

## **In-depth analysis of the impact of the new Spanish regulatory framework for PV and CSP. Is this the end of regulatory uncertainty or the demise of the industry?**



- Why has this happened and could it happen again?
- Has anything really changed? Is the market situation sustainable?
- Is Spain still an interesting renewables market to invest in? What IRR's can investors expect?
- What is the future for projects under different Royal Decrees? How secure is your project?
- Should investors seek to sell their assets and invest in other markets? How attractive is the Spanish solar market today versus other markets?



### **Spanish Solar Industry**

'Current state and future trends of Solar Power in Spain', updated in March 2011, is the definitive guide for companies that are looking to fully understand the intrinsic workings of the Spanish solar industry. This 180 page report provides our expert analysis on the current and future impacts of the new Royal Decrees for both PV and CSP. The report provides the reader with a clear understanding of what has caused the regulatory changes that are now in place, how these changes impact on the risk profile and financials of operating and development assets, and finally provides our opinion on the future of the market.

At the core of this report are forecasts of the revenues for PV and CSP projects in Spain.

By understanding the key variables of the solar industry and how it interacts with the overall power market (creation of tariff deficit, impact on end-user

prices, etc.) we are able to design a number of possible market development scenarios which will provide the required industry insight for companies to make informed strategic decisions.

Our reports are accepted by banks and lending institutions all over the world for purposes of project finance as well as used in base case valuations in M&A activity.

### **Spanish Solar Market**

For the Spanish solar market, Pöyry's Madrid office offers the following services:

- "Off-the-shelf report" that covers the Spanish solar market including Spanish day-ahead price projections.
- Bespoke reports with specific analysis about the solar market and business opportunities.
- Tailor made consulting and engineering services for the solar market.

Pöyry's Madrid office has been involved in over 40 M&A solar

transactions in Spain over the last 5 years and has assisted clients, both promoters and banks, to either develop or to buy/sell solar assets. We have also helped major corporations on their market entry strategies in the Spanish solar industry.

### **Pöyry**

Pöyry is a global consulting and engineering firm dedicated to balanced sustainability and focused on the energy, industry, urban & mobility, water & environment and management consulting sectors. Pöyry employs 7,000 experts globally and had annual net sales of €682million in 2010.

With its unique office network covering 50 countries, Pöyry can offer local services to clients through more than 100 offices, combining knowledge of local conditions with global resources and expertise.

The Management Consulting Group's services cover the entire lifecycle of energy projects, from

strategic planning, project development and implementation to power plant operations and maintenance services.

Pöyry Management Consulting is Europe's leading energy consultancy providing strategic,

commercial, regulatory and policy advice to Europe's energy markets.

## Spanish Solar Report

The Spanish Solar Report is the definitive guide for companies seeking to invest or be involved in solar generation (both PV and CSP) in Spain. Examples of the report contents are shown below.

- Spanish solar market background.
- Special Regime support mechanism and current Spanish solar market, government targets, policies for the support of solar, relevant directive and future trends.
- Analysis of the permitting road map and risks.
- Pöyry's projection of the Spanish marginal prices, final tariff, and our views on Spanish inflation.
- Pöyry's analysis of the new Royal Decrees and its impact on the profitability and risk profile of solar investments.
- Analysis of the reasons for the tariff change.
- Analysis of the likelihood of further tariff reductions and the threat of retroactive changes.
- Recommendations on whether to invest in Spanish solar industry versus other solar growth markets.



## Pöyry Solar Services and Selected References

Pöyry is able to provide consulting and engineering services that cover each stage of a solar project development.

SERVICES			REFERENCES
Management Consulting	Project Consulting	EPC / Operations	
<p><b>Strategy consulting</b></p> <ul style="list-style-type: none"> <li>• Solar and renewable strategy development</li> <li>• Renewable energy portfolio analysis and shaping</li> <li>• Assessment of market and technology developments</li> <li>• Market entry strategy development</li> </ul> <p><b>Market advisory</b></p> <ul style="list-style-type: none"> <li>• Policy reports (ILEX Solar Reports, etc)</li> <li>• Policy and regulation studies</li> <li>• Market due diligences</li> <li>• Asset valuation</li> </ul> <p><b>Business development</b></p> <ul style="list-style-type: none"> <li>• Market entry support</li> <li>• Project identification and pipelining</li> <li>• M&amp;A target search and acquisition support</li> <li>• Post-merger integration</li> </ul> <p><b>Structural optimization</b></p> <ul style="list-style-type: none"> <li>• Cost optimisation across units, technologies, countries</li> <li>• Corporate organisation development</li> </ul>	<p><b>Project assessment</b></p> <ul style="list-style-type: none"> <li>• Site identification / characterisation</li> <li>• Solar irradiation measurements, productivity analysis, bankable reports</li> <li>• Technology evaluation and technical feasibility studies</li> <li>• Economic feasibility studies</li> </ul> <p><b>Project development</b></p> <ul style="list-style-type: none"> <li>• Project concept and business planning</li> <li>• Joint venture and partnership support, financial strength analysis</li> <li>• Risk analysis</li> </ul> <p><b>Technical development</b></p> <ul style="list-style-type: none"> <li>• Preliminary design and basic engineering</li> <li>• Permitting support and environmental studies</li> <li>• Preparation of tender documents, alignment of offers, valuation</li> <li>• Assistance in negotiations with key suppliers (EPC, O&amp;M, etc.)</li> <li>• Technical due diligences</li> </ul> <p><b>Divestment / End of project</b></p> <ul style="list-style-type: none"> <li>• Residual asset value analysis</li> <li>• Technical support</li> </ul>	<p><b>EPC</b></p> <ul style="list-style-type: none"> <li>• Detailed engineering (selected projects)</li> <li>• EPC contractors (selected projects, BOP)</li> <li>• Owner's Engineering</li> <li>• Lender's Engineering</li> <li>• Project and site management</li> <li>• Supervision of PAC and FAC</li> </ul> <p><b>Operations</b></p> <ul style="list-style-type: none"> <li>• Assistance during guarantee period</li> <li>• Lender's Engineering</li> <li>• Optimisation of O&amp;M operations</li> <li>• Performance check-up and benchmarking</li> <li>• Commercial support</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market analysis on renewables investment opportunities in Europe</b>, Confidential Client, Spain (2010)</li> <li>• <b>Developing strategy, mission, and operating model</b>, King Abdullah City for Atomic and Renewables, Saudi Arabia (2010)</li> <li>• <b>Market and financial due diligence services ; 2 CSP projects</b>, Confidential Client, Spain (2010)</li> <li>• <b>Market advisory for project financing purposes for various CSP projects</b>, Abengoa, Spain (2009-2010)</li> <li>• <b>CSP advisory on markets, policy and regulation, technology, price projections</b>, Toyota, Spain (2009)</li> <li>• <b>Market intelligence, CSP advisory and business development</b>, Confidential Client, Spain (2009)</li> </ul>

For more information on this report or additional bespoke services for energy related issues, please contact **Steven Taylor** (Head of Spain and Portugal for Pöyry Management Consulting) or **Antonio de Juan** (Principal Consultant), contact details provided below.