

CONSIDERING SPAIN?

A MAJOR INTERNATIONAL TRADE AND INVESTMENT PARTNER

RENEWABLE ENERGY INDUSTRY IN THE SPANISH MARKET

For companies that want to raise their game

Spain is one of the world's leading renewable energy markets offering interesting business opportunities for British companies. Spanish industrial groups like Acciona, Abengoa, Gamesa and Iberdrola have become world leaders, especially in relation to wind and solar energy. Through a variety of economic incentives the Spanish government has promoted the development of renewable energy in Spain for two main reasons:

- Reduce CO₂ emissions (current emissions are 52% higher than 1990 CO₂ levels -well beyond the Kyoto target of 15%- which puts Spain behind most other European countries)
- Reduce Spain's heavy reliance on imported fossil fuels

Spain's overall energy demand grew rapidly in the 1990-2007 period, largely as a result of impressive economic growth but this has dropped over 2008 and expected to drop further in 2009 due to the current economic downturn which has hit Spain particularly hard. However the Spanish Government maintains its strong commitment to supporting the growth of renewable energy through the very effective feed-in tariff system.

Government support has amounted to €23 billion encouraging major investments, especially in wind and solar energy. Wind capacity now makes up almost 16 GW of capacity and has produced as much as 26% of total production on a given day.



However, the fastest growing technology over the last few years has been solar photovoltaic (PV) energy, which by 2007 had exceeded the 400 MW target anticipated for 2010.

At the end of 2008 solar PV had reached 3,120 MW. The government has now reduced feed-in tariffs on PV and put a cap of 500 MW for 2009 and is favouring the development of roof solar PV over solar PV parks. Other renewable energies such as biomass are beginning to take off and the Government is encouraging the development of microgeneration and distributed energy as well as the promotion of sustainable vehicles.

KEY FACTS

- Third largest wind energy producer in the world
- Fourth largest solar PV energy producer in the world and second in Europe
- Spain is leading the field on Concentrated Solar Power (CSP): more than 50 solar projects in the country have been approved for construction by the government and, by 2015, more than 2GW will be generated from CSP, comfortably exceeding current national targets.
- Spain's Renewable Energy Plan (Plan de Energías Renovables or PER) 2005-2010 foresees 30% of electricity production coming from renewable sources (at the end of 2007 this had reached 20%). This corresponds to an increase in renewable electricity generation capacity from 27 GW at the end of 2004 to 42.5 GW in 2010. Renewable generation capacity in 2008 was approximately 33 GW.



WHY SPAIN?

Private companies, associations and government have highlighted some areas of business opportunities and development in the renewable energy sector in Spain, where central and local government incentives are available.

- **Distributed energy projects** using conventional CHP and high efficiency microCHP and/or integrating renewable energy such as solar PV, microwind, biogas, geothermal energy.
- **Low Carbon building projects.** One of the main drivers in the Spanish market is the Technical Building Code which came into force in 2007 and requires all new or renovated buildings to cover 30%-70% of hot water demand with solar thermal energy. It also encourages the introduction of a number of energy efficient measures. In addition, there is an obligation to install PV panels in new shopping centres, industrial and governmental buildings, hotels and hospitals with a surface area of over 3,000 m²
- **Sustainable transport including hydrogen/electric vehicles.** Spain plans to have 1 million electric and hybrid vehicles on the road by 2014 and through the MOVELE programme a fleet of 2,000 electric vehicles by 2011 with 500 charging points.
- **Offshore wind energy.** The Spanish Government has recently approved the offshore wind map for Spain identifying coastal zones for offshore wind farm installations. Through the "Eolia" project involving 50 companies and funded by the Ministry of Science and Technology, a study into offshore wind farms in deep water is being undertaken. The project has been awarded a budget of 33.7 million Euros and will be completed in 2011.
- **Wave Energy projects** along the North and North West coast of Spain, including the Biscay Marine Energy Platform Project (Bimep). The Basque Energy Board are investing Euro 15 million in the construction of an offshore underwater hub for the development and testing of marine energy devices which will provide excellent business opportunities for UK companies with expertise in marine technologies.
- **Considerable growth opportunities in biomass energy production** from agricultural, industrial and forestry waste. Currently only 2% of primary energy consumption is covered by these sources but studies indicate that there is potential for this figure to reach over 8%. Also, the supply and use of biomass boilers and the production of biogas are unexploited markets offering exciting opportunities.

WHY UKTI?

UKTI experience in industry and in the private sector, and links with key industry sectors, makes us the best provider of business advice that can help your business to grow.

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