

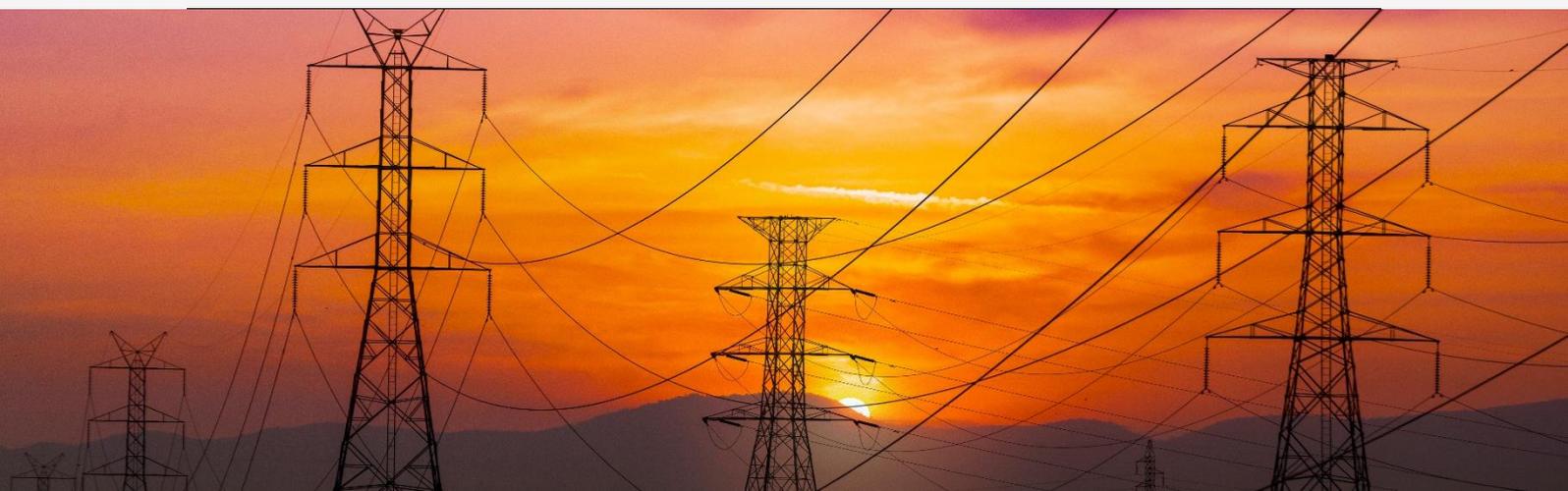
# Urgent reform of Spain's energy framework in response to the Middle East crisis

Impact of **Royal Decree-Law 7/2026** on Spain's energy regulatory framework: legal and strategic implications for energy-sector companies

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## KEY ASPECTS

- **New access and connection regime for demand** (including capacity-reservation payments, mandatory milestones and new grounds for expiration) aimed at freeing up grid capacity.
- **Further support for renewable energy**, including a new possibility to extend the fifth milestone under Royal Decree-Law 23/2020 and the suspension of the effectiveness of granted administrative authorizations resulting from the filing of administrative or judicial appeals.
- Creation of **Renewable Acceleration Zones ("ZARs")** and priority treatment for repowering projects and projects demonstrating "social and territorial excellence," with streamlined environmental and permitting procedures.
- **Strengthening of self-consumption and energy communities**, including an expanded 5-km radius, the introduction of a self-consumption manager, increased reserved capacity, and new obligations for certain generation projects to deliver benefits to the local area.
- **Major overhaul of the National Energy Efficiency Obligations Scheme**, with new obliged parties, an ex-ante methodology and a scaled sanctions regime.
- **Enhanced rights for energy consumers** and an updated sanctions regime in the electricity, gas and hydrocarbons sectors.





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## Context and objectives of Royal Decree-Law 7/2026: security of supply and energy transition

Royal Decree-Law 7/2026, of March 20, sets out the Spanish government's legal response to the energy and economic impact of the conflict in Iran. Its stated objectives are to reduce reliance on fossil fuels, accelerate electrification and the rollout of renewable energy, and protect businesses and consumers from price volatility. To achieve these goals, the Royal Decree-Law combines structural reforms (affecting grids, renewable energy, energy efficiency and taxation) with temporary support measures. This Legal Flash focuses on the changes introduced to Spain's energy regulatory framework and their practical implications for companies operating in the sector.

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### New access and connection regime for demand

- Royal Decree-Law 7/2026 introduces a **capacity-reservation charge** applicable to all holders of demand access and connection permits at voltage levels of 1 kV or above. The charge takes the form of a monthly payment, calculated by reference to the power components of network tariffs and a “k” factor that increases with both voltage level and the time elapsed since the permit was granted. This charge operates as an advance payment of network tariffs. Once the installation enters into service, the amounts paid are offset against transmission and distribution tariffs, in accordance with the following rules (which may be reviewed and could affect permits not yet granted): (a) For the first year of the capacity-reservation charge, an offset equivalent to 100% of all payments made during that year will apply. (b) In the second and subsequent years, offsets will apply on a cumulative basis, up to a maximum equivalent to 80% of the total amounts paid during those years.
- Failure to pay the capacity-reservation charge for access to the electricity transmission and distribution networks may result in the automatic **expiration of the relevant access and connection permits**. In any event, permits will expire automatically where, in a given calendar year, unpaid amounts exceed 10% of the total charge due.
- As a result of this new regime, Royal Decree-Law 7/2026 **abolishes the demand-guarantee system introduced by Royal Decree-Law 8/2023**. A transitional regime allows holders to surrender existing permits without guarantee enforcement, and regulates the reimbursement of those already deposited, taking into account cumulative payments made under the capacity-reservation charge.
- To ensure that grid capacity is retained only for genuine and mature projects, the Royal Decree-Law **introduces intermediate “proof-of-life” milestones for demand permits**: (a) payment of 10% of the transmission position within 12 months; (b) execution of the project-development agreement within three years; and (c) execution of the technical access agreement (CTA) within four years. Failure to meet these milestones results in expiration of the permit and the progressive release of capacity.
- Moreover, following the removal of the demand-guarantee regime, **it is stated that permits are linked to a specific CNAE (National Classification of Economic Activities) code. Therefore, holders of already granted access and connection permits will have six months to include the CNAE code corresponding to the consumption activity**. A change in CNAE division or group, or a reduction of more than 50% of the originally requested and granted access capacity, may lead to loss of the permit. The aim is to prevent strategic uses of permits that are not supported by sufficiently mature projects.
- The Royal Decree-Law also establishes a **special access and connection regime for high-priority projects**. Under this regime, (i) once an access and connection application for a high-priority installation is admitted for processing, the relevant network operator must suspend any previously pending applications. Once the high-priority application is resolved, suspended applications will resume, taking into account the updated status of the relevant grid node(s); and (ii) where the transmission system operator receives an application for a high-priority demand installation, the demand-auction procedure will not apply. High-priority demand installations include (a) residential



developments and essential services (e.g., hospitals, police and military facilities, water-treatment plants, public transport and its electrification, shore-side electricity supply to ships in ports, and installations related to national security); (b) new industrial demand declared to be strategic projects (e.g., business or public-private investment or reinvestment initiatives in Spain that enhance technological, scientific or productive capacity and serve the public, social or economic interest); and (c) applications that involve an update of consumption at demand installations that hold a current third-party access-to-grid contract and are making effective use of the grid.

- As a further consequence of the removal of the guarantee regime, the Royal Decree-Law reintroduces the **“same installation” criterion for the purpose of maintaining access and connection permits**. A permit may be lost where (a) the geometric center of the installation moves by more than 10 km; (b) the CNAE code associated with the installation changes at division or group level; or (c) demand access capacity is reduced by more than 50% of the originally granted capacity.
- Finally, the Royal Decree-Law strengthens planning and governance of the transmission network through a mechanism based on four-monthly reports on demand-position planning and the prioritization of high-priority or strategic projects. These projects may benefit from capacity allocation and accelerated processing, including, where necessary, targeted adjustments to the existing network-planning framework.

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## Boost to renewable energy, storage and Renewable Acceleration Zones

- Royal Decree-Law 7/2026 establishes a **basic nationwide framework for Renewable Acceleration Zones (“ZARs”)** to be developed by Spain’s autonomous regions. The framework sets minimum environmental criteria (excluding Natura 2000 sites, National Parks and other protected areas) and minimum public-participation requirements. Within these zones, renewable generation projects and hybridized electrochemical storage projects will benefit from simplified permitting procedures, supported by a prior strategic environmental assessment and by mandatory mitigation-measure catalogs.
- Outside ZARs, the Royal Decree-Law **strengthens public-participation requirements**, extending public-consultation periods to 45 days and requiring promoters to evidence that they have previously informed landowners and local authorities.
- The Royal Decree-Law also introduces a configurable regulatory standard of **“social and territorial excellence”** for energy projects. This standard assesses, among other factors, voluntary citizen participation beyond mandatory requirements, local employment and value creation, integration with agricultural activities, and environmental excellence. Projects that meet this standard may benefit from priority processing.
- The **repowering** of renewable and storage installations, within certain capacity limits (up to 25% additional capacity), will be assessed solely on the basis of their incremental impact. As a result, most permitting and environmental assessment timeframes are cut by half, and the reuse of existing studies is allowed, facilitating capacity increases at already-developed sites.
- With respect to **pumped-storage hydropower**, the Royal Decree-Law expressly declares these facilities to be of public utility, but restricts the use of expropriation: promoters must first negotiate with landowners and demonstrate voluntary agreements covering a minimum percentage of land area (50% for generation and 25% for pumping). This percentage may be increased only where it is proven that additional agreements cannot be reached and the facility has been declared strategic.
- The Royal Decree-Law also regulates **flexible access** to electricity networks, aimed at improving network efficiency. **Storage facilities** will hold flexible access permits from a demand perspective. Storage installations that already hold demand access permits will have a three-month period, starting



from the effective date of the new flexible-access modalities approved by the Spanish Markets and Competition Commission, to adapt their permits. Failure to do so will result in the loss of benefits relating to charges and tariffs, and the installations will become fully subject to the new capacity-reservation charge.

- Finally, the Royal Decree-Law requires operators of electricity generation, storage and hybrid installations that share evacuation infrastructure and hold prior administrative authorization to submit, within one year from the entry into force of the Royal Decree-Law, an agreement **allocating responsibilities**.

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## Self-consumption, energy communities and the role of municipalities

- Royal Decree-Law 7/2026 significantly strengthens the framework for **self-consumption** and **energy communities**. In collective self-consumption schemes, the maximum distance between generation and consumption is extended to 5 km (for photovoltaic and wind installations of up to 5 MW connected via transmission or distribution networks) and compatibility between modalities is made more flexible, subject to certain limitations to avoid complex overlaps.
- The Royal Decree-Law introduces the figure of the **self-consumption manager** into the Electricity Sector Act, enabling them to represent associated consumers and perform the necessary procedures on their behalf. It also requires distribution companies to provide a specialized service for handling and monitoring self-consumption applications.
- The new law also reallocates **10% of the capacity reserved for generation tenders** to self-consumption projects and mandates the launch of support schemes for Community Energy Transformation Offices, with the aim of promoting and supporting energy communities. At the same time, municipal powers are strengthened, enabling local authorities to promote and participate in citizen energy communities and renewable energy communities, as well as in initiatives relating to energy efficiency, electrification and self-consumption.
- Finally, for generation projects connected at voltages of 132 kV or higher, the Royal Decree-Law introduces an obligation to **share part of the project's benefits with nearby citizens and local communities**. This must be done through participatory mechanisms that will be further developed through secondary regulation. Ordinary tax obligations are excluded from the concept of "benefit" for these purposes.

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## Measures to promote renewable energy

- Royal Decree-Law 7/2026 provides for an **exceptional extension of the fifth administrative milestone established under article 1 of Royal Decree-Law 23/2020**. In any event, the final deadline to obtain definitive administrative authorization for commercial operation may not extend beyond December 31, 2030.
- Moreover, where transmission or distribution network operators **have not yet obtained definitive operational authorization for the substation positions to which generation or storage installations are connected**, the relevant milestone will be deemed fulfilled by the project developer if it evidences, within the applicable timeframe, that it has obtained **provisional operational authorization for testing purposes**. **This authorization must cover both the generation facility and the evacuation infrastructure up to at least the last 100 meters**.
- The Royal Decree-Law further provides that, if, before the expiration of any administrative milestone, the developer proves the existence of a **precautionary measure suspending the effectiveness of the relevant administrative authorizations as a result of an administrative or judicial appeal, the**



**running of the applicable deadlines will be suspended** from the date the suspension is ordered until it is lifted. The suspension of the deadline must be evidenced by the developer before both the network operator that granted the access and connection permit and the competent energy authority, by submitting the decision adopting the administrative or judicial precautionary measure (although additional means of proof are permitted). Likewise, within three months of receiving notice that the precautionary measure has been lifted, the developer must notify this circumstance, failing which the access and connection permits will expire automatically.

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## Energy consumers and sanctions regimes in electricity, gas and hydrocarbons

- Royal Decree-Law 7/2026 strengthens **information and transparency rights** in electricity and gas supply contracts, including the following measures:
  - Minimum one-month prior notice, in writing and in a communication separate from the invoice, of any intention to amend contractual terms after the contract or any extension expires, together with information on the customer's right to terminate the contract at no cost.
  - For variable-price contracts, an obligation to clearly set out all pricing parameters and adjustment formulas, and to notify any price revision together with a price comparison and an estimate of the annual cost before and after the change.
  - A prohibition on suppliers unilaterally amending the terms of fixed-price contracts or terminating them early.
- In the hydrocarbons sector, the sanctions regime is expanded and updated: (a) the penalty for failing to meet biofuel and renewable fuel targets now extends to all obligated parties; (b) a new very serious infringement is introduced for failing to comply with gas supply programs that compromise security of supply; and (c) a specific infringement is created for including clauses that violate consumer rights in contracts with residential customers, micro-enterprises and small enterprises. Furthermore, price monitoring at service stations is reinforced, requiring the publication of both compliance levels regarding price reporting and any penalties imposed.

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## Entry into force, transitional regimes and parliamentary ratification

- Royal Decree-Law 7/2026 entered into force on the day following its publication in the Official Gazette of the Spanish State (BOE), i.e., on **March 22, 2026**. As a rule, all measures provided for in the regulation apply from that date, except for any points that the final provision itself defers to later dates or subsequent regulatory developments.
- Furthermore, it sets out several **mandates for implementing regulations within specific deadlines** (e.g., the approval within three months of royal decrees on ZARs and energy communities), which condition the full operability of certain measures.
- From a constitutional perspective, the Spanish government has adopted the Royal Decree-Law under article 86 of the Spanish Constitution, invoking a situation of extraordinary and urgent necessity linked to the impact of the conflict in Iran on energy markets. Under that same provision, the Royal Decree-Law must be submitted immediately to the lower house of the Spanish parliament for **ratification within thirty days**. Until the lower house reaches a decision, the Royal Decree-Law remains fully effective. The lower house may ratify it without amendments, ratify it and subsequently process it as a draft bill to introduce changes, or decline to ratify it, in which case the legal regime applicable to actions taken while the Royal Decree-Law was in force would need to be assessed.



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