

XPRESS CASE STUDIES ON BARRIERS TO INVESTMENTS IN RENEWABLE ENERGY SOURCES

– SPAIN –

This case is based on an interview with a green energy supplier in Spain. This company was found through TED data in several tenders as awarded SME. SPA-SME-1 won a tender of 17 million euros to supply energy to the public buildings of two cities in Spain, where the competitors were 5 large companies and 2 SMEs.

SPA-SME-1 is a SME with 10 years of operation. Their main activity is supply green energy; they operate in mainland Spain. They are immersed in an expansion and growth process, and they are increasing the volume of clients, and positioning themselves in the energy supply sector. The sector is very competitive, and there are appearing new players such as oil companies (i.e. Repsol, Total, Cepsa, etc.). The SME is aiming to have a small part of the market, and committing with the renewable energies. SPA-SME-1 is a regional based company that supplies more energy which permits them to be better positioned nationally. Since 2015, they hold the 100% renewable certificate from the CNMC (Comisión Nacional de los Mercados y la Competencia).

Analysis of current situation

a. Sustainability strategies, energy related strategies

They are immersed in an expansion and growth process, where they are increasing the volume of clients, and positioning themselves in the energy supply sector. SPA-SME-1 is aiming to have a small part of the market and commit with the renewable energies with guarantees of 100% green origin; the latter are instruments as indirect investment, as the green generation facilities invest in R&D. They are also planning to invest in generation facilities and projects that is up to 990 kWh installations of small solar farms, as only the distribution permit is needed up to that power.

b. Regulations and support systems

They only work with own financial and technical resources and expertise. In terms of type of support they could need, they find their weakness on the marketing issues. In this sense a market consultant will help to develop and further improve their renewables-related services. In addition, an external technological support will help them to promote developments as they have limited personnel resources.



Barriers and drivers

- As the tender bid the Public Authorities require a minimum volume of income, which is very high for SMEs, therefore, only large companies are able to apply for the tender. –
- Another barrier is the requirement of several customer service local points; in this case the SME cannot be compliant due to the limited personnel and financial resources.
- In addition, the different Public Authorities have different criteria for the same service, for example for energy supply service the criteria could be more standardized, in this sense the bidding process could be easier for SMEs.
- Regarding SMEs, many of them lack ICT knowledge; they do not have at their disposal digital certificate to participate in online bids.
- When analyzing the bidding process main barriers found are: Bidding process could be improved, there is many documentations requested that could be obtained by the PA from public sources; the process is very slow due to incongruences between bid documents and sometimes paper work. The latter due to the lack of ICT improvements in Public Authorities that still work without online procedures.
- PA have different criteria for the same service, for example for energy supply the criteria could be more standardized, in this sense the bidding process could be easier for SMEs.
- ICT in PA
- The process is very slow due to incongruences between bid documents and sometimes paper work.

Driver to GPP:

- One of the drivers is including 100% green energy as mandatory requirement.

Driver to PP for SMEs:

- The benefit the SME can obtain through the visibility when winning PA tenders.
- The SME can offer better customer service through their proximity to the client.

Possible solutions

Some of the solutions to the barriers mentioned previously could be summarized as follows:

- Public Authorities are starting to divide the bid into smaller lots, in this sense they make more concurrence because SME can apply together with large companies.
- Regarding similar services/products asked into the bid, the bidding process could be more standardized to easy the process to SMEs.

Summary and discussions

SMEs face some specific problems in comparison with large companies, in this sense high volume of business are asked in the bids, therefore SMEs fall out of participating in the process, though currently Public Authorities are starting to work in lots in order to facilitate a wider participation of SMEs.

On the other hand, bids ask for customer service local points, where SMEs can make the difference, the problem arises when SMEs cannot cover the whole territory when the service is nationwide scope.



Bid process could be more standard when the service asked is the same, in this case green energy supply, as well as easier in terms of the documentation submitting, as nowadays PA are still working on paper documents instead of online processes.

