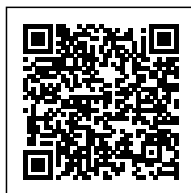


SOLAR POWER - STILL GENERATING REGULATORY ISSUES - LINKLATERS

Posted on 25/06/2008



Category: [Energy](#)



Spain's solar industry may be well established with a considerable body of best practice, but the sector remains one in which a solid understanding of the applicable regulatory regime is significant – particularly in the planning stage, says Miguel Riaño, energy and projects partner at Linklaters in Madrid.

'A considerable part of the value of any solar project will depend on securing the most favourable applicable tariff, which is vital also to give the necessary commercial comfort required by sponsors,' he says.

The applicable regime will depend on a number of factors, but significant among them is the date at which construction begins and the existing operational capacity of comparable projects. 'In the solar photovoltaic (PV) field much is already clear, albeit we are still awaiting the publication of the new applicable regime for projects started after September 2008,' he says.

Matters are much less certain however in emerging areas such as thermo-solar power projects.

'These projects may receive a special tariff, which the government has guaranteed until Spain reaches a national operating capacity of 500MW, but it is already clear that there remains only a relatively short window in which any new plants will qualify,' says Riaño.

The dramatically larger scale and cost of thermo-solar projects, with their increased complexity and operational capacity – averaging around 50MW – mean also that new issues surround their implementation.

'There are some specific challenges to operation in this area. This is still a relatively new technology and investors are applying very much stricter lending criteria and demanding much stronger warranties.'

In addition, projects require more land, the construction process is longer, and access is required to gas, water and the necessary infrastructure to connect to the grid system, he says.

'It remains the case that there are relatively few in the sector with the requisite skills to cover all the issues involved. We are seeing many projects in the planning stages, and each is creating specific regulatory peculiarities that will have to be dealt with from the outset.'