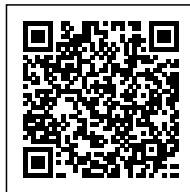# THE RUSH FOR SOLAR THERMAL PROJECT APPROVAL - HERBERT SMITH

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Category: Energy

Recent regulatory changes impacting on the development of new solar-thermal plants in Spain have the potential not only to significantly affect the viability of some projects in development but also bring the potential to raise tensions between promoters, sponsors and operators, says Miguel RiaÃ±o, partner at the recently launched Madrid office of Herbert Smith.

'Regulatory changes announced in May mean that promoters and operators were given a very short time in order for projects in development to qualify for the existing tariff regime. Failure to do so means they will receive an as yet undecided, albeit a likely less generous, rate.'

La publicación de un nuevo Real Decreto ha alterado significativamente la demanda de regulación y financiación que había respecto de los proyectos termo-solares, dice Miguel Riaño, socio de Herbert Smith en Madrid.
Promoters have been given 30 days to register and they need to demonstrate among others, that they have all the permits and administrative licences, but also the necessary financing in place to undertake their schemes, he notes.

In any event, what the market believes is that the level of any future tariff will be influenced by the volume of solar-thermal projects that will be finally registered in this new scheme.

'If after this process the government finds that there is significantly more capacity being developed than anticipated, then the future tariff is likely to be significantly lower than it is currently. If the volume is less or close to the previous expectations (500 Mw cap) then the tariff may be only slightly less generous.

Either way, he says, the changes present new and unforeseen issues for those involved in the solar-thermal sector in Spain.

'Many players have reached firm commitments with third parties, and significant sums have been spent, on developing projects that may or may not now generate the returns that had been expected.'