

---

# Publication of the Order regulating economic regime auctions for renewable plants

## Legal Flash Energy

December 2020

On December 5, 2020, [Order TED/1161/2020](#), of December 4, was published in the Official State Gazette (BOE), regulating the first auction mechanism for granting the renewable energy economic regime and establishing the indicative timetable for the period 2020-2025 (the “Order”), which came into force on December 5, 2020.



The Order, which is part of the collection of legislation that began with [Royal Legislative Decree \(RD\) 23/2020](#) on the assignment of a new remuneration regime for renewable plants in Spain, implements [Royal Decree \(RD\) 960/2020](#), of November 3, regulating the renewable energy economic regime for electricity generating plants, and establishes the regulation of auctions.

## Highlights

- > It establishes a non-binding timetable for holding auctions up to 2025.
- > The following can participate in the auctions: new plants, extensions of an existing plant, or modifications to existing plants if they have been in the Registry for 15 years.
- > Participants in the auction must submit a guarantee.



---

## Order TED/1161/2020 in the legislative framework of the new remuneration regime for renewable plants in Spain

- > The Order is part of the collection of legislation that began with [Royal Decree-law 23/2020](#), of June 23, which approved measures in energy and other areas for economic recovery, concerning the assignment of a new remuneration regime for renewable plants in Spain.
- > The first element of that collection was [Royal Decree 960/2020](#), of November 3, regulating the renewable energy economic regime for electricity generating plants (“**RD 960/2020**”); the second is the Order, and the third and final will be the resolution calling each of the auctions (the “**Calling Resolution**”).
- > Therefore, two of the three instruments are already in place, setting out the remuneration regime for renewable plants under the auction mechanisms; however, we await the first Calling Resolution for the regulatory framework of the auction process to be completed.
- > For further details, you can consult our legal flash on Royal Decree-law 23/2020: [Measures for the promotion of renewable energy](#); and on Royal Decree 960/2020: [New renewable energy economic regime](#).

---

## Timetable

- > The **indicative timetable** and the quotas assigned to each technology are as follows:

		Minimum volumes of power capacity (MW)					
		2020	2021	2022	2023	2024	2025
Wind.	Increase.	1,000	1,500	1,500	1,500	1,500	1,500
	Cumulative.	1,000	2,500	4,000	5,500	7,000	8,500
Photovoltaic.	Increase.	1,000	1,800	1,800	1,800	1,800	1,800
	Cumulative.	1,000	2,800	4,600	6,400	8,200	10,000
Solar Thermoelectric.	Increase.		200		200		200
	Cumulative.		200	200	400	400	600
Biomass.	Increase.		140		120		120
	Cumulative.		140	140	260	260	380
Other technologies (biogas, hydraulic, wave power).	Increase.		20		20		20
	Cumulative.		20	20	40	40	60



---

## Plants that can participate in the auctions

- > The following can participate in the auctions: new plants, extensions of existing plants (due to the new power capacity), or modifications to existing plants if, in the latter case, they have been in the Registry of Electricity Generating Plants for 15 years and fulfill the other conditions set out in the Calling Resolution.
- > For the purposes of the auctions, new plants are those that have not begun construction or have not acquired irreversible investment commitments on the date the auction is held.

---

## Remuneration criteria

- > The Order establishes just **three criteria for remuneration**: (i) the minimum number of equivalent annual operating hours, (ii) the maximum number of equivalent hours, and (iii) the market adjustment percentage, all of them for each technology.
- > The Calling Resolution will establish the other criteria, which will, *inter alia*, be the following:
  - Date and timetable
  - Quotas
  - Availability deadlines
  - Maximum deadline for energy supply and its start date
  - Maximum (reserve) and minimum (risk) price
  - Size of the maximum quotas

---

## Conduct of the auctions

- > The auctions will be conducted in **three stages**:
  - The **pre-classification stage**, which entitles to receive information relating to the auction, to participate in any training sessions that are held and to subsequently request classification.



- The **classification stage**, which entitles entities that have been pre-classified to participate in the auction for a certain capacity declared by the participant, which will determine its maximum volume of classification for the product.
- The **auction stage** itself.

---

### Bids

- > Bids will be made in blocks, divisible into up to 100 tranches, each of at least 1 kW, for each product, technology and other characteristics set by the Calling Resolution.
- > After the adjustments required to respect the quota limits, and limits on assignments to each corporate group, tranches will be matched according to price.

---

### Guarantees and achievement of milestones

- > Participants in the auction will be required to submit a **guarantee of 60€/kW**. This guarantee covers the awardees' obligation to request, within two months of the publication of the auction results, their inclusion in the Registry of the Renewable Energy Economic Regime under pre-assignment status.
- > A guarantee of 60€/kW is also imposed on awardees of power capacity, which (as occurred in the 2016 and 2017 auctions) is partially assigned to three subsequent milestones which awardees must reach: 12€/kW are linked to the milestone of identifying the plant (within six months from the publication of the auction result), 18€/kW are linked to obtaining construction administrative authorization in a timely manner (twelve months from registration under pre-assignment status), and the remaining 30€/kW will be assigned when the plants are listed in the Registry of the Renewable Energy Economic Regime under operation status, not later than one month from the availability deadline, as set by the Calling Resolution.
- > The Order also regulates how all the milestones must be reached, as well as certain flexibility mechanisms for compliance.



---

## Energy supply milestones

- As well as the milestones mentioned in the previous section, which are aimed at ensuring that awardee entities implement projects in a reliable and timely manner, the Order establishes a series of **intermediate milestones** to ensure that, once the awardee plants have been built, they reach a certain level of electricity production.
- For that purpose, it establishes controls every three years, in which certain minimum energy levels must be reached, otherwise penalties will be imposed depending on the amounts not produced.
- It also establishes formulas to set penalties for plants that cancel in advance their registration in the Registry of the Renewable Energy Economic Regime under operation status, and for those that fail to reach, within the maximum supply period, the minimum energy of the auction.

---

For additional information regarding the contents of this document, please get in touch with your usual contact person at Cuatrecasas

©2020 CUATRECASAS

All rights reserved.

This document is a compilation of legal information prepared by Cuatrecasas. The information and comments included herein do not constitute any form of legal advice.

The intellectual property rights on this document are held by Cuatrecasas. Reproduction by any medium, distribution, transmission, and all other uses of this document, in whole or in part or in excerpted form, without the express consent of Cuatrecasas is prohibited.

