

Global Ministerial Conference on System Integration of Renewables

“Innovation in policy, market design and regulation”

Berlin, 1 October 2019

Maria Cristina Portugal
Chairwoman Board of Directors
ERSE - Energy Services Regulatory Authority

Portuguese National Energy and Climate Plan for 2030 (under discussion) goals:

- ✓ cutting CO2 emissions by 45 to 55% (comparing with 2005)
- ✓ 47% of renewables in primary energy consumption
- ✓ 80% renewables in electricity consumption
- ✓ 20% of renewables in transportation
- ✓ Scenarios of electricity generation: 25% solar and 35% wind.

Plans for 2050: 100% renewable electricity [Path for Carbon Neutrality 2050]

Recent energy policies and regulatory rules and projects set the stage of evolution:

- ❖ New rules for electricity smart grids
- ❖ Pilot projects for new network tariffs' price structure and for the participation of demand in balancing reserve market
- ✓ Auctions for allocating new grid connections for renewable generation sites
- ✓ Reviewed legal regime for renewable generation for self-consumption and collective self-consumption (in line with Directive EU/2019/944)

Grid connection points were short to meet new requests from promoters -- Government set up an auction mechanism for the allocation of new connection points for renewable generation

1st auction (July 2019) - very competitive auction ending with the approval of new 1150 MW of photovoltaic solar generation (6% of the current total generation capacity)

Generators offered to pay the electric system a premium around 20 €/MWh, for 15 years, on average. This premium was either in the form of a variable generation fee (paid by generators) or in the form of a *feed-in tariff* with a discount under wholesale market price (45 €/MWh) around the same value.

Generation projects approved vary in size (10 to 150 MW) and were awarded to 14 different promoters (many of them outsiders of the Portuguese power system)

Areas of work to implement the energy policy for decarbonisation.

- ❖ Include **new players** like storage providers and aggregators, collective renewable self-consumption and energy communities
- ❖ Limit short term impacts of the energy transition for **vulnerable consumers**
- ❖ Include the **participation of demand** (and small size generators)
- ❖ Improve market functioning and renewable integration to reduce volatility in end-user prices, like **auctioning renewable energy** from *feed-in tariff* generators, increment exposure of dispersed and intermittent generation to imbalance costs
- ❖ Maintain **the tariff debt reduction's** trajectory while controlling network costs
- ❖ Develop the current methods for network regulation, including a more **neutral approach to the cost structure** (capex versus opex) or **incentivising new services** with **smart grids**
- ❖ **Develop the price structure of network tariffs** with the goal of promoting demand response (and cost reflectiveness) and other flexibility services



Global Ministerial Conference on System Integration of Renewables

“Innovation in policy, market design and regulation”

Berlin, 1 October 2019

Maria Cristina Portugal
Chairwoman Board of Directors
ERSE - Energy Services Regulatory Authority