

## New Royal Decree – Law 14/2010, dated 23 December, establishing urgent measures to correct the tariff deficit in the electricity sector

On 24 December 2010, new Royal Decree Law 14/2010, dated 23 December, establishing urgent measures to correct the tariff deficit in the electricity sector ("**Royal Decree-Law 14/2010**") was published in the Official State Gazette.

This Royal Decree-Law entered into force on 25 December 2010, with the exception of the provisions of Article 2 –which amends the maximum amounts of the guarantees to be supplied by the State in 2011, established in Law 39/2010, dated 22 December, on the General State Budget for 2011-, and the provisions of its Third Additional Provision – regarding the financing of savings and energy efficiency plans for 2011 to 2013 by the generation companies -, which will enter into force on 1 January 2011.

Among the new developments introduced by Royal Decree-Law 14/2010, the following are worth highlighting:

### **I. Obligation for electricity generation companies to pay a toll for access to the transport and distribution networks**

1. The tolls to be paid by generation companies, both under the ordinary and special regimes, will be regulated in line with the amount of energy discharged to the networks.
2. However, until the corresponding regulations for the tolls has been implemented, as of 1 January 2011, transporters and distributors will charge the electricity generation companies an access toll of 0.50 EUR/MWh discharged to their networks.

### **Content**

#### **Payment of tolls by the generation companies**

#### **Limit to the equivalent operating hours of photovoltaic installations entitled to a regulated tariff**

#### **Extension of the number of years with entitlement to the regulated tariff**

#### **Other measures designed to reduce the tariff deficit**

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## II. Limit to the equivalent operating hours of photovoltaic installations entitled to a regulated tariff

1. The number of equivalent operating hours of photovoltaic solar technology installations entitled to a regulated tariff (equivalent operating hours being understood as the quotient of net annual production in KWh and the nominal voltage of the installation in KW), depending on the climatic solar zone where the installation is located (pursuant to the classification of climatic zones according to the average solar radiation in Spain set out in Royal Decree 314/2006, of 17 January, which approves the Technical Building Code), will be in accordance with the values set out below:

TECHNOLOGY	REFERENCE EQUIVALENT HOURS/YEAR				
	Zone I	Zone II	Zone III	Zone IV	Zone V
Fixed installation	1,232	1,362	1,492	1,632	1,753
Installation with single-axis trackers	1,602	1,770	1,940	2,122	2,279
Installation with dual-axis trackers	1,664	1,838	2,015	2,204	2,367

The Government is entitled to change the values contained in the above table by Royal Decree.

2. This notwithstanding, it is established that, until 31 December 2013, the reference equivalent hours for photovoltaic installations under the economic regime set out in Royal Decree 661/2007, dated 25 May, will be as follows:

TECHNOLOGY	reference equivalent hours/year
Fixed installation	1,250
Installation with single-axis trackers	1,644
Installation with dual-axis trackers	1,707

## III. The term for which photovoltaic solar technology installations are entitled to enjoy the regulated tariff is extended from 25 to 28 years

#### IV. Other measures designed to reduce the tariff deficit:

1. The maximum limit of earnings deficit established in the Twenty-First Additional Provision of Law 54/1997, dated 27 November, on the Electricity Sector, is extended for 2011 and 2012, by 1,000 million and 500 million euros, respectively. Moreover, it is established that the temporary maladjustments of settlements in the electricity system occurring in 2010, up to a maximum of 2,500 million euros, will be considered an earnings deficit of the electricity settlement system for 2010, and will generate collection rights that may be assigned by their holders to the Electricity System Deficit Securitisation Fund.
2. The maximum amount of the guarantees to be supplied by the state during 2011 is increased to 76,900 million euros.
3. The term for carrying out the first review of the financing of the rate subsidy (*bono social*) is extended to 1 January 2014.
4. It is established that the financing of savings and energy efficiency plans for 2011 to 2013 will be carried out by the generation companies under the ordinary regime, up to the amounts and with the percentages indicated.

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