

Team Talk

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MANAGING PARTNER
FERNANDO VIVES

Renaissance Man

JOSÉ PEDRO
PÉREZ-LLORCA TRIBUTE

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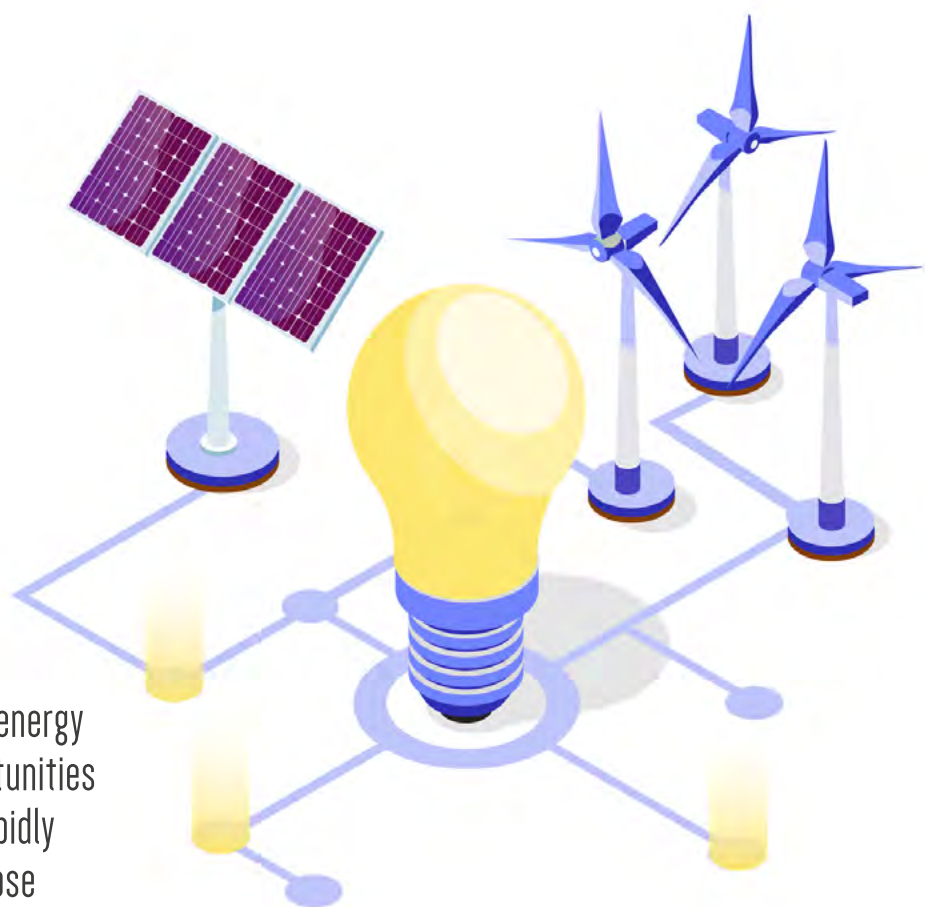
A portrait of João Vieira de Almeida, a middle-aged man with dark hair, smiling and wearing a dark suit, white shirt, and a blue patterned tie. He is gesturing with his hands as if speaking.

EUROPE'S FINEST?

Viewed in some quarters as the continent's best managing partner, João Vieira de Almeida says the key to his firm's success is having 'no stars' – now he faces one of his biggest tests...handing the firm over to his successor

POWER PLAY

Plans to make Spain a country that is powered entirely by renewable energy holds the promise of significant opportunities for law firms, while in Portugal, the rapidly developing solar power sector could pose challenges for clients and, therefore, opportunities for lawyers



These are exciting times for energy lawyers in Iberia. Plans announced by the Spanish government to target 100 per cent renewable power by 2050 will generate a flood of demand for related legal services. To meet the target, the Spanish energy industry will need to undergo a major transformation, and it is anticipated that law firms will have to meet high demand from clients for project development, M&A, investment and regulation advice. Well, that's the theory at least. Unfortunately for energy lawyers there are some major doubts about how successful this transformation will be. Renewable energy investors still have painful memories of the Spanish government's cuts to renewable energy feed-in tariffs in 2010 – it was a decision that discouraged many from pursuing further investments in Spain and the fear is that they may still be wary of ploughing

money into a sector that could potentially be shrouded in considerable uncertainty. Meanwhile, the rapid development of the renewable energy sector in Portugal could lead to solar energy clients, in particular, facing new constraints on their business.

In order to become a country that is completely dependent on renewable energy, Spain will have to revolutionise its energy infrastructure and this is sure to generate substantial amounts of work for law firms. "The whole system must transform, and such rearrangement will require relevant investments," says **Juan Martínez Calvo**, partner at Simmons & Simmons. "Firms that have a deep understanding of the transformation of the system – and which are able to anticipate the needs of operators, investors and funders – will undoubtedly be very busy in the coming years."

ELECTRIFICATION NEEDED

According to **María Guinot Barona**, partner at CMS Albiñana & Suárez de Lezo, the renewable energy sector continues to be extremely active in developing new generation plants, and this should attract significant flows of capital into the sector. Indeed, given the enormous requirements that the energy sector will have to meet, significant investment will be needed. "Spanish installed wind and solar capacity will need to more than double by 2030," says Guinot Barona. "The share of fossil fuel sources in the power generation mix is expected to decrease to 19 per cent due to the decarbonisation and electrification of the economy that is currently taking place and the fact that nuclear power plants seem to be condemned to disappear in the medium term," Guinot continues. "We expect to see great willingness by both national and foreign investors to take part in the huge growth of renewable capacity in Spain."



WE CANNOT LOOK SIMPLY AT POWER GENERATION, WE MUST ALSO LOOK INTO TRANSPORTATION, THE EFFICIENT USE OF ELECTRICITY, AND THE USE OF NATURAL GAS AND HEATING IN HOMES.”

JUAN IGNACIO GONZÁLEZ



Electrification is a crucial factor. “Achieving 100 per cent generation through renewable energy is a very challenging goal,” says **Pablo García Manzano**, partner at Ashurst. “The so-called ‘penetration of renewables into the energy mix’ is not possible if a high degree of electrification is not achieved at the same time.” He adds: “In fact, with the current level of electrification – around 25 per cent – even if all production was of renewable origin, the percentage of renewables in the total energy production would not exceed 46 per cent.”

Juan Ignacio González, partner at Uría Menéndez, says: “Supporting renewable energy power generation is just one part of the policy that needs

to be implemented. But we cannot look simply at power generation, we must also look into transportation, the efficient use of electricity, and the use of natural gas and heating in homes – a comprehensive approach needs to be taken.”

DETERRING INVESTORS?

One issue facing the energy sector is the lack of stability and predictability in Spain. “These plans should be agreed and consented to by major political parties to ensure that there is long-term continuity,” comments one partner.

The Spanish government’s previous cuts to renewable energy feed-in tariffs in 2010 has the potential to deter investors, according to some market observers. However, the economic viability of renewable energy facilities means that producers no longer require support from feed-in tariffs, it is argued.

Andrés Alfonso, partner at Ashurst, says: “Although a reduction of the so-called subsidies seems unlikely to occur again in the same way, since today renewable facilities have reduced costs significantly and have become profitable at market prices, it is still crucial to keep a high degree of regulatory stability in the long term.”

PORTUGAL: THE SOLAR CHALLENGE

Uría Menéndez - Proença de Carvalho senior associate **João Louro e Costa**, says renewables have accounted for 50 per cent of energy consumption

in mainland Portugal in the last decade. He adds that, in that time, there has been a significant roll-out of hydro, wind and solar projects. **Louro e Costa** says that solar, in particular, represents a major opportunity for law firms, while there will also be significant amounts of work related to “grid capacity and grid expansion”. He adds that the major challenges clients face, particularly in the solar sector, are twofold: “On one hand, we see the technical and operational constraints that could arise from a rapid increase in installed capacity across confined areas of mainland Portugal (in the south)”. On the other hand, **Louro e Costa** says the fact “greenfield projects will not benefit from feed-in tariffs, and are likely to be exposed to market risk, certainly poses a commercial and legal challenge”.

The prospects for energy lawyers will be improved if there is more political and regulatory stability and public policies that encourage the development of renewable



IT IS STILL CRUCIAL TO KEEP A HIGH DEGREE OF REGULATORY STABILITY IN THE LONG TERM

ANDRÉS ALFONSO



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**ANA LUÍ
DE SOUSA**

Partner

Main Practice Areas
Energy & Natural Resources, road infrastructures,
PPP in the health sector, water and waste concessions,
as well as energy (including renewable energies) projects

☎ +351 21 311 34 00
@ als@vda.pt - www.vda.pt
📍 Vda
🌐 Rua Dom Luís I, 28 - 1200-151 Lisbon - Portugal



**FRANCISCO
SOLCHAGA**

Partner

Main Practice Areas
Energy Law, Corporate / M&A and Securities

☎ +34 91 319 02 33
@ solchaga@araozyrueda.com - www.araozyrueda.com
📍 Arazo & Rueda
🌐 Paseo de la Castellana 164 - 28046 Madrid - Spain



**GERVASIO
MARTÍNEZ-VILLASEÑOR**

Partner

Main Practice Areas
Administrative & Public Law,
Energy and Projects

☎ +34 91 700 23 47
@ gmartinez@mva-asociados.com - www.mva-asociados.com
📍 MVA Asociados
🌐 Fortuny 35/ Jenner 5 - 28010 Madrid - Spain



**GONÇALO
ANASTÁCIO**

Partner

Main Practice Areas
Antitrust & Competition, Energy and Utilities

☎ +351 21 313 20 00
@ goncalo.anastacio@srslegal.pt - www.srslegal.pt
📍 SRS Advogados
🌐 Rua Dom Francisco Manuel de Melo 21,
1070-085 Lisbon - Portugal



**GONZALO
OLIVERA**

Partner

Main Practice Areas
Energy

☎ +34 91 426 00 50
@ gonzalo.olivera@eu.kwm.com - www.kwm.com
📍 King & Wood Mallesons
🌐 Goya, 6 - 28001 Madrid - Spain



**JAVIER
MONTALVO**

Partner

Main Practice Areas
M&A and Regulatory, Energy and Projects

☎ +34 91 700 23 47
@ jmontalvo@mva-asociados.com - www.mva-asociados.com
📍 MVA Asociados
🌐 Fortuny 35/ Jenner 5 - 28010 Madrid - Spain



THERE IS AN INCREASING
INTEREST IN RENEWABLE
GENERATION, WHICH MAY BE
AN OPPORTUNITY FOR FULL
SERVICE LAW FIRMS

TOMÁS VAZ PINTO



energy, says MLGTS partner **Tomás Vaz Pinto**. He adds: "There is an increasing interest in renewable generation, which may be an opportunity for full service law firms that are able to assist sponsors with licensing procedures, and project financing." Meanwhile, MLGTS associate **Joana Alves de Abreu** says there has been increased M&A activity in the greenfield solar energy sector, which is creating opportunities for law firms.

ENERGY TRANSITION CREATING OPPORTUNITIES

Vieira de Almeida partner **Ana Luis de Sousa** says electrification and the "transition from fossil fuel to renewable generation is a fantastic opportunity for innovative legal work". Furthermore, she adds that energy issues are taking a central role in the development of new business models in most industries and, consequently,

expertise in energy matters is a key requirement for law firms.

PLMJ managing associate **Ana Oliveira Rocha** says the main challenges clients face will relate to “raising finance given new regulatory models, uncertainty as to merchant offtake prices to guarantee project pay-back, variations in consumption and generation models (‘prosumers’ and decentralised generation) which may create additional pricing and demand risk for larger projects connected to the grid, as well as the grid infrastructure investment required to keep up with technological developments”.

Meanwhile, Garrigues partner **Lino Torgal** says that “considering that the production and marketing of energy are liberalised activities in Portugal, and that, since 2012 new renewable projects no longer count on feed-in-tariff subsidies as a matter of rule”, one of the challenges clients face is finding



THE TRANSITION FROM FOSSIL FUEL TO RENEWABLE GENERATION IS A FANTASTIC OPPORTUNITY FOR INNOVATIVE LEGAL WORK.”

ANA LUIS DE SOUSA



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Partner

Main Practice Areas
Energy & Resources, Public, Mining, Infrastructure
Industry, Environment, Aeronautics & Defence

☎ +34 91 4381667

@ jbarriosgarrido@deloitte.es - www.deloittelegal.es

📍 **Deloitte Legal**

🌐 Torre Picasso - Plaza Pablo Ruiz Picasso, 1 - 28020 Madrid - Spain



Partner

Main Practice Areas
Infrastructure, Energy & Natural Resources on the power
(including the renewable energies), oil & gas, road,
transport, water and wastes sectors

☎ +351 21 311 34 00

@ mp@vda.pt - www.vda.pt

📍 **Vda**

🌐 Rua Dom Luís I, 28 - 1200-151 Lisbon - Portugal



Partner

Main Practice Areas
Project Finance / PPP,
Administrative & Public Law

☎ +34 91 576 19 00

@ psilvan@ramoncajal.com - www.ramoncajalabogados.com

📍 **Ramón y Cajal Abogados**

🌐 Calle de Almagro, 16 - 28010 Madrid - Spain



Partner

Main Practice Areas
Project Finance / PPP, Energy & Natural Resources, Green Economy,
Infrastructure, Concessions & Public-Private Partnerships,
Water & Waste and Oil & Gas

☎ +351 21 311 34 00

@ vc@vda.pt - www.vda.pt

📍 **Vda**

🌐 Rua Dom Luís I, 28 - 1200-151 Lisbon - Portugal

power off-takers in the market that can provide a stable revenue stream over a “sufficiently durable timespan”.

Energy regulation is not always as stable as clients would like, according to Vaz Pinto, as “adapting to new concepts and to new energy markets may be a challenge”. Meanwhile, Sousa says that clients and their legal advisers are now operating in an environment where it is “common to face situations that may have no precedent nor

regulatory framework” and that law firms have to swiftly adapt to changes “while keeping the focus on the client’s needs”.

Rocha says that energy law spans a number of industry sectors and therefore, in addition to being familiar with energy sector legislation and regulations, lawyers working in this area need to understand and apply legal frameworks from several branches of law. She says: “Knowing your business is the first and foremost challenge.”