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THE PUBLIC PROMOTION OF RENEWABLE ENERGIES IN ELECTRICITY GENERATION IN SPAIN. THE WIND ENERGY IN THE CANARY ISLANDS

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Overview

This paper describes the evolution of the device to promote the renewable energies (RES) in Spain in electricity generation and the results that have been achieved. We will identify the main features of Spanish institutional environment. Spanish Public support at the national level has been based on a feed in tariff that has been effective in the promotion of certain technologies but not in others where technical and economic potential exist. For this reason, the government passed a new regulation in 2004 involving relevant changes to reduce the risk for the investors and to encourage the participation of RES in the generation wholesale market. Finally, we will analyse the wind energy situation in the Canarian Archipelago characterised by the existence of seven small sized independent electricity generation systems but where exists an abundant supply of renewable energy sources, principally from wind and the sun (Calero and Carta, 2004).

Methods

The analysis is based on the problematic of New Institutional Economy. Firstly, we use the concepts of the Transaction Costs Theory to explain the essential features that the structure of governance of regulatory contract must manage to promote RES. Secondly, we will study the particular effects of Spanish regional institutional framework for the promotion of RES adopting the perspective developed by North (1990). Finally, we will identify the main determinants of the successful of the actual device in Spain in terms of installation of new units and the stimulation of technological learning and development of an industrial policy in fabrication of RES units.

Results and conclusions

The Spanish Public support for RES in Spain has been stable but there exists risk of opportunism of the public authority in the revision of tariffs and the regulatory contract. Regional authorities have a complementary but very important role in the deployment of RES in Spain (Finon and Pérez, 2004) but there are certain bureaucracy and administrative coordination problems between national and regional administrations. There are other issues that affects RES promotion like grid access and transmission capacity congestion. We will see that this is a very important barrier for the deployment of wind energy in the Canary Islands.

References

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