

# Spain looks to re-boot renewables as economy recovers

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By Giles Parkinson

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When the anti-wind and anti-solar brigade launch their regular attacks on renewable energy, Spain is one of the countries they like to cite to show that renewable energy really doesn't work, and causes economic chaos.

It's a view that displays as much ignorance about renewable energy as it does about Spain. Both seem to suffer from an accumulation of myth making, ideology and outright mischief. And renewable energy and Spain find themselves keen to put the record straight, and shatter those misconceptions.

One of the big myths is is that wind and solar energy don't really work – an accusation that is casually thrown at the Spanish economy, too, courtesy of its holiday image, the traditional siesta and some unfortunate type casting on television.

But let's tackle wind and solar first. Spain sources around 25 per cent of its electricity from wind and solar and was one of the first countries to invest heavily in wind energy, thanks to the paucity of its own resources: it has little coal and hardly any gas.

Is wind and solar causing a problem for Spain's grid, even when it reaches more than 70 per cent of demand, as it does now quite regularly? Not at all, says Miguel Ezpeleta, the director of Acciona's Global Control Centre for Renewable Energy near the company's headquarters in Pamplona.

"We've have been responding to sudden changes in demand for years," he says from the heart of the control room, where he can see the real-time output of all the company's installations across the globe, including Australia. Like South Australia, Spain is a relatively isolated grid, with small connections to France on one side and Portugal on another.

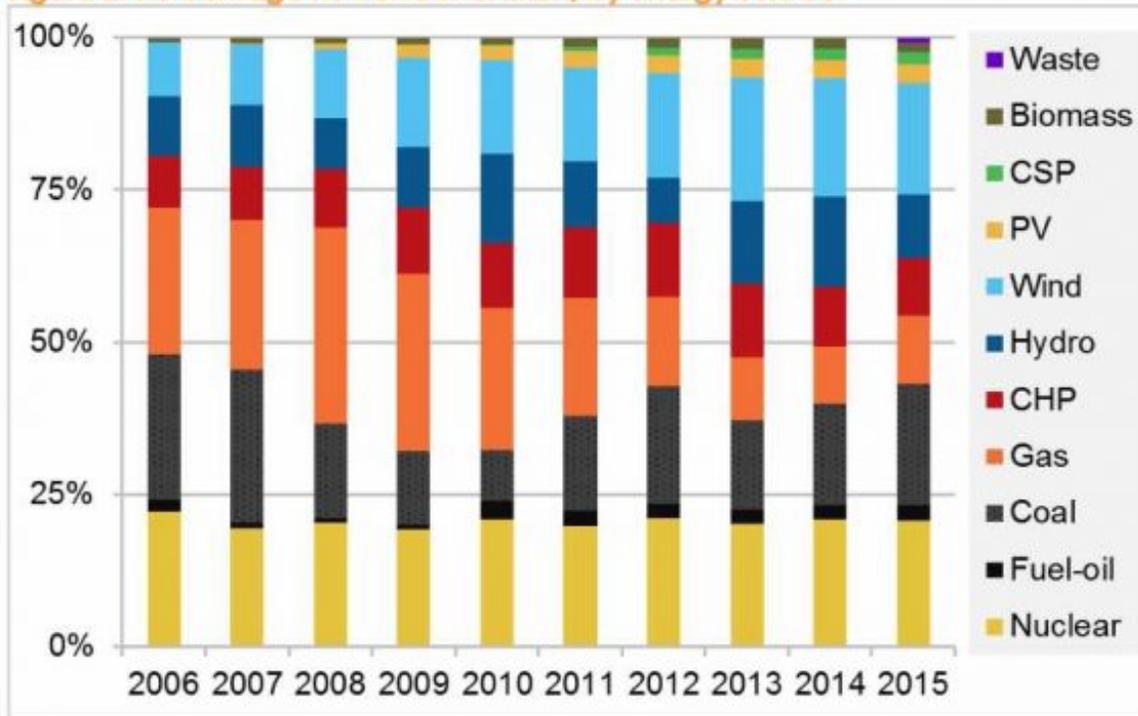
"Responding to changes in supply is no more difficult. There is really no issue." And, Ezpeleta adds, no real impediment to achieving 100 per cent renewable energy; something he and others think is inevitable as the coal plants are closed, nuclear phases out and expensive gas is also substituted.

It's a thought echoed by the controller of the country's largest solar tower plant with molten salt storage, [the 20MW Gemasolar power plant \(pictured above\)](#), and also supported by recent analysis from the CSIRO and Australia's network owners.

In the short term, however, there is no doubt that the fortunes of wind and solar and the Spanish economy have been heavily intertwined. But not in the way that is often portrayed. It was not wind and solar that brought about the collapse of the Spanish economy, as many suggest. It was primarily a property bubble.



Figure 2. Percentage Power Generation, by Energy Source<sup>4</sup>



The decisions taken then to pull in the purse strings, and in the case of the conservative Coalition government to end renewable energy subsidies, brought the domestic renewable energy industry to an effective halt, as this graph above from the IEEFA highlights. Expansion of wind and solar effectively came to a stop in 2012/13 when the subsidies were ended.

But substantial subsidies to the fossil fuel industry were retained. [A new report from IEEFA](#) highlights these subsidies totaled about €4,500-€4,700/year to support coal and gas plants, most of which stand perfectly idle under a bizarre and inefficient “capacity” payments plan, and in an attempt to try to force coal plants to feed Spanish coal into their boilers, rather than cheaper imported coal.

Those subsidies are now about to come to an end, and Spain is also about to reboot its renewable energy industry, laying out plans to hold reverse auctions for some 3,000MW of large-scale wind and solar to bring its total renewable share (including heat and transport) to 20 per cent.

Australia also suffered an investment hiatus as its conservative government played around with policy controls. The difference with Spain is that it has managed to create a vibrant export industry, and Spanish companies rank among the biggest wind and solar developers on the international stage.

At Elcano, an independent think tank, director Mario Esteban says the property bubble and its aftermath heightened the divide between the “incumbents and the outsiders” – a situation highlighted by the recent political divide and the emergence of populist parties on both the left and the right.

“The only way to get out of our economic crisis was to look for external markets,” says Jaime Garcia-Legaz, the secretary of state for trade.

And, he says, this international competition has helped Spain set new benchmarks for productivity increases – beating Japan and South Korea and becoming the highest in the OECD.

Spain, it is often overlooked, is the EU’s fifth biggest economy, the second biggest exporter after Germany, and the second biggest car-maker in Europe, after Germany, and outstripping France and Italy.

It is also one of the staunchest supporters of the EU – favouring a hard exit for the UK because it refuses to cede on free movement. From 1998-2009 it had one of the highest immigration rates, per capita, in Europe.

GDP fell into negative territory in 2013 – but has rebounded to 3.3 per cent by 2016. Unemployment is still high at 20 per cent, but well below its peak (it also doesn't take into account significant seasonal work), and the budget deficit is down to 5 per cent of GDP from 11 per cent.

“Spain has a tradition of good engineering, particularly in public works,” Garcia-Legaz says. And it has applied this to the energy sector. The renewable energy policy, he says, was deliberately calibrated to create a sustainable industry, not just capacity installations.

That resulted in the creation of many Spanish renewable energy companies that have become leading developers of wind and solar projects across the globe. Acciona, for instance, is active across the world for many years, and Gemasolar is finally exporting its product to the massive Noor project in Morocco.

Australia has been one of their target countries, despite the uncertainty around the renewable energy target, the scrapping of the carbon price and the vacillations over future policy measures.

Acciona Energy has invested in more than 300MW of wind farms and is now turning its interest again to large scale solar PV, as well as starting on the new 66MW [Mt Gellibrand wind farm in Victoria](#) after winning a contract with the state government. It had once [warned that Australia could miss out](#).

Union Fenosa has also been a major player, and recently secured [a 20 year contract with the ACT government](#) to help build its 91MW Crookwell wind farm in NSW, [as well as investing \\$125 million in hydrogen fuel trials, using excess wind and solar](#).

FRV has been active in the solar market, building what was then Australia's biggest solar farm ([Royalla, 20MW](#)), and then the biggest with single axis tracking ([Moree, 57MW](#)), and has other projects planned in Queensland.

Other companies to be active include Elecnor, which has recently completed [Queensland's biggest solar farm to date at Barcaldine](#), and Prynergia, which is looking at wind energy developments.

Abengoa was pursuing a solar thermal project in Western Australia before running into financial difficulties, while Gamesa has since been absorbed by Siemens.

Others are also interested. In a presentation hosted by Austrade and the Australian embassy in Madrid in October, some 28 companies turned out. More turned up at an event hosted by La Camara (the Spanish Chamber of Commerce in Australia) in Sydney early in December.

*Note: Giles Parkinson visited Spain in November as a guest of the [Spain Australia Council Foundation](#).*

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