

## LEGAL FLASH I PUBLIC LAW

ORDER ETU/130/2017: 2017-2019 REMUNERATION PARAMETERS FOR RENEWABLE ENERGY

February 2017

**In February, Order ETU/130/2017 was published, introducing significant developments for energy sector companies by establishing the remuneration parameters applicable to renewable energy, cogeneration and energy-from-waste installations between 2017 and 2019.**

The Ministry of Energy, Tourism and the Digital Agenda published Order ETU/130/2017, of February 17, ([Link BOE](#)), updating the remuneration parameters of coded installations applicable (i) to installations producing electricity from renewable energy, cogeneration and waste; and for (ii) the regulatory three-year period between January 1, 2017 and December 31, 2019, with retroactive financial effects to January 1, 2017.

This order is important in that it establishes the remuneration parameters of the sector's installations. It establishes the remuneration values for the operation of installations for the first half of 2017, it updates the investment incentive values for reduction of generation costs and it indicates the identification codes of the coded installations and the equivalences between categories, groups and sub-groups.

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### APPLICABILITY OF THE NEW REMUNERATION PARAMETERS

- The order establishes the remuneration parameters applicable to renewable energy, cogeneration and energy-from-waste facilities between 2017 and 2019.
  - The remuneration parameter values established in the order will apply **from January 1, 2017**.
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## MAIN ASPECTS OF ORDER ETU/130/2017

The main aspects of Order ETU/130/2017 are as follows:

### A) UPDATING THE REMUNERATION PARAMETERS

In application of article 20 of Royal Decree 413/2014, the order **updates the remuneration parameters** of the facility types in its area of application for the three-year regulatory half-period from January 1, 2017 to December 31, 2019.

It establishes parameters for investment remuneration (Ri), operation remuneration (Ro) and minimum number of hours, among others.

The order bases the updating of these parameters on information relating to the (i) annual average price on the daily and intraday markets, and (ii) the technological peak coefficients supplied by the National Markets and Competition Commission (CNMC).

### B) APPROVING THE ESTIMATED MARKET PRICE

The order **approves the new values of the estimated market price** for each year of the regulatory three-year period, in line with article 22.1 of Royal Decree 413/2014.

The following are the estimated market prices:

2017: €42.84/MWh
2018: €41.54/MWh
2019: €41.87/MWh

### C) SIX-MONTHLY UPDATING OF THE REMUNERATION VALUES FOR INSTALLATIONS WHOSE COSTS DEPEND ON THE PRICE OF FUEL OIL

The order establishes **six-monthly updates** of the values of operation remuneration for the installations under the relevant IT Codes to which such remuneration applies and whose operational costs largely depend on the price of fuel oil; thus, it establishes the remuneration values for the first six months of the 2017 calendar year.

### D) UPDATING THE INVESTMENT INCENTIVE VALUES FOR REDUCTION OF GENERATION COSTS

The order updates the investment incentive values for reduction of generation costs applicable to the facility types associated with insular electricity systems of the non-Peninsular regions, in line with article 18 of Royal Decree 412/2014.

### E) UNIFIED LIST OF CATEGORIES

For information purposes, the order includes a **unified list of all the categories** (IT) that have been approved by various regulations since 2014.

The order indicates the identification codes of the installations and the equivalents between categories, groups and sub-groups, in line with article 13 of Royal Decree 413/2014.

To provide an overall view of the remuneration parameters, the order includes, for each facility type, the parameters subject to review and, for

information purposes, the parameters that remain the same.

## SCOPE OF APPLICATION

The order applies to the facility types defined in the following orders:

- Order IET/1045/2014, of June 16.
- Order IET/1459/2014, of August 1.
- Order IET/1344/2015, of July 2.
- Order IET/2212/2015, of October 23.
- Order IET/2735/2015, of December 17.
- Order IET/1209/2016, of July 20.

The order does not update the remuneration parameters of the following facility types:

- those whose useful regulatory lifespan expired before January 1, 2017, or with no installations in their useful regulatory lifespan.

- Purina treatment installations listed in annex 1.2 of Order IET/1045/2014.
- Wind and photovoltaic installations in the electricity systems of non-Peninsular regions listed in annex 1 of Order IET/1459/2014, assigned via auction.

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