

PORTUGAL

Feed-in tariffs (Decree-Law 168/99)

Decree-Law 168/99 guarantees power producers that the public grid will buy their produced electricity during the period in which the licenses are valid. In 2001, the payback tariffs for renewables were increased by Decree-Law no. 339-C/2001. In 2003 the tariffs were as follows:

- Small hydro (≤ 10 MW): 7.2 ct/kWh
- Wind < 2000 full load hours: 8.31 ct/kWh
- Wind 2000 - 2200 full load hours: 8.2 ct/kWh
- Wind 2200 - 2400 full load hours: 8.021 ct/kWh
- Wind 2400 - 2600 full load hours: 7.8 ct/kWh
- Wind 2600 - 2800 full load hours: 7.56 ct/kWh
- Wind > 2800 full load hours: 7.25 ct/kWh
- Biomass: 6.198 ct/kWh
- Solar PV < 5 kW: 41.0 ct/kWh
- Solar PV > 5 kW: 22.4 ct/kWh

Effective date: 1999, revised 2001

More information: www.jrc.es/cfapp/eneriure/Tables/PRTtables.pdf

New feed in tariffs for Renewables - DL 33-A/2005

Year: 2005

Description This Decree Law 33- A/2005 establishes the way to calculate the feed in tariffs for Renewables in Portugal and establishes the validity time for these tariffs. The formula for calculation of the Feed in tariffs takes in account the technology, the environmental aspects and the inflation rate through the index of prices to the consumer.

According to this legislation some typical values are:

Wind Energy

~7.6 euro cents/kWh for the first 33 GWh/ MW injected in the grid or 15 years whatever comes first.

Photovoltaics

For installations less or equal to 5 kW: 44.4 euro cents/kWh for the first 21 GWh/ MW injected in the grid or 15 years whatever comes first.

For installations bigger than 5 kW: 31.7 euro cents/kWh for the first 21 GWh/ MW injected in the grid or 15 years whatever comes first.

IPP Law (Decree-Law no. 189/88)

The Independent Power Production Law allows for public or private entities or private individuals to generate electricity from renewable energy sources (including small

hydro) and sell it to the grid, provided certain technical conditions for interconnection are guaranteed.

Effective date: 1988, revised 1995 and 1999

More information: www.agores.org/Publications/EnerIure/Portugal21.pdf

MAPE/POE Programme (Portaria no. 383/2002)

This legislative measure created the Measure for Supporting the Use of Energy Potential and Rational Use of Energy Programme (PRIME programme, formerly MAPE/POE), which is considered to be the main tool of the Ministry of Economy to support projects in the energy sector under the III Community Support Framework (QCA III – 2006). The programme grants subsidies to public and private organisations for investments projects in four categories:

- Renewables for electricity generation
- Energy management measures and co-generation.
- Green fuels for transport fleets.
- Fuel switching to natural gas.

Subsidies vary according to renewable-type and project economic feasibility, but in general correspond to approximately 40% of the investment.

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More information: www.jrc.es/cfapp/eneriure/Tables/PRTtables.pdf

Portaria 394/2004, 19th April

Under this law, the Government allocates support to projects with a minimum eligible investment, designed for production of electric and thermal power from renewable sources, rational use of energy and conversion of consumption to natural gas. There is a minimum investment of €25,000 (10,000 for solar).

Producer-Consumer Law

This law, aimed at residential and small industry markets, allows for micro-generators (microturbines, fuel cells, PV, etc.) to be connected to the low-voltage grid. Any individual or company may become an independent producer under this law, provided at least half of the generated energy is self-consumed. Therefore, the utility is only

obligated to buy half the generated power at a feed-in tariff which varies according to the technology used. For PV, the buyback rate is about 0.25 EUR/kWh, which, for small systems up to 5 kWp, is considerably lower than the IPP tariff, making this considerably less attractive.

Tax Reduction for Renewable Energy Equipment

New budget provisions allow purchasers of renewable energy equipment, such as solar panels for residential use, to benefit from a reduced VAT of 5%. Investment costs in renewable end-use technology were deductible from the income tax with a limit to the deduction set at PTE 50,000 in 2000. There is conflicting information as to whether or not this provision is still in effect.

Additionally, investors in equipment using solar energy are entitled to claim a depreciation rate of 25% (previously set at 7.14%).

Effective date: October 1999
