



PROJECTS AND ENERGY

New auction of floating solar capacity

[Order no. 11740-B/2021](#) of the Assistant Secretary of State for Energy and the Secretary of State for the Environment was published on 26 November. This Order opened the auction announced earlier for the allocation of reserve capacity for injection at connection points into the Public Service Electricity Grid (*Rede Elétrica de Serviço Público* - “RESP”) for electricity from solar energy conversion by floating photovoltaic power plants to be installed in reservoirs. The Order also approved the necessary procedural documents - the Procedure Programme and the Tender Specifications.

The new floating solar capacity auction was planned as part of the implementation of the National Energy and Climate Plan. It is the first on non-conventional surfaces and provides for the award of a total of 263 MW at seven reservoirs. In this third solar auction, the main innovation is that the candidates, in an atypical competitive procedure, bid for a package that includes both the **authorisation of reserve capacity for injection into the RESP** and the **authorisation of use of water resources for the use of the surface of the reservoir** that will be occupied with the solar panels.

The bodies of water selected for the auction were identified by the Portuguese Environment Agency (APA), excluding the water needs for fire-fighting, and they have a greater installed capacity than on land. In other words, it is possible to install more MW on the same number of hectares.

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The procedure provides for the installation of solar parks on the surfaces of seven reservoirs with the following characteristics of connection power and maximum implantation area:

LOT	ALBUFEIRA	RESERVOIR	VOLTAGE LEVEL [KV] ¹	AVAILABLE RECEPTION CAPACITY [MVA] ²	NETWORK CONNECTION	AVAILABILITY OF RECEPTION CAPACITY	MAXIMUM IMPLANTATION AREA [HA]
1	Alqueva	Alqueva	400	100	RNT ³	Immediate	250
2	C. Bode	Pego	400	50	RNT	Immediate	60
3	Cabril	Peneta	60	33	RND ⁴	31/12/2023	40
4	A.Rabagão	Frades	60	42	RND	31/12/2023	50
5	Paradela	Frades	60	13	RND	31/12/2023	15
6	Salamonde	Caniçada	60	8	RND	31/12/2023	10
7	Tabuaço	Vila da Rua	60	17	RND	30/09/2023	20

[Decree-Law 98/2021 of 16 November](#), was published to unify the procedures of a competitive nature for the award of authorisations for reserve injection capacity into the RESP for electricity from solar energy conversion by floating photovoltaic power plants. Following this, the APA is now joined by the Directorate-General for Energy and Geology (DGEG) as the licensing entity and both of these bodies represent the Portuguese State.

Due to its mixed and atypical nature, the competitive procedure will include extended deadlines for clarification and application, and the deadlines are 10 January 2022 and 2 March 2022, respectively. The procedure is divided into three procedural phases, which are qualification, bidding and award. In addition to the Procedure Programme there are two sets of Tender Specifications, one for the award of reserve injection capacity into the RESP and the other for the award of concessions for the private use of the public water domain.

The **qualification phase** begins with an application submitted electronically on the application website 'Portal de Candidatura' (<https://leiloes-renovaveis.gov.pt>). The application must be accompanied by:

- The initial intention to acquire capacity – this is the volume, in MVA, of injection capacity that the applicant intends to acquire in the lots applied for at the base bidding price. This may not be less than 5 MVA at the connection points to the National Distribution Grid (voltage level at 15 kV or 60 kV). In the connection points to the National Transmission Network (voltage level at 150 kV or 400 kV), and 50 MVA it may not be less than 50 MVA. Each of the lots is subject to an autonomous bidding procedure, so candidates can apply for one or more lots in processes that are processed autonomously.

1 The "voltage level [kV]" is the minimum guaranteed voltage level for the lot in question. The contractor can request a higher voltage level than the one indicated, provided this is agreed with the RESP Operator and communicated to the DGEG (Directorate General for Energy and Geology).

2 The "available reception capacity [MVA]", should be understood as the maximum power available for injection into the RESP, in apparent power [MVA], corresponding to the vector sum of the active power [MW] and the reactive power [MVar].

3 Rede Nacional de Transporte (National Transport Network).

4 Rede Nacional de Distribuição - (National Distribution Network).

- The remuneration model underlying the offers to be presented in the bidding - the following two models are admitted:
 - i) Variable Difference Premium, where the contractor receives a variable premium, which can be positive or negative, on the closing price of the daily market, allocated to the Portuguese area of MIBEL, managed by OMIE, which makes it possible to match the auction closing price, expressed in €/MWh, or
 - ii) Fixed Compensation to the SEN, where the adjudicator pays the auction closing price to the SEN, expressed in €/MWh/year, in return for the price resulting from placing production on the market;
- A bid bond in favour of the DGEG (Directorate General for Energy and Geology), to guarantee compliance with the obligations undertaken in the application for a period of 6 months, in the amount of €10,000/MVA of injection capacity in the RESP that the bidder intends to acquire, for all the lots for which it is bidding. In the event of an award, the bid bond will be replaced by a permanent bond of a higher amount and, if the contract is not awarded, it will be returned to the bidder.

The accepted applications move on to the **bidding phase**, supported on the Bidding Platform made available by OMIP, which is responsible for the technical management and conduct of the bidding. The bidding is carried out through an “ascending clock” type auction. This has multiple sequential rounds and its end and number are determined by the bids relative to price/quantity pairs submitted by the bidders. The evaluation of the bidding offers is carried out according to the criterion of the most economically advantageous offer. This is determined by evaluating the price presented by the bidders, in one of the two admissible remuneration models, converted into an NPV (Net Present Value), expressed in €/MW.

In the **award phase**, the DGEG gives notice to the bidder with the best bid of the rights to reserve injection capacity into the RESP. In turn, the APA gives notice of the provisional award of the rights of private use of public water resources. The winning bidder is also required to provide a definitive bond in the amount of €20,000/MVA of awarded injection capacity into the RESP.

The right of private use of public water resources is awarded on a provisional basis during the award phase. However, it will become definitive with the signing of the concession agreement between the winning bidder and the APA. A fee must be paid for the use of the water resources and it is calculated by applying the annual base value referred to in the Economic and Financial Rules for Water Resources – €0.0525 per square metre of occupied area. A guarantee must also be provided in the amount of €40,000/MVA of awarded injection capacity into the RESP.

Finally, at the end of the award phase, the successful bidders must comply with the obligations set out in the Tender Specifications, in particular, they must:

- Obtain the Production Licence and approval of the Execution Project of the electricity generating plant by the APA within 24 or 18 months, depending on whether or not the project is subject to an environmental impact assessment or an environmental incidence analysis;
- Obtain the Operating Licence within 48 or 42 months, depending on whether or not the project is subject to an environmental impact assessment or an environmental incidence analysis;
- Start of Operations within 30 days of the issuance of the Operating Licence. ■