerning environmental issues and the issuing of environmental licences.
- The Competition Authority (*Autoridade da Concorrência*) (AdC), an autonomous public entity responsible for ensuring that market participants act in accordance with best competition practices and that anti-trust rules are observed. While ERSE is a sectorial entity, AdC deals with all markets and sectors.

See *box The regulatory authorities*.

ELECTRICITY COMPANIES
Main companies

3. What are the main companies involved in electricity generation, transmission, distribution and supply in your jurisdiction?

Generation

The main market players generating electricity under the ordinary regime are (*data provided by ERSE in 2013*):

- EDP Produção.
- Turbogás.
- Endesa.
- Tejo Energia.
- Iberdrola.

In the special regime the main generators are (*data provided by APREN*):

- Eneop 2.
- Edp Renováveis.
- Iberwind.
- Generg.

Transmission

The development, management and maintenance of the national transmission network is subject to an exclusive public service concession for a 50-year period, currently granted to REN.

Distribution

As with transmission, the distribution of electricity is also subject to exclusive public service concessions. The concession for the management of the national high and medium-voltage distribution network was granted to EDP Distribuição, for 35 years.

Electricity distribution in low-voltage is subject to public service concessions at a municipal level. EDP Distribuição is also the holder of the majority of such concessions.

Supply

Electricity supply activities are fully liberalised, although the transitional regulated tariff regime for consumers that have not yet changed to the liberalised market will last until the end of 2015.

43 entities are currently registered with DGEG to supply electricity in the open market. However, according to ERSE's report for December 2013, the main suppliers in the open market are:

- EDP Comercial (with a client share of 84.2% and a share of electricity consumption of 44.2%).
- Endesa Comercialização de Energia (with a client share of 7.2% and a share of electricity consumption of 20%).
- Iberdrola Portugal (with a client share of 2.8% and a share of electricity consumption of 21.3%).

11 last resort suppliers are currently licensed by DGEG, and EDP Serviço Universal is the last resort supplier for the majority of the Portuguese mainland territory.

Unbundling requirements

Transmission. Electricity transmission is subject to ownership unbundling requirements in relation to all other activities related to electricity and natural gas generation and supply. Therefore (apart from state controlled entities or entities belonging to the transmission operator's group), as of 23 May 2012:

- Transmission operators (or any of their controlling shareholders or members of their governing bodies) cannot hold, directly or indirectly, any interests in entities developing electricity or natural gas generation or supply activities.
- No legal or natural person can hold, directly or indirectly, more than 25% of the transmission operator's equity, or of any of its controlling shareholders.

Distribution. Electricity distributors are also subject to a functional unbundling requirement. The distributor must be a different legal entity from the entities carrying out electricity generation, transmission or supply, and the distributor cannot directly or indirectly hold equity in any of these entities.

Specific legal requirements are in place for vertically integrated undertakings.

An accounting separation of supply and distribution activities is sufficient for low-voltage distributors supplying electricity to less than 100,000 clients.

Supply. Supply operators and last resort suppliers are also subject to a functional unbundling requirement from all other activities related to the electricity market. These unbundling requirements are not applicable in the autonomous regions of Azores and Madeira.

Foreign ownership

4. Are there any restrictions concerning the foreign ownership of electricity companies in your jurisdiction?

The EU electricity framework does not impose any specific restrictions on foreign ownership of electricity companies. However, if the concessionaire of the transmission network is controlled by one or more entities resident outside the EU, a specific process for the certification of the electricity transmission system operator (TSO) must be followed. This requires an opinion from the EU confirming that the TSO complies with the independence requirements and does not put at risk the safety of supply in the EU.

Import of electricity

5. To what extent is electricity imported in your jurisdiction and are there interconnection issues?

Due to Portugal's location, the import of electricity occurs mainly through interconnections with Spain.

According to the last available data from DGEG, in 2012 Portugal imported 10.766 GWh of electric energy (representing an increase of 86.6% in relation to 2011) and exported 2.871GWh of electric energy (which represented a decrease of 75.4% in relation to 2011). This significant increase in the import of electricity is mainly due to the severe drought Portugal suffered throughout the majority of 2012.

ELECTRICITY GENERATION AND RENEWABLE ENERGY

Sources of electricity generation

6. What are the main sources of electricity generation in your jurisdiction?

In accordance with the latest data released by DGEG, the main sources of electricity generation in Portugal are:

- Thermal power plants (29.155 GWh for 2012, approximately 62.55% of gross electric energy generated).
- Wind farms (10.260 GWh for 2012, approximately 22.01% of gross electric energy generated).
- Hydroelectric power plants (6.659 GWh for 2012, approximately 14.22% of gross electric energy generated). In this respect, 2012 was an exceptional year due to the significant drought Portugal suffered. In 2011, hydroelectric power plants generated 12.114 GWh, approximately 23.09% of that year's gross electric energy generation.

Fossil fuels

According to the latest available data from the International Energy Agency (IEA) for 2011, the main sources of energy generated in Portugal from fossil fuels are:

- Gas (14.916 GWh, approximately 24.43% of total energy production).
- Coal and peat (9.848 GWh, approximately 18.77% of total energy production).

Nuclear fission

Portugal does not have any installed nuclear power plants.

Renewable energy

According to latest available data from DGEG, in 2012 electricity generated from renewable sources accounted for 44.31% of that year's gross electric energy generation. The main renewable sources for electricity generation were:

- Wind-generated energy: 10.260 GWh (approximately 22.01% of the gross electric energy generated in 2012).
- Major hydroelectric power plants (> 10MW): 6.110 GWh (approximately 13.98% of the gross electric energy generated in 2012).
- Biomass-generated energy (including waste): 3.195 GWh (approximately 6.85% of the gross electric energy generated in 2012).

7. Are there any government policies, targets or incentives in place to encourage the use of renewable energy?

Government policies/incentives

The use of renewable energy has been one of the Portuguese government's main concerns over the last two decades, due to the country's dependence on imports of fossil fuels. Portugal's energy policy has therefore been oriented by such principles as (environmental) sustainability and energy efficiency where the promotion of renewable energy (including through the implementation of relevant feed-in tariff regimes) took central stage.

More recently, this energy policy has been under review as a consequence of the economic situation of Portugal. In April 2013, the government approved the new:

- National Action Plan for Energetic Efficiency 2016 (*Plano Nacional de Ação para a Eficiência Energética 2016*).
- National Action Plan for Renewable Energy 2020 (*Plano Nacional de Ação para as Energias Renováveis 2020*).

The latter expressly recognised that, after previously adopting strong incentives for development and investment in renewable energy sources, it was necessary to adopt a more rational economic approach. Incentives are to be directed to more technologically mature and economically secure means of exploitation of renewable sources, and investment is refocused on the promotion of biomass (especially forest biomass) as an energy source.

Renewable energy targets

Under the new National Strategy for the Energy Sector (including the new National Action Plan for Energetic Efficiency 2016 and the new National Action Plan for Renewable Energy 2020) an indicative objective is that the use of renewable energy sources must:

- Constitute at least 35% of energy consumption by 2020 (compared to the 31% objective set for 2010).
- Generate 60% of end-use electricity consumption by 2020 (compared to the 55% objective set for 2010).

See *box, Renewable energy sources.*

8. What are the main obstacles to the development of renewable energy in your jurisdiction?

With the current problems in the Portuguese economy, the grant of state incentives has become, and is likely to remain, scarce, in particular due to the country's significant energy tariff deficit.

9. Are there any plans to build new nuclear power stations in your jurisdiction?

Portugal does not have any installed nuclear power plants and, to the best of our knowledge, no nuclear project is currently being considered by the government.

Authorisation and operating requirements

10. What are the authorisation requirements to construct electricity generation plants?

The construction of electricity generation plants requires a production licence (*licença de produção*) from DGEG. DGEG takes into consideration the:

- Economic impacts of the proposed energy plant on the SEN.
- Impact on the government's energy-related policies.
- Proposed energy plant's quota for generation capacity in the Iberian electricity market.
- Legal, technical and economic viability of the project.

For electricity generation under the special regime, the licensing process may be replaced by a previous communication (*comunicação prévia*), a simplified administrative authorisation procedure, applicable when the project:

- Has an injection capacity lower than 1 MVA.
- Does not require an environmental impact evaluation.
- Is not to be installed in the Portuguese sovereign maritime area.
- Will not benefit from an incentive or feed-in tariff system.

Depending on the specific project and energy source used, other licensing requirements may be required, such as the following:

- Water resources use permit.
- Declaration of environmental impact or environmental assessment of the installation of the plant in the desired location.
- Environmental licence relating to the integrated prevention and control of industrial pollution.
- Greenhouse gas emissions permit, under the European Emissions rading Scheme.
- Notification to APA concerning the implementation of a new undertaking where dangerous substances will be used and abiding by the necessary safety regulations.

The construction of a generation plant would also require a construction licence to be issued by the relevant municipality.

11. Are there any requirements to ensure new power stations are ready for carbon capture and storage (CCS) technology, or requiring a plant to retrofit CC technology once this is ready?

Under the new regime concerning industrial emissions (approved by Decree-Law no. 127/2013, of 30 August), combustion plants with a nominal electric power of 300 MW or higher, which were (or will be) granted an initial construction or operation licence after 25 June 2009 must ensure the:

- Availability of adequate storage sites.
- Technical and economic viability of the transportation means.
- Technical and economic viability of the adaptation to the CO2 capture.

The authority responsible for licensing combustion plants verifies compliance with these conditions. If the requirements are met, a proper area to store the equipment for CCS must be guaranteed in the electric plant installation site during the licensing procedure. However, as requirements concerning CCS technology were first introduced by Decree-Law no. 178/2003, of 5 of August and no. 60/2012, of 14 March, specific transitory regimes may apply.

Decree-Law no. 60/2012, of 14 March, establishes a specific licensing procedure to grant carbon capture and storage rights. The application must be submitted with the competent authority (DGEG) to apply for a capture and storage concession.

12. What are the authorisation and main ongoing requirements to operate electricity generation plants?

After the construction of the generation plant, the works are inspected and an operation licence (*licença de exploração*) issued authorising the plant to start operation.

The terms and conditions of both the production licence and the operation licence set out the main requirements for the ongoing operation of the electricity generation plants, and continued compliance is required to maintain the licences.

13. What requirements are there concerning interconnection of generation to the transmission grid?

The main guidelines concerning the conditions for the interconnection of generation to the transmission grid are set out under the Electricity Framework, which expressly states that the transmission operator must grant access to the grid in a non-discriminatory and transparent way.

The conditions are defined under specific regulations issued by ERSE, including the:

- Grid Access Regulation (*Regulamento do Acesso às Redes e às Interligações*) (RARI), which defines the main technical and commercial conditions for access to the transmission, distribution and supply grids.

- Commercial Relations Regulation (*Regulamento de Relações Comerciais*) (RRC), which sets out the main rules concerning the relationship between the different market players.
- Tariff Regulation (*Regulamento Tarifário*), where the criteria and formulae for the definition of access tariffs are established.

RARI in particular states that a right to access the grid is automatically granted for electricity producers who request this, subject to the grid's capacity. The parties must enter into a contract for grid use (*contrato de uso das redes*), setting out the relevant provisions for grid use.

ELECTRICITY TRANSMISSION

Authorisation and operating requirements

14. What are the authorisation requirements to construct electricity transmission networks?

As electricity transmission is subject to an exclusive and public service concession, no other entity beside the concessionaire can construct and operate electricity transmission networks during the concession period.

Every two years the TSO prepares a plan for the development of and investment in the transmission network (*Plano de Desenvolvimento e Investimento da Rede de Transporte*) (PDIRT). The PDIRT is submitted for review by the DGEG and ERSE, which give their opinion on it, and receives final approval from the member of the government responsible for the energy sector.

The TSO must comply with all requirements for the construction of infrastructure, including technical approval of the infrastructure by DGEG, construction permits and environmental licences (if applicable).

15. What are the authorisation and main ongoing requirements to operate electricity transmission networks?

Electricity transmission is subject to an exclusive public service concession and no other entity beside the concessionaire can operate electricity transmission networks during the concession period. The concessionaire must therefore take into account, not only its public service obligations but also the effective terms of the concession agreement.

In general, the concessionaire of the transmission network is responsible for the planning, implementation and operation of the national transmission grid and related infrastructure, as well as all of the relevant interconnections and other facilities necessary to operate the national transmission grid. The concessionaire is also responsible for the global management of the SEN, co-ordinating infrastructure to ensure the integrated and efficient operation of the system, as well as the continuity and security of electricity supply.

Rates

16. How are the rates and conditions for the transmission of electricity regulated?

Although the main guidelines concerning the conditions for the transmission of electricity are set out under the Electricity Framework and the concession agreement, the bulk of the regulation regarding rates and conditions for the transmission of electricity is established by ERSE under its specific regulations, such as:

- The RARI.
- The RCC.
- The Tariff Regulation.
- The Transmission Network Regulation (*Regulamento da Rede de Transporte*) (RRT), which sets out the conditions for the operation of the transmission grid.
- The Grid Operation Regulation (*Regulamento de Operação das Redes*) (ROR), which defines the conditions for the management of electricity flows in the RNT.
- The Form of Execution Regulation (*Regulamento da Forma de Execução*), which concerns the implementation of the transmission operator's obligations in supporting the state's energy policies.

The transmission operator is entitled to charge a Global Use of System Tariff (*Tarifa de Uso Global do Sistema*) and a Use of Transmission Network Tariff (*Tarifa de Uso da Rede de Transporte*).

ELECTRICITY DISTRIBUTION

Authorisation and operating requirements

17. What are the authorisation requirements to construct electricity distribution systems?

As electricity distribution is subject to an exclusive public service concession, no other entity beside the concessionaire can plan, build or operate distribution networks during the concession period.

Every two years the DSO prepares a plan for the development of and investment in the distribution network (*Plano de Desenvolvimento e Investimento da Rede de Distribuição*) (PDIRD). The PDIRD must be submitted for review to DGEG and ERSE, which give an opinion on it, and finally approved by the member of government responsible for the energy sector.

The DSO must comply with all general infrastructure requirements on the construction of distribution networks, including:

- Technical approval by DGEG.
- Construction permits.
- Environmental licences (if applicable).

18. What are the authorisation and the main ongoing requirements to operate electricity distribution systems?

Electricity distribution is subject to an exclusive public service concession and no other entity beside the concessionaire can plan, build or operate distribution networks during the concession period. The concessionaire must therefore take into account not only its legal obligations (namely its public service obligations), but also the effective terms of the concession agreement.

The concessionaire of the distribution network is responsible for the planning, implementation, and operation of the national distribution grid and the related infrastructure, as well as all of the relevant interconnections and other facilities necessary to operate the national distribution grid.

Rates

19. How are the rates and conditions for the distribution of electricity regulated?

Although the main guidelines concerning the conditions for distribution of electricity are set out under the Electricity Framework and the concession agreement, the bulk of the regulation regarding rates and conditions for the transmission of

electricity is established by ERSE under its specific regulations, such as:

- The RARI.
- The RCC.
- The Tariff Regulation.
- The Distribution Network Regulation (*Regulamento da Rede de Distribuição*) (RRT), which sets out the conditions for the operation of the distribution grid.
- The Grid Operation Regulation (*Regulamento de Operação das Redes*) (ROR), defining the conditions for the management of electricity flows and interoperability of the grids.

The transmission operator is entitled to receive a Use of Distribution Network Tariff (*Tarifa de Uso da Rede de Distribuição*), and an Overall Use of System Tariff (*Tarifa de Uso Global do Sistema*).

ELECTRICITY SUPPLY

Authorisation and operating requirements

20. What are the authorisation and the main ongoing requirements to supply electricity systems?

Energy traders are subject to a previous registry procedure, under which the trader must supply information and make specific declarations under the Electricity Framework (including identification of the means to be used by the supplier for the fulfilment of its obligations with consumers, and the acknowledgment by the supplier that it knows and understands its legal obligations).

Registration may require the imposition of conditions, and is deemed granted if no answer is issued within a 30-day period. A fee is due for the evaluation of the registry request and for the effective grant of registration. Causes for the revocation of registration as an electricity supplier include:

- Non-fulfilment of legal obligations.
- Non-supply of electricity for more than one year.
- Non-disclosure of legally required information.
- Non-compliance with administrative authorities' decisions and regulations.

Trading between generators and suppliers

21. How is electricity trading (between generators and suppliers) regulated?

Producers can sell electricity generated under the ordinary regime through either bilateral agreements with end-costumers or electricity suppliers, or through participation in organised markets.

For electricity generated under the special regime, generators benefiting from a feed-in tariff have the right to sell their electricity to the last resort supplier (*comercializador de ultimo recurso*). Whenever no feed-in tariff is in place, generators can sell their electricity to any supplier or market facilitator (the latter is yet to be implemented), through bilateral agreements or organised markets.

Rates and conditions of sale

22. How are the rates and conditions of sale regulated at the consumer and wholesale level?

Consumer

The rates for the end-consumer are subject to an addition principle, whereby regulated tariffs for grid access are added to the electricity price fixed by the supplier.

Regulated tariffs for electricity supplied to low-voltage consumers came to an end as of 1 January 2013, (although a transitory regime is still in place until 2015 solely for clients supplied at normal low-voltage, where the electricity tariff is still defined by ERSE). A special tariff is also in place for consumers deemed to be under difficult economic conditions (*tarifa social de venda a clientes finais*), as defined by ERSE on a yearly basis.

Wholesale

The wholesale market is organised in accordance with the principle of supply and demand. However, the operation of the electricity wholesale market under MIBEL foresees different structures, including a:

- Forward market.
- Daily spot market.
- Bilateral contracting market.

TAX ISSUES

23. What are the main tax issues arising on electricity generation, distribution and supply?

General corporate income taxes apply to companies operating in the electricity market. The general rate of corporate income tax applicable in 2014 is 23%. A recent corporate income tax reform intends to reduce this rate from 23% to 21% in 2015 and to 17% or 19% in 2016.

Since 1 January 2014, economic operators in the energy sector are subject to an extraordinary contribution (*Contribuição Extraordinária sobre o Sector Energético*). With a general rate of 0.85%, the extraordinary contribution is levied on the value of the operators' economic assets including tangible fixed assets, intangible assets (except industrial property) and financial assets assigned to concession or licensed activities. The contribution is applicable to, among other entities:

- Holders of operation licences for power plants.
- Holders of production licences that are operating on 1 January 2014.
- Concessionaires of transport or distribution of electricity activities.
- Wholesale electricity traders.

Reduced rates are applicable to:

- CCGTs with an annual equivalent use of installed capacity below 1,500 hours, which benefit from a reduced rate of 0.285%.
- CCGTs with an annual utilisation of installed capacity equal or above 1,500 hours and below 3,000 hours, which benefit from a reduced rate of 0.565%.

Certain activities are exempt from this contribution, such as the generation of electricity from renewable energy sources (except for hydroelectric plants with installed capacity equal to or exceeding 20 MW), some cogeneration plants and power plants with

electricity generation licences awarded following tender procedures.

Since 1 January 2012, electricity falling within CN code 2176 is subject to excise duty (*Imposto sobre os Produtos Petrolíferos*), at the rate of EUR1 per MWh (business and non-business use electricity). In general, the excise duty becomes chargeable at the time of supply by the distributor. Exemptions apply to electricity used to produce electricity and to maintain the ability to produce electricity.

The supply of electricity is considered to be a supply of goods for VAT purposes. The supply of electricity located in Portugal is subject to VAT at the standard rate (currently 23%, 22% or 18%, depending on whether the suppliers are located in mainland Portugal, Madeira or Azores).

REFORM

24. What reform proposals are there for the regulation of the electricity sector?

The Portuguese government has recently announced the creation of a task force called "Coalition for the Green Growth", focused on the promotion and development of a Green Economy. In this context, note that a working group was created for the evaluation and review of the Portuguese tax system with the task of presenting a proposal for the reform of green taxation.

It is therefore likely that reform proposals may arise from Green Economy related initiatives (electricity-related issues such as energy efficiency, renewable energy, network interconnection and others have already been identified).

THE REGULATORY AUTHORITIES

Ministry of Environment, Spatial Planning and Energy (*Ministério do Ambiente, Ordenamento do Território e Energia*) (MAOTE)

Address. Praça do Comércio, 1149-010 Lisboa
T +351 213 234 600
F +351 213 234 601
E secretaria.geral@sg.mamaot.pt
W www.sg.mamaot.pt

Main responsibilities. The Ministry is responsible for setting Portuguese energy policies and their implementation.

State Energy Department (*Direção Geral da Energia e Geologia*) (DGEG)

Address. Av. 5 de Outubro, nº 87, 1069-039 Lisboa
T +351 217 922 700/+351 217 922 800
F +351 217 939 540
E energia@dgeg.pt
W www.dgeg.pt

Main responsibilities. The Department is responsible for the design, promotion and evaluation of policies and the definition of regulations concerning energy resources. It is also responsible for the allocation of network interconnection points and the licensing of generation activity.

Energy Services Regulatory Authority (*Entidade Reguladora dos Serviços Energéticos*) (ERSE)

Address. Rua Dom Cristóvão da Gama, 1 - 3º, 1400-113 Lisboa
T +351 213 033 200
F +351 213 033 201
E erse@erse.pt
W www.erse.pt

Main responsibilities. This autonomous public entity is responsible for the supervision and regulation of the electricity market, including the approval of regulated tariffs and prices.

Environmental Agency (*Agência Portuguesa do Ambiente*) (APA)

Address. Rua da Murgueira, 9/9ª – Zambujal Ap. 7585, 2610-124 Amadora
T +351 21 472 82 00
F +351 21 471 90 74
E geral@apambiente.pt
W www.apambiente.pt

Main responsibilities. Public entity with responsibilities concerning environmental issues and responsible for the issuance of environmental licences

Competition Authority (*Autoridade da Concorrência*) (AdC)

Address. Av. de Berna, 19, 1050-037 Lisboa
T +351 21 790 20 00
F +351 21 790 20 99
E adc@concorrencia.pt
W www.concorrencia.pt

Main responsibilities. An autonomous public entity responsible for ensuring that market participants in Portugal act in accordance with best competition practices and that anti-trust rules are observed.

ONLINE RESOURCES

W www.dre.pt

Description. The official website for publication of Portuguese legislation. Up-to-date information is available.

W www.erse.pt

Description. The official website for ERSE, from which its regulations and decisions are available, as well as other relevant information concerning the energy and electricity sector in Portugal (up-to-date information). An English version of the website is also available.

W www.dgeg.pt

Description. The official website for DGEG, from which its regulations and decisions are available, as well as other relevant information concerning the energy and electricity sector in Portugal.

Practical Law Contributor profiles

Vanda Cascão, Partner

Vieira de Almeida e Associados, Sociedade de Advogados, RL
T +351 21 311 3478
F +351 21 311 3406
E vc@vda.pt
W www.vda.pt

Professional qualifications. Portugal, Lawyer; Law Degree, University of Coimbra, Faculty of Law (1986/1991); Post-graduation in Advanced European Studies - Legal Studies, College of Europe, Bruges, Belgium (1991/1992); 32nd Program of Instruction for Lawyers, Harvard Law School, Boston, USA (2000)

Areas of practice. Project finance and other structured financing; transport; infrastructure; energy and natural resources; concessions and public-private partnerships; water and waste; oil & gas; green economy

Languages. Portuguese, English, French and Spanish

Professional associations/memberships. Admitted to the Portuguese Bar Association

Publications. Author of published articles, particularly in the areas of energy, project finance and public-private partnerships.

Ana Luís de Sousa, Managing Associate

Vieira de Almeida e Associados, Sociedade de Advogados, RL
T +351 21 311 3478
F +351 21 311 3406
E als@vda.pt
W www.vda.pt

Professional qualifications. Portugal, Lawyer; Law Degree, University of Lisbon, Faculty of Law (1996/2001); Post-graduation in Management and Corporate Law, Nova University of Lisbon, Faculty of Economics (2005); Post-graduation in Energy Law, University of Lisbon, Faculty of Law (2007)

Areas of practice. Project finance and other structured financing; energy; transport; concessions; public-private partnerships; water and waste; oil & gas; green economy

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