

INTERVIEW OF PV MAGAZINE TO ANTONIO DELGADO RIGAL, CEO OF ALEASOFT

"Portugal's bid of €0.01470/kWh is not the price of PV"

In a short chat with **pv magazine**, the CEO of **AleaSoft**, Antonio Delgado Rigal, has commented the preliminary results of Portugal's solar auction. According to him, although the auction has been transparent, the lowest final price of €0.01470/kWh announced by the Portuguese government does not reflect the real costs of PV and this price is not even an indicator of the future price of power in the electric market.

The Portuguese government has announced on July 30 the preliminary results of the country's first solar energy auction, while also revealing that an astonishing low bid €0.01470/kWh – which would become a world record if the offer will be accepted – had been submitted, with average bids being at around €0.020/kWh.

According to Antonio Delgado Rigal, which is the CEO of Spanish provider of **AleaSoft Energy Forecasting**, however, the record price of €0.01470/kWh does not reflect the price of PV. In a short interview with **pv magazine**, he explained that this price would be impossible for a sustainable project not only in Portugal, but anywhere else in the world. "This price does not exist in the market, and it is not even an indicator of the future price of power in the electric market," he said. "This is a price coming from a complex auction, of which we still don't know all of the details."

According to him, on the other hand, the costs for the construction of a solar plan can't justify such a low bid. "Nobody can build a solar park and offer this price," he stated. "Although we can only speculate now, as the details of the auction are not known yet, I can say that the price of €0.01470/kWh can be a deterrent, as it may prevent new entrants from joining the solar race in Portugal," he further explained. "I do not intend to cast a shadow on the auction, which was absolutely transparent. We are not questioning the auction's results, I want to be clear on this," he also affirmed.

"The auction, however, may include some conditions that we don't know yet, which may have made such an offer possible", Delgado added, while also stressing that the bidder behind the offer may have its own financial resources and no need of securing financing. "This could have some counterpart in some sense, from the point of view of securing market shares, for example," he also stated.

Possible negative impact on the PPA market

Delgado also believes that this world record may have some negative consequences for the burgeoning PPA market in the Iberian Peninsula. "These prices are a disincentive for several investors which expect much higher prices for bilateral PPAs linked to solar parks," he said. "These prices are apparently good news because this is clean energy, but are negative for investors, developers and new market entrants. Of course, intensive energy companies, after this auction, will require buying power at around €0.020/kWh and PPAs at €0.040/kWh will become more difficult to secure." According to him, on the other hand, all of the PPAs recently signed in Spain are well above the €0.030/kWh threshold. "The auction's result, however, should not raise false expectations, you can't buy a golden Rolex at €100," he stated.

According to Delgado, on the other hand, electricity prices are now on the rise and they may increase further in the future. In the Nord Pool prices are the highest ever recorded. A year ago, buying on this market was very cheap. In Spain, as well, prices keep rising because of the increase in the price of CO2 emissions.