

SPAINFeed-in tariffs

The Royal Decree 436/2004 amends the previous Royal Decree (2818/1998) and is set up to fit into the existing general framework supporting renewable energy as set out by the Electricity Act 54/1997, which is still in force. It provides incentives for new installed capacity of renewable energy sources in one of two ways.

1. Generators who sell their production to a distributor receive a fixed tariff that is defined as a percentage of a regulated tariff. The percentage is established on a technology by technology basis. The reference tariff for 2004 has a value of € 0.072/kWh.

2. Generators who sell their electricity on the free market receive the negotiated market price of electricity, an incentive for participating, and a premium, if eligible.

- PV < 100 kW receive a fixed tariff of 575% of the regulated tariff (i.e. € 0.40/kWh). PV > 100 kW receive a tariff of 300% of the regulated tariff (i.e. € 0.21/kWh). These tariffs remain in effect for the first 25 years, after which the fixed tariff for PV is reduced to 460% (PV < 100 kW) and 240% (PV > 100 kW) of the reference price.

System size [kWp]	< 100 kWp		> 100 kWp	
Feed-In-Tariff [€/kWh]	575 % RP (460 %) RP	0,4144 (0,3315) €/kWh	300 % RP (240 %) RP	0,2162 (0,1730) €/kWh
Bonus on RP of 3-4 ct€/kWh	NA	NA	250 % RP (200 %) RP	0,1874 (0,1514) €/kWh

- Solar Thermal: The decree increases the incentives for the first 200 MW of solar thermal electricity production in Spain. Under the first option, solar thermal electricity generators receive a fixed tariff of 300% of the reference price (€ 0.21/kWh) during the first 25 years after start-up and 240% of the reference price (€0.17/kWh) thereafter. Under the second option, solar thermal electricity generators selling their electricity on the free market may receive as a premium, 250% of the reference price during the first 25 years after their start-up and 200% afterwards plus an incentive of 10%.
- Wind: The tariff for wind remains unchanged from 1999, where wind electricity producers could receive either a fixed tariff of €0.06/kWh (90% of the reference price) or the average hourly market price of electricity plus a bonus of € 0.03/kWh.
- Other Technologies: The tariff for other renewables, such as hydropower, bioenergy and geothermal receive fixed tariffs ranging between 80% and 90% of the reference price or the average hourly market price of electricity plus a bonus.

Effective date: March 2004

Contact: Ministry of Environment

More information: <http://www.cne.es>,
http://www.noticias.juridicas.com/base_datos/Admin/rd436-2004.html

Law 24/2001 on Fiscal, Administrative and Social Measures

This offers corporate tax deductions for investments in renewable energy sources. Those investments that were originally for Royal Decree 1663/2000 have been incorporated into this Law. Eligible investments entitle firms to a 10% tax deduction in the case of investments in installations or equipment using solar power, biomass from agricultural or forestry waste, solid municipal waste and biofuels. These tax deductions are not applicable to wind power equipment or installations.

Effective date: 2001

More information: www.mineco.es/dgdc/sdc/Legislacion_L_24_2001.htm

Royal Decree 252/2003

Modified tax code which includes a 10% deduction for companies investing in renewable energy sources. The new law modifies Article 40 of the Corporate Tax Regulation (Royal Decree 537/1997) and states that taxpayers may take a 10% deduction on investments in property "destined for environmental protection." These include installations aimed at reducing industrial air and water pollution, and improving treatment of industrial waste. This includes investments in solar energy, biomass fuel from forest or agricultural waste, natural gas created from solid waste or water treatment waste, and ethanol and biodiesel created from treated oils or plant matter.

Effective date: March 2003

Contact: Ministry of Economy

There are several regionally-administered programs and incentives.

Asturias: Resolution of 31 January 1997 adopted by the Regional Ministry of Economy

The resolution establishes subsidies for energy-saving programmes in projects aimed at the rational use of energy and rational substitution of energy sources in industry, buildings, and public roads, in addition to projects involving the use of renewable energy sources. The following renewable sources are eligible for subsidies:

- Solar thermal energy (active or passive)
- Solar photovoltaic energy
- Wind power
- Geothermal
- Biomass and waste.

The maximum subsidy for solar thermal energy is €238 per m² of useful surface, up to a maximum of €12,000; for solar photovoltaic grid-connected systems, €7.14 per Wp, up to a maximum of €12,000, and for photovoltaic stand-alone systems, €14.29 per Wp; for wind, geothermal, and biomass, 60% of the eligible cost, up to a maximum of €30,000.

Effective date: Feb. 1997

Castille-Leon: Order of 31 January of the Regional Ministry of Industry, Trade, and Tourism

This order creates a fund to provide grants for a number of different environmental initiatives, among them the exploitation of local energy resources through investment in solar thermal energy, wind energy, small-scale hydro power plants, biomass, and passive solar energy. Businesses as well as other entities are eligible to receive funds.

Funding: PTA 255 million (€1,517,857) annually

Effective date: January 1996

La Rioja: Order of 31 May 1996 issued by the Regional Ministry of Finance and Economic Promotion regarding promotion of the generation of electricity using alternative sources.

The purpose of the order is to establish a call for subsidy applications. Eligible projects are investments in the generation of electricity using alternative energy sources. These include cogeneration, small hydro, biomass and biogas, and other renewable plants. Up to 15% of the investment will be subsidised, with a ceiling of 100,000 Pta (€595) per project, for 3 years.

Effective date: June 1996

Murcia: Order of 25 April 1997 issued by the Regional Ministry of Industry, Employment and Tourism

The purpose of the order is to establish the regulatory basis for the granting of subsidies for projects involving the use of renewable energy sources. Actions eligible for subsidies are those which involve the exploitation of regional renewable energy sources: solar thermal or photovoltaic, wind, geothermal, and biomass (forest and agricultural waste, municipal solid waste, and biodegradable waste). The subsidy will not exceed 50% of the project implementation budget.

Effective date: May 1997
