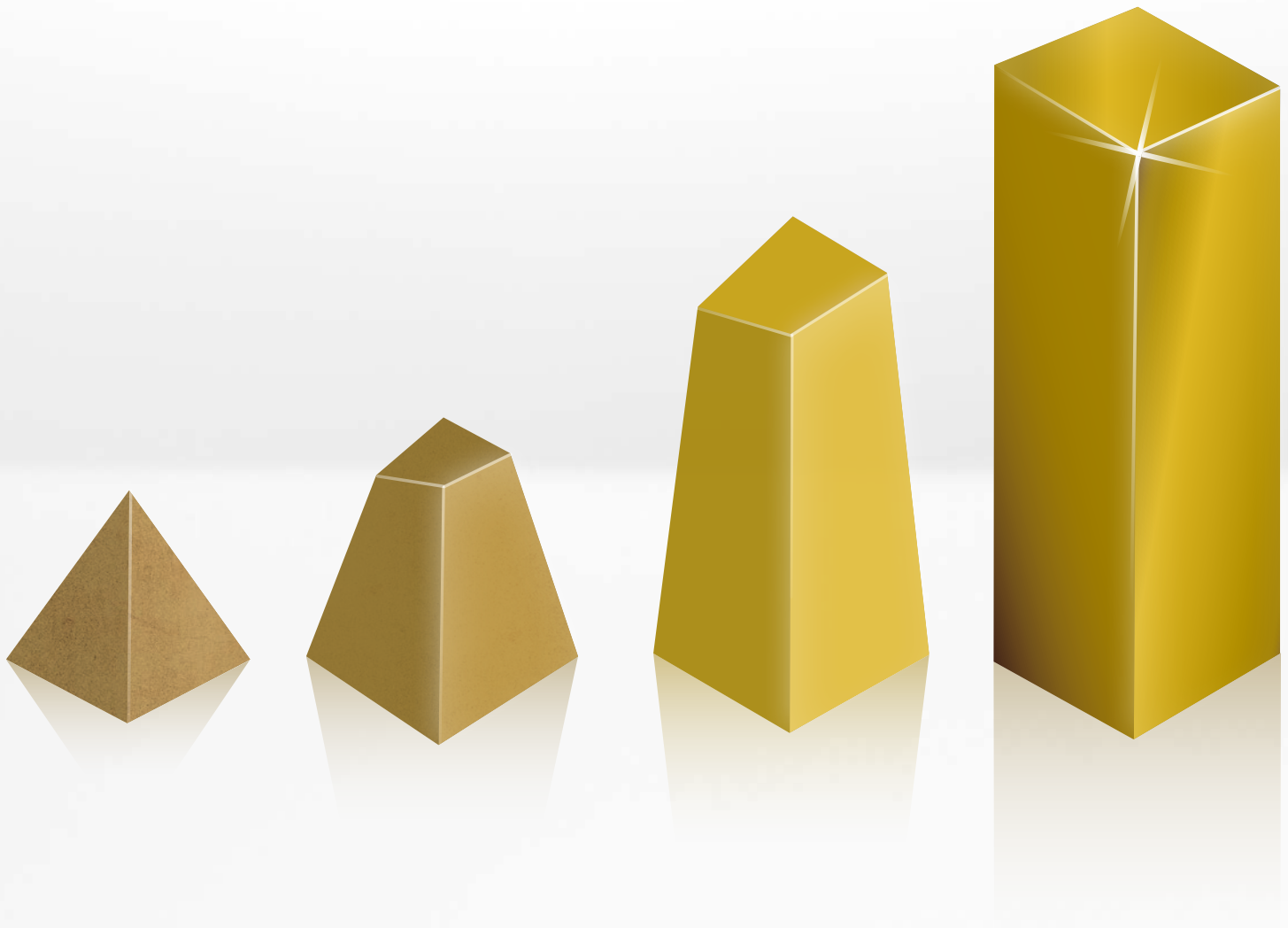


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MARCH 2019



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# PORTUGAL AT THE CUTTING EDGE OF THE ENERGY TRANSITION

*Through the approval of an integrated package of policies on energy transition, Portugal has committed itself to demanding targets for the sector, creating solid grounds for investment*

Over the last decade, Portugal has been known for its unquestionable focus on promoting renewables. We were ranked as the European country with the largest wind power generation last February, and made the headlines by exclusively running on renewable energy for almost three consecutive days.

The promotion of renewables was initially based on support schemes which have improved the growth of the energy and related services industry and contributed to the creation of a mature environment for the development of new projects.

Notwithstanding the fact that for some years now no feed-in tariff has been awarded to new projects, Portugal continues to show its commitment towards energy transition and has set some ambitious targets for the years to come. For this purpose, the government has recently announced three policies, all of them of great impact in the energy sector, that, together, create an integrated strategy to promote energy sustainability.

The first of these three policies – the Roadmap for Carbon Neutrality 2050 – was approved last November, Portugal having internationally committed to reduce greenhouse gases so that the balance between emissions and removals from the atmosphere will be zero by 2050.

Then, in January 2019, the government reaffirmed the need to promote the decarbonisation of the economy and to ensure energy transition through the approval of the National Investment Plan (PNI) 2030, identifying energy (alongside the environment) as one of the four sectors which will require higher investment in the next decade, with a predicted investment above €22bn (£19bn).

In addition to these two policies, Portugal was one of the first member states to submit to the European Commission the Integrated National Energy-Climate Plan (PNEC) with a medium-term perspective (2021-2030), committing itself with the ambitious goals of (i) reducing 45-55 per cent of the GHG (in relation to 2005); (ii) achieving 35 per cent of energy efficiency; and (iii) incorporating 47 per cent of renewables in the final energy consumption.

Looking more closely at the above-mentioned policies, Portugal's commitment towards energy transition is clear, and the energy sector will certainly have a significant role in the achievement of these goals.

Bearing in mind that Portugal is acutely rich in renewable resources and benefits from an enormous potential for exploration, the PNEC establishes the

reconfiguration of the national electricity system so that renewable production is doubled and 80 per cent of the production of electricity is composed by renewables. Accordingly, the minister for the environment and energy transition advanced, in January 2019, that there will be two auctions of renewable energy especially directed to solar (a capacity of around 2GW being tendered); one for small producers with fixed tariffs and another one for large investors and aiming sites that allow a connection to the grid. Additionally, specific regulation promoting overpowering and repowering of windfarms is being enacted.

The PNEC also identifies energy efficiency as a priority for Portugal, as the efficient use of resources is a transversal matter to the economy, being intrinsically linked to market competitiveness. By setting the goal of 35 per cent of efficiency by 2030 (which goes beyond the EU's proposal), the Portuguese government will pay special attention to the rehabilitation of buildings and investment on energy efficiency of the energy-intensive consumers.

To complement and implement these objectives, the Portuguese government noted the importance of ensuring that transport networks accompany the evolution of decentralised production, micro production and electric mobility.

Portugal is immensely committed to the measures proposed by this set of energy policies, creating a fertile ground to attract new investment.

Portugal is at the forefront of the energy transition, this being the time to explore the opportunities that it presents.



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