

## **DECREE- LAW 24/2021, of October 26th, on the acceleration of the deployment of distributed and participated renewable energies.**

### **Detailed information on the good practice:**

*Various mandates from the Parliament of Catalonia emphasize the need to address the challenge of developing renewable energy with the necessity of social dialogue and prioritizing projects that consider the proximity of renewable electricity production to consumption centers. They also highlight the need for commercial renewable generation projects to enable citizen participation, especially for those living near the project (in the municipality, the county, or nearby counties), as established by Directive (EU) 2018/2001. This directive argues for increased local citizen participation in renewable energy projects to enhance their social acceptance.*

*This planning, under the necessity of social dialogue, is essential to progress toward the renewable generation targets set by Law 16/2017, of August 1, on climate change, where 50% of electricity generation must be renewable by 2030.*

*The implementation of renewable energy requires a significant demand for land, mostly agricultural, and the large number of projects presented involves social and territorial impacts.*

*Regarding the content of this Decree Law, the main measure is to amend Decree Law 16/2009, of November 26, on urgent measures for the climate emergency and the promotion of renewable energies. The goal is to introduce measures that improve the social acceptance of renewable energy projects, reconcile agricultural activities with renewable energy production, and ensure biodiversity conservation, land use planning, and sustainable rural development.*

*The objective we are going to analyze is the improvement of social acceptance in the territory, enabling local participation in the projects.*

*The following measures are detailed in the new decree, amending previous legislation, to improve the social acceptance of renewable energy projects:*

*For wind farm projects and photovoltaic solar plants with a capacity exceeding 5 MW, located onshore and non-urbanizable land, the promoter must certify, prior to the public information procedure, that they have presented an offer for local participation and the availability or commitment of availability of more than 50% of the private agricultural land on which the solar installation is projected or on which the wind turbine foundations are projected, including electrical substations and excluding access and evacuation lines.*

*The local participation offer consists of offering the possibility to participate in at least 20% of the project's ownership or its financing to individuals (directly or through a vehicle company that groups them) and public or private legal entities, based in the municipality where the installation is intended to be located, or in neighboring municipalities or those belonging to the same region.*

*For individuals, they must have been registered in these municipalities for at least 2 years. For legal entities, they must meet one of the following requirements:*

- a) Have had their registered office in these municipalities for at least 2 years.*
- b) Be considered citizen energy communities according to European regulations and the provisions that develop them, provided that at least 50 of their members meet the requirements set out in section 3 of this article. This includes cooperatives of renewable energy consumers and users that meet the requirements of said regulations.*

*If the project is carried out through a commercial company, the 20% ownership of the project must be understood as 20% of the vehicle company. If the same project is carried out through several companies, the local participation offer must be at least 20% of the total nominal value of all the shares or stakes of the companies involved in the project.*

*Individuals or legal entities offered the chance to participate in 20% of the project's ownership or financing under this article may not hold more than a 10% stake.*

*The participation offer will be communicated to the municipalities, indicating the place and date of the public presentation of the local participation offer; it will be published in two local media outlets and remain open until the date of granting the preliminary administrative authorization or until the 20% participation is reached.*

*The following are exempt from presenting the local participation offer:*

- a) Entities considered renewable energy communities according to European regulations and the provisions that develop them.*
- b) Entities considered citizen energy communities according to European regulations and the provisions that develop them, provided that at least 50 of their members meet the requirements set out in section 3 of this article. This includes cooperatives of renewable energy consumers and users that meet the requirements of said regulations.*
- c) Projects with a capacity of 10 MW or less promoted by entities based in the municipality where the installation is developed, with a minimum age of 2 years.*
- d) Projects associated with a contract for the acquisition of 100% of the energy produced for a minimum of 7 years from commissioning between the promoter and a consumer. This exemption does not apply to bilateral intra-group contracts of vertically integrated energy groups considered dominant operators in the energy sectors in at least one of their activities.*

*The promoter must present documentation during the administrative procedure that certifies compliance with the local participation offer requirement, if applicable.*

Residents/investors in the municipalities where wind farms are developed will benefit from an economic interest. Additionally, since 50% of the land where the projects are implemented must be private, the tenants will also benefit economically. This aims to increase social acceptance in the municipality where the project is implemented.

## Evidence of success

We will evaluate the success of this good practice through a practical example carried out in the municipalities of La Jonquera, Agullana, Capmany, Biure, Pont de Molins, Llers, Vilafant, and Figueres. The project is called Galatea and Evacuation Infrastructure, promoted by the company Enel Green Power S.p.A. The project has a capacity of 48.94 MW.

The local participation instrument for the construction of the Galatea Wind Farm is already open through the web or mobile application of the Fundeen Participatory Financing Platform. However, the company has gone further and designed a financial instrument.

The company has launched a financial instrument that provides an investment opportunity in the construction of the Galatea Wind Farm, aiming to promote the socio-economic development of the area. This local participation instrument is part of the Shared Value Plan that the company is presenting in the area, which includes various proposals related to employment, social projects, environmental development, biodiversity protection, and renewable energy production.

Investment conditions vary based on the geographical location of the investor, with higher returns offered to municipalities where the wind turbines and the evacuation line will be installed.

Investors from the municipalities of La Jonquera, Agullana, Capmany, Biure, Pont de Molins, Llers, Vilafant, and Figueres:

- To achieve a boosted return of 5.80% IRR, investors must be residents of these municipalities. The first 500,000 euros of the project will be reserved for this group.
- To participate in this investment, it is necessary to reserve the amount to be invested during the reservation phase.

Investors from the rest of the municipalities in the Alt Empordà region:

- For the remaining investors residing in Alt Empordà, a return of 5.30% IRR is planned.
- As with the residents of the priority municipalities, reserving the investment does not commit to anything.

Characteristics of the financial instrument:

- Minimum capital of 500 euros and a maximum of 25,000 euros.
- Investment period of 10 years.
- Fixed return of 5.8% for residents of the municipalities of La Jonquera, Agullana, Capmany, Biure, Pont de Molins, Llers, Vilafant, and Figueres (\*).
- Fixed return of 5.3% for other residents of Alt Empordà (\*).
- 100% guaranteed through the corporate guarantee issued by Endesa, S.A. with an Investment Grade rating (BBB+, Standard & Poor's).

(\*) Residents must be registered with a minimum of two years' residency according to Decree Law 24-2021.

Timeline:

March 2023: opening of the investment reservation period.

Third quarter of 2025: opening of financing.

During the first 10 years of operation of the park, investors will receive their proportional share of the invested capital plus interest every six months.

After the first 10 years of operation of the park (forecast 2035), the loan repayment (capital and interest) will be completed.

The demonstrable success lies in the possibility of companies implementing this policy, making it an effective measure in the area. The level of economic participation remains to be verified as the reservation period is still open. Nonetheless, the numerous press releases announcing the opportunity to participate in a positive tone increase the expectation of success for this Shared Value Plan and ultimately for the best practice analyzed.

<https://www.endesa.com/es/prensa/sala-de-prensa/noticias/transicion-energetica/renovables/alt-emporda-puede-participar-construccion-parque-eolico-galatea>