

ENERGY-RELATED FINANCE WORK GROWING - WATSON FARLEY & WILLIAMS

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Spain's new regulatory framework for renewable energy assets means banks are increasingly looking to finance projects that are already in operation

Energy sector-related financing work is on the increase, according to Watson Farley & Williams' Madrid partner Rodrigo Berasategui, who reports significant activity in the project, restructuring, export and acquisition finance spheres.

"After some years of regulatory uncertainty, in 2014 Spain brought in a new regulatory framework for renewable energy assets and the banks have reacted in a positive way," he says. "On the one hand, they are involved in the restructuring of most affected projects – mostly photovoltaics (PV) and mature wind farm projects – while on the other they are now looking at financing projects already in operation, and previously financed with equity, with tenors of up to ten to 12 years and competitive loan prices." Berasategui adds that confidence in such new regulatory framework is growing. "There is a clear upward trend in the acquisition finance sector relating to projects – we are hopeful this will continue in the year ahead."

With regard to export finance deals, given that they take place in a global, multijurisdictional

framework, English law is the most common governing law in such instances. "We are very focused on the energy sector and have seen some very interesting export finance deals, involving banks such as Santander and a wide range of credit export agencies," Berasategui says.

"Such financings are usually governed by English law so we team up with our London practice to advise clients," he adds. "In addition, few Spanish banks are able to structure such deals so it often requires specialist advice." However, more Spanish banks are looking for opportunities to enter the export finance market, according to Berasategui.

Lenders are definitely in investment mode and there is an appetite for opportunities in the energy sector, Berasategui says. For example, Watson Farley & Williams' Madrid office recently advised the private equity arm of EFG Hermes and its Vortex Energy Investments on the €160 million purchase of a 49 per cent stake in EDP Renewables France.