

Portugal's planned 700MW solar auction delayed

By Cem Bektas

31-Mar-20 15:51

LONDON (ICIS)--Portugal will postpone its planned 700MW solar auction in response to the coronavirus outbreak.

Pedro Amaral Jorge, president of the Portugal Renewable Association APREN, told ICIS the decision was the right thing to do under the current circumstances.

The auction is expected to take place "when stakeholders can guarantee the cost of [capital expenditures] CAPEX, interest rates, financing tenors, and work force availability to work under the correct health and safety conditions," Amaral Jorge added.

BACKGROUND

The Portuguese auction system was introduced in June 2019.

Projects could choose either a feed-in-tariff (FiT) where they receive a fixed subsidy for 15 years and must surrender all power to the grid, or a contribution to system (CtS), where producers receive the bid price to dispatch electricity, but can sell the power freely in the market.

The first and only auction took place in July 2019 where 1.4GW of solar capacity was on offer.

Results were announced last August with a total of 1.29GW of successful bids, at prices as low as €14.76/MWh.

2020 AUCTIONS

The first solar auction this year was expected to [take place by April](#). The total capacity expected to be auctioned was 700MW in the Alentejo and Algarve regions in southern Portugal.

Bidders were expected to choose from three different revenue schemes. As well maintaining the two remuneration options of 2019, a third option was included for storage facilities associated with solar generation.

Another auction was expected to be scheduled before the end of 2020.

Since the auction system is the main way for projects to receive a grid connection licence, delaying the auction would further increase the demand for slots to the next auction.

Amaral Jorge said he believed the second auction expected later this year might be also delayed. Portugal might end up with a single auction but with more capacity on offer, he added.

SOLAR CAPTURE PRICES

With growing installed capacity in the upcoming years, solar capture prices in Portugal face the risk of price cannibalisation – prices begin to fall as greater volume of solar power is generated at a given hour during the day.

Portugal's solar capture price forecast by ICIS analysts shows an initial growth from €48/MWh in 2020 to a peak at €66.22/MWh in 2025, followed by a decline to €39/MWh by 2030.

PORTUGAL'S RENEWABLE AMBITIONS

Portugal's solar auctions are part of the measures defined in Portugal's draft National Energy and Climate Plan (NECP) to reach carbon neutrality by 2050.

In the plan, Portugal aims for up to 10GW of solar capacity by 2030.

Portugal currently has 789MW of solar capacity installed, and ICIS Horizon modelling assumes growth to 8GW by 2030.