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FOR ENERGY

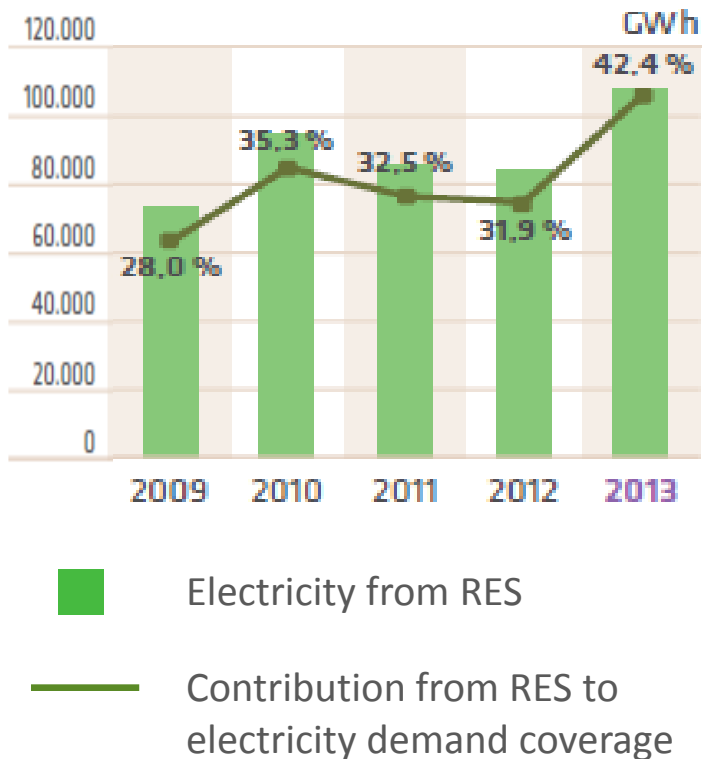
# The Spanish new renewable support scheme

8<sup>th</sup> October 2014



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## Electricity generation from RES. Evolution.



Source: REE

### Regulatory framework:

- Feed-in Tariffs
- Reasonable compensation

42% of the electricity generated in 2013 came from RES



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## New renewable support scheme

**TOTAL  
REMUNERATION**

=

***Market Sale Revenues***

+

***Specific compensation***

+

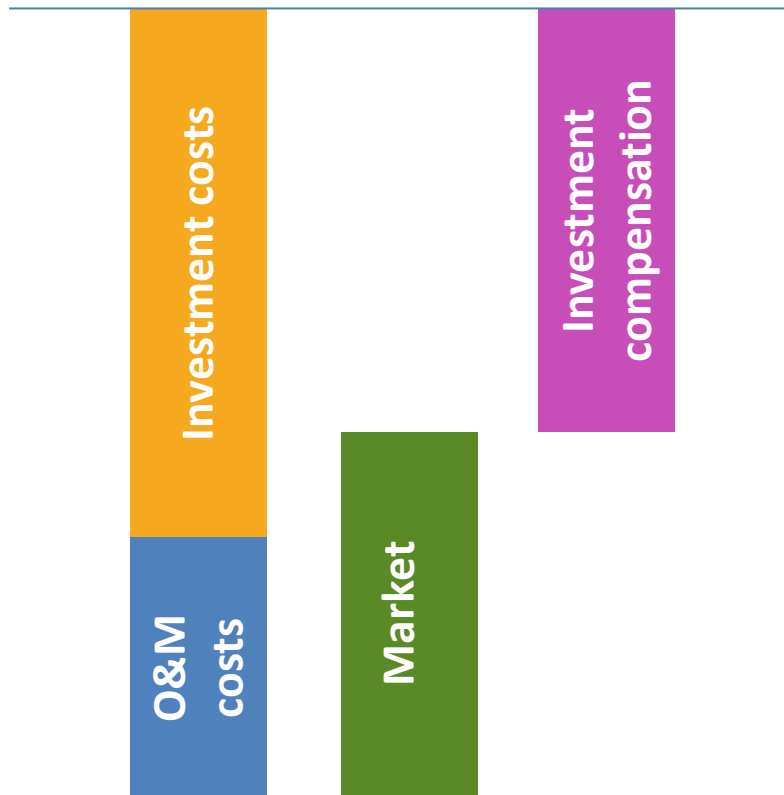
***Additional incentives (Canary and Balearic islands)***



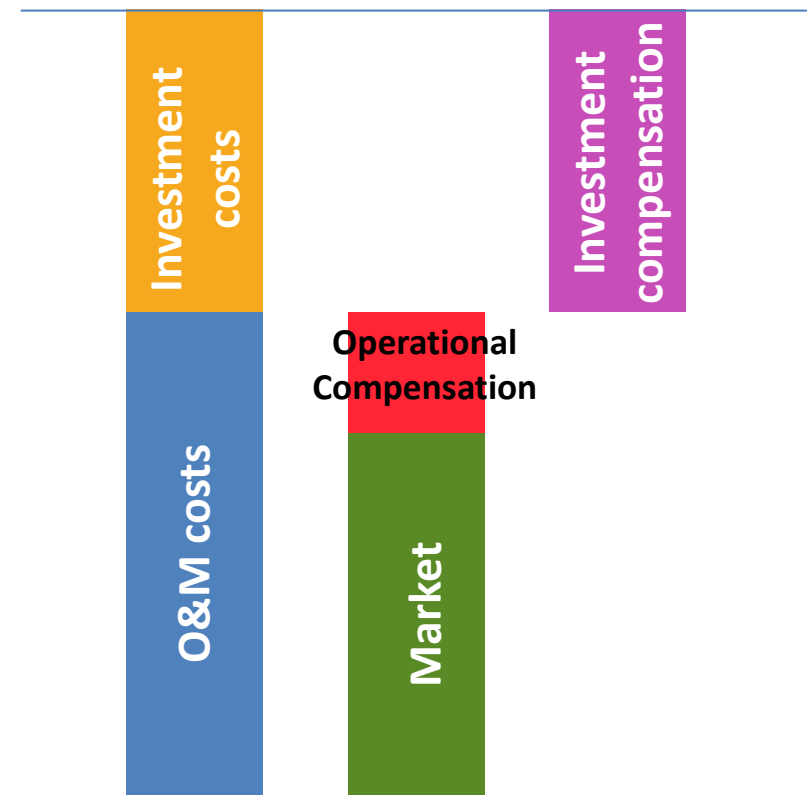
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## New renewable support scheme

*Low O&M costs  
(wind, PV...)*



*High O&M costs  
(biomass, CHP...)*





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## New renewable support scheme

### *Specific compensation*

#### INVESTMENT COMPENSATION

✓ **Investment compensation:** *Income for capacity unit that covers investment costs, for every average facility, not recovered through the market sales revenues in the entire life of each standard facility.*

#### OPERATIONAL COMPENSATION

✓ **Operational compensation:** *Income covering, where applicable, the difference between operation costs and market sales revenues for each standard facility.*

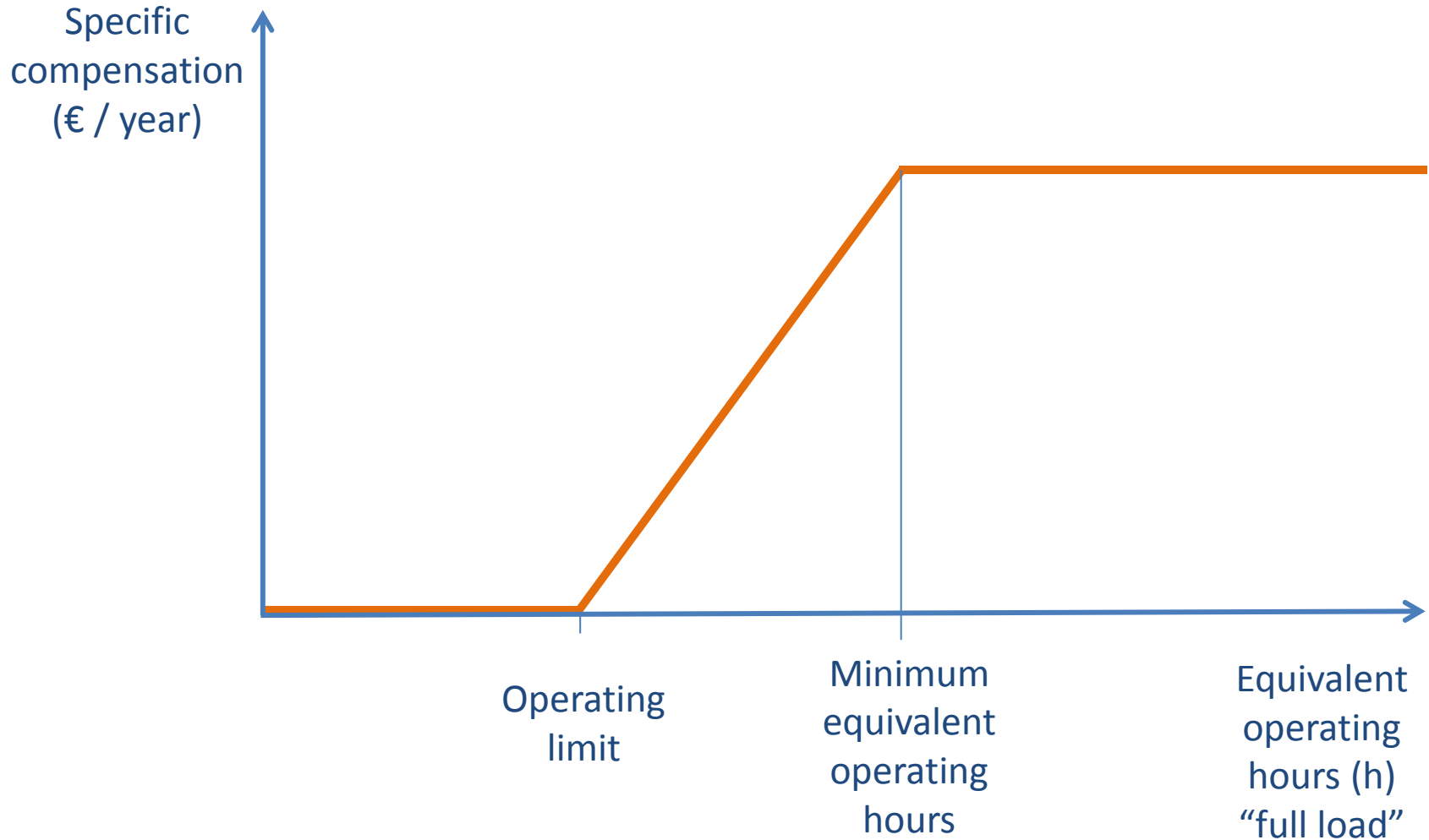
**Investment  
Compensation**  
\* Capacity

**Operational  
Compensation**  
\* Energy



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# Specific Compensation adjustment based on the current performance of each facility





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## Specific Compensation Principles

- **Homogeneous, transparent and stable regulatory framework** to guarantee predictability and reliability to investors.
- In line with **EU guidelines on State aid** (2014/C 200/01).
- New compensation scheme will permit renewables **to cover the investment costs**, and also **to compete into the market at same level**, as do the conventional technologies, as well as to obtain a **reasonable return**.
- New compensation scheme will include a **fix payment to cover investments costs which are not recovered through market sales revenues**.
- **Standard facility**.



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## Specific Compensation Principles

- **Market income's risk** will be reduced through a cap and floor mechanism. Compensation will be set up according to investment and operational standard costs: for each technology, from year of startup and other aspects.
- The **standard value of the initial investment**, all for an efficient and well-run company, over its regulatory lifespan.
- The **value of the initial investment** and the **facility lifespan** remain unchanged once they have been recognized.
- **Equivalent operating hours** of the standard facility based on the current performance of each technology.
- Specific compensation (additional to market sale revenues) **is not applicable for** facilities exceeding their regulatory lifespan.





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## Competitive process for new facilities

**New facilities**

New  
support  
scheme



Competitive  
process



Foster  
efficiency



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