

## Home energy storage spain

Our combination of practice excellence and deep industry expertise provides a distinct competitive advantage to our clients, bringing together legal expertise, commercial insight and close professional support.

One of the key barriers identified by developers in respect of the deployment of storage systems is the lack of definition and clarity in relation to certain administrative procedures and the necessary criteria for project permits projects.

To overcome this issue, Measure 1.5 of the Energy Storage Strategy (“ESS”) published on February 2021, that Measure 1.5 explains how the regulatory framework for storage will define, among other things, the authorisation process for permits for these types of facilities. It is envisaged that this will simplify administrative procedures and reduce the administrative burden on developers. The ESS promotes regulatory modifications, within the scope of different public administrations, to facilitate the management and obtaining of aid, permits and licenses.

In addition, Royal Decree 1183/2020[3] regulates access to the grid for storage facilities, treating them as electricity generation facilities and allowing co-location of new or existing production plants with storage systems. Accordingly, a stand-alone storage facility will require the processing of new access and connection permits to inject energy into the grid. A storage facility connected to a generation facility will be able to export energy to the grid using the same access and connection permit as the generation facility to which it is connected.

While the initial steps have been taken to introduce a framework to enable storage projects into the legal system in line with the European Directives, ultimately the regulatory framework will need to be reformulated to enable the technologies’ full integration into the energy system. It will be important to ensure that the storage facilities are allowed the same benefits and considerations as electricity generation facilities.

The declaration of public interest may be made either at the same time or after having obtained administrative authorisation for the storage facility. Indeed, it is possible, and most common in practice, for the declaration of public interest to be processed at the same time as the application for administrative authorisation of the site.

Renewable energy projects, including storage facilities connected to the grid, are subject to an environmental impact assessment (Evaluaci3n de Impacto Ambiental) which concludes with an environmental resolution/statement aimed at determining whether a project is compatible with relevant environmental legislation and, where applicable, setting the protection and prevention mechanisms to be implemented in order to ensure the compatibility of the project with the such legislation.

The environmental assessment procedure usually begins with consultation by the developer in respect of the

storage facility with the stakeholders responsible for the potentially affected areas (e.g., hydro domain, road infrastructure, cattle roads). The consultation will aim to secure the requisite land rights or to obtain similar rights (e.g., surface rights) from the landowners where the storage facility is to be installed.

To aid this process, the Ministry for Ecological Transition and the Demographic Challenge developed the Environmental zoning for renewable energies: Wind and Photovoltaic. This is a tool that helps identify areas of the country that present the best environmental conditions for the development of electricity storage projects, enabling developers to make strategic decisions with respect to the location and design of these projects.

Given that this is still a nascent area, there are still regulatory obstacles which will need to be considered before electricity storage facilities can be fully integrated into the energy system. Indeed, there are a number of considerations in relation to the profitability of storage facilities, including the possibility for standalone facilities to sell back the energy in the electricity market or the possibility for payment of subsequent transmission fees.

For example, when considering the price of the energy purchased, a stand-alone storage facility can benefit only from the price variation at the time of sale. Conversely, co-located storage facilities will be able to capture the discharge of the renewable facility at times when it is not possible or economically feasible to discharge the energy to the grid, moving the discharge to a later time when the market price is higher. Therefore, it is expected that in Spain co-located of storage with other renewable technologies will be pursued more than stand-alone projects.

In the case of PPAs, the implementation of a storage facility adds complexity to the functioning of the settlement of contract prices, particularly in relation to contracts for differences. This is an area that will need to be explored in the Spanish market.

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