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## **PORTUGAL: An Introduction to Energy & Natural Resources (International)**

### **PORTUGAL: ENERGY & NATURAL RESOURCES (International)**

Covid-19 hugely impacted 2020 and 2021 and it seems that it will continue to raise in 2022 various challenges to governments, companies, investors and industry-stakeholders worldwide. Projects are facing the challenges of shortage of raw materials, delays in the supply chains and instability and unpredictability.

Notwithstanding, investors look forward to 2022 being a turning point, as well as a departure point for new investments to take place. Reduction of restrictions seem to be on the horizon and the approval of new laws and regulations aiming to contribute to the energy transition and the launching, or announcement, of new tenders for energy projects, in particular for renewables (the main focus of this article), are expected to attract investment both in Portugal as well as in countries which are part of the Community of Portuguese Language Countries (CPLC).

## **Portugal**

In the early days of January 2022, the new regime for the electric sector was published (Decree-Law 15/2022 of 14 January 2022 – the “New Electric Sector Law”), expected as a relevant step for the decarbonisation of the Portuguese economy. Much is awaited from the practical implementation of this new regime and expectations are high.

However, limited available capacity as regards injection into the grid as well as shortage of raw materials and delays in the supply chains will undoubtedly limit or delay projects, including renewable projects which are critical for attaining the 2030 agenda.

On the other side, the positive assessment given by the European Commission to the Portuguese Recovery and Resilience Plan of €16.6 billion, consisting of €13.9 billion in grants and €2.7 billion in loans, is a crucial step for the implementation of several energy projects. The EU funds allocated to the Portuguese Recovery and Resilience Plan will boost certainly the economy and many areas of the energy sector will benefit from such funds.

## **Angola**

Given the high potential for renewables in Angola, new projects are eagerly awaited. In 2021 Presidential Decree 76/2021 was published (25 March 2021) regulating the activities of generation, transmission, distribution and supply of electricity. This new law aimed for a more investor-friendly environment, addressing concerns as to the bankability of projects.

In 2021 Angola ratified the agreement on the creation of the SADC Cent for Renewable Energy and Energy Efficiency (SACREEE). “In a historic meeting on 3 June 2021” (source: SACREE) it was decided the creation of the Centre for Renewable Energy and Energy Efficiency for Central Africa (CEREEAC) will be hosted by Angola (in Luanda). The CEREEAC will operate under the ECCAS umbrella and will advise, among others, Angola, Equatorial Guinea, and Sao Tome and Principe on critical issues of the energy and climate transition.

Several solar and hydro projects are ongoing in the country which will be critical for the energy transition that the country is pursuing – new projects are being developed and the refurbishment of existing hydro projects is being undertaken (in September and October 2021 the review of studies in respect of renewables projects and water supply and renovation works regarding 43 mini-hydro projects was published in the official journal and the government is

considering new concessions for the refurbishment and operation of the Mabubas and Lomaum's hydroplants).

### **Cabo Verde**

Cabo Verde is aiming to increase the percentage of renewable sources. The government aims to attain a penetration rate for renewable energy of more than 50% by 2030 and is launching several renewable tenders for the implementation of projects. Wind projects are envisaged but also solar projects and wave projects. Geothermal is also another potential energy source. Additionally, the restructuring of ELECTRA (the water and energy production company) is expected with privatisation of the generation and distribution activities. Energy storage solutions are also to be pursued, conclusions of the first phase of the Feasibility Study of a 20 MW Pumped-Storage hydropower plant on Santiago island having been presented in 2021. The project regarding Brava Sustainable Island also started, aiming to make the island 100% renewable.

In view of strengthening the institutional legal framework, several regulations were approved, including Tariff Regulation, Dispatch and Network and Interconnection Access Regulations.

A Renewable Energy and Improved Utility Performance Project (REIUP) for Cabo Verde, in the amount of \$16.5 million was approved in December 2021. The REUIP will be jointly financed by the World Bank, by the Canada Clean Energy and Forest Climate Facility and the Global Infrastructure Facility, and it is expected to result in the increase of renewable energy generation capacity by 3.9 MW (solar), reduction of the power system losses from 26% to 18% with the privatisation of the electricity utility ELECTRA and the reduction of greenhouse gas emissions.

### **Equatorial Guinea**

Equatorial Guinea has approved in 2018 the Pander (the renewables plan for 2018-2025) and has been discussing the implementation of a few initiatives (particularly pre-Covid times), but no projects have been implemented so far, save for the existing hydropower project.

### **Mozambique**

Mozambique is very active in the energy sector and recently launched the long-awaited international tender for the selection of a strategic partner for the construction of the Mphanda Nkuwa dam and power generation project in Tete. This project is to be built on the Zambezi

River, downstream from the existing Cahora Bassa dam and it is expected to generate 1,300 MW of electricity.

In 2020 Mozambique launched a solar tender programme named PROLER (still ongoing) which is anticipated to boost the implementation of renewable projects in the country. A first auction was already launched, and three others are expected to take place in 2022.

Investment in renewables projects are a key part of the energy agenda of Mozambique, and recently a 41 MW solar project in Cabo Delgado was inaugurated by the President of Mozambique. Mozambique has recently also launched a tender for viability studies for a floating solar plant in the dam of Chicamba in Manica. The potential of renewables in Mozambique is very high and the new regulation on off-grid is expected likewise to increase further investments in renewables.

### **São Tomé and Príncipe**

São Tomé and Príncipe is focusing as well in renewable projects, in particular hydro and solar. The country has announced a partnership for the deployment of the first commercial floating ocean thermal energy conversion platform. Recently, Príncipe announced also the implementation of an 8 MW solar plant.

### **Timor-Leste**

In Eastern Asia, Timor-Leste aims also to focus on renewables. However, implementation of projects is residual and a huge increase in renewables investments is still required.

### **Looking Ahead**

The energy sector in Portugal and CPLP countries continues to look promising and more investment in renewables is expected for these markets, considering the international efforts for the energy transition and the increase in sustainable financing. Knowing the market will be crucial for overcoming the challenges ahead and for a successful implementation of the projects.