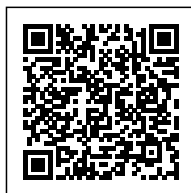


CAPITALISING ON ENERGY FRAGMENTATION - GOLD ABOGADOS

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In light of important and key legislative changes affecting the development of renewable energy projects in Spain, and current negotiations between the Spanish Government and energy companies over the reduction of feed-in tariffs, there has been an intensified focus on structuring and refinancing projects and M&A transactions, says Israel Gómez-Caro, partner with boutique Gold Abogados.

Debido a los importantes cambios legislativos que afectan al desarrollo de los proyectos de energías renovables en España, y a las negociaciones entre el Gobierno español y las empresas energéticas, se ha intensificado la voluntad de estructurar y refinar proyectos con necesidades cada vez más complejas, afirma Israel Gómez-Caro, Socio de Gold Abogados en Madrid.

"The current regulatory uncertainty affecting the photovoltaic, thermal solar and wind sectors, and the existence of aborted projects, has meant an increase in uncertainty and disputes between energy companies, financial entities, sponsors, suppliers and the public administration."

In addition, recent transactions relating to acquisitions in the gas sector and of energy traders is also prompting an increasing sophistication by General Counsel to “unbundle” legal issues. The result, says Gómez-Caro, is inevitably therefore also the diversification of legal players now active in the renewable and project finance sector with sophisticated legal boutiques competing directly with traditional big-ticket Spanish and foreign law firms.

“The wider economic situation and pressures being felt by legal departments has helped prompt General Counsel to seek greater cost efficiencies and new ways of managing the legal issues they now face. We are therefore seeing a greater differentiation of the M&A, regulatory and antitrust, and litigation and arbitration advice required.”

As well as cost pressures the intention of many legal departments is also to reduce business risks, he believes. Consolidation in the energy sector in Spain and the opportunities existing in other emerging markets, along with a growing number of consortium-led transactions as project costs rise, has meant that alternatives have to be found in the event of conflicts, competing claims or the need for a neutral reference.

Gold recently acted as adviser to a consortium of banks in the €183m project finance of three wind farms with a cumulative installed power of 140.6MW in Palencia, one of the most significant renewable sector project financings of the year in Spain.

“Even in those matters where energy companies are able to utilise their own highly sophisticated legal teams, the financiers and underwriting banks are inevitably looking for legal services that can match it, and often willing to pool their legal issues both inside and outside Spain” says Gómez-Caro.