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POLICY AND LEGISLATION FOR A NEW ENERGY PARADIGM: THE CASE OF THE PORTUGUESE LEGAL FRAMEWORK FOR MICROGENERATION

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KEYWORDS
Microgeneration, Feed in Tariff, Regulation

ABSTRACT

Following the European Union energy strategies and recommendations, national governments are encouraging microgeneration related investments. The national government plays an important role on the effective introduction of microgeneration technologies into the markets and daily life of citizens. In the National Plan for Action on Energy Efficiency (NPAEE), the extensive use of microgeneration technologies in a decentralized electricity system is presented as one possible system to meet the future objectives of the Portuguese government for the energy sector. Several incentives were created to promote the adoption of microgeneration technologies through policy measures such as subsidies on the electricity generated by microproducers, investment subsidies and by creating awareness/informing the public about microgeneration.

This paper presents the Portuguese electricity system and the role of policy and legislation for the development of microgeneration in Portugal. The legal framework is analyzed along with the incentives and tax benefits for different microgeneration technologies. The detailed analysis of the Portuguese legal framework is made in order to ascertain the main features that may induce the project success or failure and the role of the defined payment rates namely identifying the possible success factors of these laws and regulations.

DECISION-MAKING PROCESS IN INVESTMENT PROJECTS

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Real Investment Projects, Non-Financial Analysis, Decision-making

ABSTRACT

We present projects evaluation approaches in what decision should be based. We try to understand what we have to take into account in a project analysis, knowing that we have to consider much unmeasured aspects, like non non-financial areas. We verify how all aspects are used and analysed in the project appraisal. We also desire to understand if companies have adequate tools and methods to correctly analyse and to take decisions in a project evaluation.

In this study we identify several aspects that are able to influence investment projects evaluation and decision-making process. An investment is not a mere financial activity, but involves a diversity of behavioural factors, organizational and business perception, which should be properly adjusted to invest with success. Investment decision-making should

take into account non financial aspects, mainly, through some evaluation's format and method. As non financial aspects have an intangible nature, they are difficult to estimate, and cause a subjective analysis to project evaluators, it is important to develop an objective and tangible method that incorporates and quantify all non financial aspects together in project evaluation.

PROJECT FINANCING AND VERTICALIZATION IN INFRASTRUCTURE PROJECT EVALUATION: A CASE STUDY OF ABENGOA

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Project Evaluation, Financial Strategies, Project Financing

ABSTRACT

The gradual transfer to private companies of public utility and infrastructure services has fundamentally changed the business environment for heavy engineering companies. This new competitive state of affairs has led these companies to assemble large investments in infrastructure assets. One that has adopted this new strategy is Abengoa – Spanish a firm focused on power generation, transmission and water utilities. Abengoa has been growing fast for many years, winning (in auctions) long-term public infrastructure contracts. The necessary infrastructure assets are built by Abengoa's engineering companies and construction is financed through highly leveraged financing structures, that include intensive use of Project Financing. Abengoa's case is particularly interesting because it allows us to understand how it is possible to build a highly leveraged capital structure, without compromising access to capital markets or hindering further investments in fixed assets. Abengoa's project evaluation model is also noteworthy as it combines in a single discounted cash flow both infrastructure project's cash flow and the gains obtained through vertical integration. This financial model also measures the impact of various types of debt, both at project level and at the corporate level.

REAL OPTIONS THEORY IN COMPARISON TO OTHER PROJECT EVALUATION TECHNIQUES

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