

# Portugal towards carbon neutrality

Rosado Correia (Miranda & Associados), Rocha (Telles) and Capela Godinho (Pérez-Llorca) underscore the need for clear regulations and streamlined processes to foster additional progress in renewable energy

by glória paiva

In the first six months of the year, Portugal set a new and significant sustainability record: renewable energy production in the country supplied 82% of consumption, the highest contribution during the first half of the year in the last 45 years, according to REN (Redes Energéticas Nacionais). Hydroelectric power was the most used, accounting for 39% of consumption, followed by wind power at 28%, photovoltaic at 9%, and biomass at 6%. The remaining percentage was covered by natural gas production (8%) and imports (10%). These are numbers to celebrate, resulting from a rare combination of natural geographic advantages with a trajectory of private, legislative, and public policy efforts focused on the energy transition, signalling a strong commitment to the goal of achieving carbon neutrality by 2050. However, there are still numerous legal obstacles that could hinder projects aimed at increasing the share of renewable energy in final energy consumption, and *Iberian Lawyer* has talked to a few experts about it.

Portugal currently has one of the most ambitious targets in the field of sustainability and energy transition and is an example for other countries, believes **João Rosado Correia**, partner at Miranda & Associados specializing in Energy, Public Law, and Regulation. The current goal of the country is to reach 85% renewable electricity by 2030, but the target could increase to 93% if the new version of the National Energy and Climate Plan 2030 (PNEC), open for public consultation between July 22 and September 5, is approved. “The contribution and national targets are among the most promising at the European and global levels. Portugal is attentive to the introduction of new technologies, seeking to create conditions for pioneering solutions,” assesses Rosado Correia.

## COMPETITIVE ADVANTAGES

European decarbonization policy and its transposition to the Portuguese context have been fundamental in this journey, with solar, wind, and hydroelectric generation sources being winning bets. For **Ivone Rocha**, partner at Telles responsible for the areas of Energy, Natural Resources, Environment, and Climate

Change and president of the Platform for Sustainable Growth, continuous efforts and the growing adoption of renewable energies by consumers have yielded results.

Interviewees point out that Portuguese legislation has been among the “friendliest” in the world on this subject. Some examples, according to Rosado Correia, are recent measures such as the National Energy and Climate Plan 2030 (PNEC), the main national energy policy instrument; Decree-Law 84/2022, which transposed EU Directive 2018/2001 to promote the use of energy from renewable sources; Resolution of the Council of Ministers 50/2024, which creates the Mission Structure for the Licensing of Renewable Energy Projects 2030; the Biogas Action Plan 2024-2040; and the regulation of the incentive system “Support for the Development of an Ecological Industry,” approved last June 7. Solutions that use passive energy systems in urbanization and building are also privileged.

In the context of this growth, the decarbonization efforts undertaken by concessionaires are “years ahead of other sectors or industries,” according to **Gonçalo Capela Godinho**, managing partner at Pérez-Llorca in Portugal, specializing in mergers and acquisitions in sectors such as energy and infrastructure. Godinho adds that the Portuguese energy mix has also benefited



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from factors such as the growing number of new projects reaching COD (with solar energy standing out), the relatively rapid deployment of hybridization and repowering projects enabled by new legislation, and the record numbers offered by hydroelectric generation in the first half of the year.

## CHALLENGES AHEAD

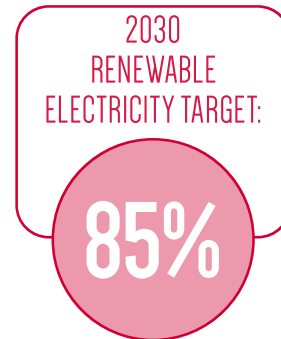
However, significant delays in the completion of new projects and repowering of existing projects due to licensing issues reveal a criticality that could slow the country's advances in the sector. According to Ivone Rocha, licensing



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GONÇALO CAPELA GODINHO



processes are excessively slow, and there are also constraints in the distribution network, which still needs to be better equipped. “These are the two areas where it is important to work to accelerate the implementation of renewables in Portugal, with the risk of not being able to achieve the PNEC targets for 2030,” warns Rocha. On the other hand, it is also necessary to provide competent bodies with better resources to handle the work they have on hand. “There are many pending issues in the operationalization of licenses. Procedures need to be simpler, faster, and more transparent,” she points out.

Another problem is the low price of energy, which negatively impacts the bankability of new projects. In the short term, according to João Rosado Correia, it will also be particularly challenging from a regulatory perspective to define the model for low voltage electricity distribution and the allocation of concessions for this activity. “I believe that the current framework in this case needs to be reviewed to ensure its operability,” says Rosado Correia.

## HISTORICAL OPPORTUNITY

The speed of execution of energy projects in Portugal will also depend, according to interviewees, on external challenges and macro-geopolitical issues, such as the level of governability the newly elected Portuguese government will have, ongoing wars, and imminent elections in countries that could play a crucial role in the global energy transition

market.

For the country to continue on a virtuous growth trajectory, the role of lawyers and legislators will be crucial. Therefore, they need to be constantly updated on the subject and educate themselves about "what is happening in more mature jurisdictions, to understand the underlying reasons for the success or failure of certain technologies and markets, both from the perspective of the legal complexities involved and the technical and economic aspects," believes Godinho.

According to Rosado Correia, another interesting contribution could come from greater collaboration with other sectors, such as water, contributing to savings and combating waste, and waste treatment, through its energy recovery. "In the coming years, the Portuguese energy sector has everything to continue to progress and be a world reference. The most accurate advice on this path is the one I would give to any decision-maker: clear laws, simple and transparent rules, and above all, a guarantee of legal and regulatory stability," he assesses.

The numbers achieved in the first half of the year show, according to the interviewees, not only the potential and importance of renewable energies in the Portuguese mix but also the need to unite efforts to promote the development of

new technologies while ensuring the bankability and viability of projects. "I want to believe that Portugal will understand this historical opportunity, the potential impact that a successful energy transition can have in terms of GDP, and that we will realize that certain incentives and subsidies will be extremely important at this time," says Godinho. ■

### RECENT LEGISLATION AND POLICIES:

- National Energy and Climate Plan 2030 (PNEC)
- Decree-Law 84/2022 promoting renewable energy use
- Resolution of the Council of Ministers 50/2024 for renewable energy project licensing structure 2030
- Biogas Action Plan 2024-2040
- Incentive system for the development of an ecological industry

