Energías renovables:

We consider that the EC communication of June 2012 is fully right: Indeed there is a need of better coordination among MS and more energy interchanges of RES energies among member countries will result in benefits for the whole European community.

Wind power and PV plants should be considered nowadays as mature technologies. Their costs will continue decreasing, as markets and experts in those technologies expect. The main issue in RES technologies is that they require a high investment but then the operational costs are almost zero and this is so for the whole life of the plant, normally 30-40 years. As the fossil fuel technologies have exactly the opposite cost structure, very low investment but high operational cost, it is not easy to decide which technology is cheaper. The whole operational life should be considered and this is not easy. Moreover, as energy markets are organized as short term markets, day ahead basically, it seems that the markets take fossil fuel plants as the cheaper option. However, when energy markets are organized in the long term, as it was done in Brasil with their long term energy auctions, Wind Power won the auctions.

So, the main issue regarding which technologies are cheaper, RES or fossil fuel, is a typical long term versus short term vision dilemma.

In Spain we can expect very high levels of investment in PV if their costs go down as many people expect. We have received a huge number of grid access demands for PV installations that only expect revenues from the market, that is, no subsidies from the Government. It is clear that they expect cost reductions. If these expectations become real, then in the net there will be a very large number of PV plants installed. For Wind power the situation is different because when they produce the load can be very low and the market price also low.

Regarding RES in the world market, we think that the main barriers are the high investment required and the absence of long term energy markets. PV or Wind power can be cheap enough but the country may not have the financing resources needed or should not increase its debt any further. Only short terms markets may make people not aware of the long term benefits of RES.

These barriers could be overcome if financing is made available for good RES projects and if long term energy markets are promoted.

Seguridad de suministro

The integration of large amounts of renewable generation requires more meshed transmission and distribution networks, better coordination between transmission and distribution, and an increase in the communication channels, relationships, meetings, etc.

The evacuation of new renewable generation, generally located far from demand areas, needs new transmission reinforcements. Furthermore, to maintain the security of supply in extreme
conditions i.e. huge variations of renewable generation (wind, solar, etc), it is necessary to provide more firm power operational reserves. The construction of new interconnections also contributes to share the power reserves, and additionally, it increases market competition among different kind of generation located in several countries. For each country, EU promotes the compliance with the 10% of relation between interchange capacity and installed generation power.

The efficacy of smart grids and storage systems is as greater as more they can minimize the producible energy by RES that should be reduced to keep the system in conditions of safety, either under standard exercise (meshed network) or under conditions to maximize production from RES (radial network). In addition to being often indispensable to solve congestions, distributed storage systems have important positive externalities such as:

- providing, when properly integrated in security systems and adjustment the ability to primary control to ensure the stability of the frequency;
- supplying reserves and provide resources for the electricity system balancing in order to manage RES generation and in particular to deal not programmable intermittency of wind generation. The storage systems and smart grids are able to contribute in a efficient way for satisfying the needs of electrical system reserves in the presence of contingencies that warrant their use.

Rating Agencies

The European Investment Bank considers, on condition that some requisite be achieved, direct financing operations covered by the personal guarantee of the borrower, without requiring other additional guarantees as could be the bank guarantees. In these cases, the financing contracts include, among others, clauses to measure the solvency of the borrower, based on the maintenance of certain credit ratings assigned by the main rating agencies.

However, at the moment, the standalone rating assigned by the agencies to some companies is not anymore a clear and objective indicator of solvency:

- Firstly, by the limitations as a result of its close links with the sovereign rating of the country of origin;
- Secondly, the lack of supported opinion and objectivity that the rating agencies are showing in defining the criteria and requirements demanded to the companies.

Consequently, we propose the modification of the references to the rating included in the contracts currently signed with the bank and for futures contracts, in order to provide the analysis of the financial condition of the borrower's with the level of accuracy, objectivity and stability required. Thus, we believe it would be more correct to replace the current clauses based on the loss of rating by other that measure the borrower's solvency based on certain financial ratios set by the Bank in accordance with its own criteria of risk and the specific characteristics of each company.