
Renewable gas auction

Tender allocating €140 million over 10 years aims to incentivize renewable gas projects.

Portugal - Legal Update

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Key aspects

- > Launch of tender for centralized purchase of biomethane and green hydrogen
- > Allocation of €140 million for 10-year period
- > 150GWh/year for biomethane, with a maximum price of €62/MWh
- > 120GWh/year for hydrogen, with a maximum price of €127/MWh
- > Period of 15 days for clarification requests and 60 days for qualification



Launch of tender for centralized purchase of biomethane and green hydrogen

Following [Ordinance 15/2023](#), establishing a centralized purchasing system for biomethane and green hydrogen produced from water electrolysis (see [Legal Flash](#)), [Order 5971-A/2024 of May 27](#) (“Order 5971-A/2024”) has been published to initiate the launch of a tender in the form of an electronic auction. The sale of the respective guarantees of origin is also included.

This measure aims to incentivize green hydrogen and biomethane projects, with an allocation of €140 million to be delivered over a 10-year period.

Main aspects:

a) Maximum quantity:

- 150 GWh/year (HHV) for the biomethane lot
- 120 GWh/year (HHV) for the hydrogen lot—60 GWh/year for the sub-lot for injection into the national gas transmission grid and 60 GWh/year for the sub-lot for injection into the national gas distribution grid.

b) Maximum price:

- €62/MWh for biomethane
- €127/MWh for hydrogen

c) Remuneration model valid for a 10-year period from the acquisition/first injection start date. The bidder must indicate the expected injection start date, which cannot exceed 36 months from the date the aid is granted, which should occur by December 31, 2025, at the latest. The winning producer receives monthly payments from the wholesaler supplier of last resort (“WSLR”) based on the plan and what is actually delivered/injected into the grid, up to the maximum amounts awarded, considering the limits of the maximum technical hourly capacity associated with the production facility at the injection point.

d) Awarding entity: Transgás, S.A., as the WSLR.

e) Entity responsible for the tender: Directorate-General for Energy and Geology (the “DGEG”).

f) Tender documents can be viewed on the [Tender Platform](#) or [DGEG website](#).

g) Conditions for submitting a bid:

- Signing a declaration of commitment to comply with the technical conditions set by the transmission grid operator (the “TGO”) or the distribution grid operator (the “DGO”), particularly regarding the conditions for delivering renewable gas to the reception point.
- Guaranteeing the financial and technological maturity of the project by submitting a declaration of eligibility commitment, as specified in annex I to the tender program.
- Prior registration certificate for producers of renewable or low-carbon gases valid until the date their application is submitted.
- Registration on the Tender Platform, along with the submission of all the information mentioned in the tender program and tender specifications.
- Declaration of compliance with the renewable hydrogen or biomethane production requirements, as applicable, signed by the person(s) authorized to represent the producer, to meet the “do no significant harm” criteria set out in Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021, supplementing Regulation (EU) 2020/852 of June 18, 2020.
- For biomethane, a declaration of compliance with the sustainability and greenhouse gas emissions reduction criteria of Directive (EU) 2018/2001 of the European Parliament and of the Council of December 11, 2018; for hydrogen, the declaration mentioned in the Interpretation Note contained in Order 30/2023 of July 13, 2023, and in Order 13288-B/2023 of December 27, 2023.

h) Eligibility: Any legal persons that meet the tender program requirements may participate and form groupings, without requiring any legal form of association at the time of application. However, the members of a grouping cannot be individual bidders in the tender, although an application can cover one or more lots.

i) Stages:

- Qualification: Submission of the application, provision of a provisional guarantee, and payment of the cost of organizing the tender.
- Bidding: Bidding for the different lots through an electronic platform. The bids will be carried out through a “descending clock” auction, which may have multiple sequential rounds. The result will be determined by the price/quantity pair offers submitted by the bidders. The Iberian Energy Market Operator (OMIP) will close the bidding in the round where the sum of the closing quantities submitted by the bidders is equal to or less than the quantity put up for auction. Bids are assessed according to the criterion of the most economically advantageous bid for the awarding

authority, determined by assessing the price submitted by the bidders, in the admitted remuneration model, expressed in €/MWh, as described in the Bidding Regulation.

- **Award:** Publication of the preliminary and final results and, after the submission of the security deposit, award of the certificate attributing the right to sell and signing of the contract with the WSLR. This certification cannot be transferred until gas starts being injected into the public service infrastructure of the transmission and distribution grid.
- j) **Digital signature:** All documents must be submitted through the electronic platform. They must contain a signature with a qualified electronic signature certificate and identify the representation powers—alternatively, a notarized document can be submitted to prove these powers.
- k) **Deadlines:**
 - **June 12:** 15 days after publication of the tender documents for clarification requests
 - **July 26:** 60 days to submit the application
 - Bidding to be scheduled after the qualification phase, at least five days in advance
- l) **Bonds** (cash deposit, bank guarantee or insurance bond):
 - **Provisional:** To be submitted with the application and valid for 12 months, for an amount equal to 1% of the base price in €/MWh/year, multiplied by the amount of energy that the bidder intends to bid for in all the lots it is applying for in the tender, multiplied by 10 years.
 - **Final:** To be submitted as a condition for the award of the certificate for the right to sell biomethane or renewable hydrogen, valid for 12 months after the first injection into the public gas grid, for an amount equal to 1% of the final bid price in €/MWh/year, multiplied by the amount of energy in all the lots awarded, multiplied by 10 years. Failure to comply with the conditions set out in the specifications will result in the loss of this deposit.
- m) **Language:** All documents must be in Portuguese or be accompanied by a legalized translation.

Final recommendations

We recommend that potential auction participants:

- read the tender documents available on the Tender Platform or on the DGEG website thoroughly;

- verify all eligibility, renewable gas production, and sustainability requirements, particularly those set out in annex II to the tender program;
- verify and prepare the MWh/year quantities of biomethane and renewable hydrogen they intend to sell in the lots they are applying for, as well as the expected injection start date, as this needs to be indicated in the application form;
- verify that they have the required digital signatures and guarantees;
- analyze all the tender documents so that they can—if necessary—ask the DGEG for any clarifications before the respective deadline (June 12);
- submit their application by July 29, complying with the deadlines and formalities established in the tender program; and
- examine in detail all the provisions of the specifications containing the detailed regulation of the contract to be signed with the WSLR in order to define (a) the project's financial model, (b) the risks inherent to undertaking the sales commitment, and (c) the various milestones necessary for incorporating and operating the asset.

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