

# SPAIN IS IN THE PROCESS OF APPROVING A FULL SET OF NEW REGULATIONS TO ACHIEVE THE GOAL OF CLIMATE-NEUTRALITY BY 2050

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Legal Briefings

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Spain's Government is fully committed to take the lead in decarbonization of economy and is in the path of approving a full set of regulations aiming for net-zero emissions that should be carefully taken into account by companies and investors.

In this regard, last 21st January 2020, in line with EU declaration, the Spanish Government declared the climate and environmental emergency, committing to adopt a comprehensive set of measures and policies to address the challenge with a view to climate neutrality by 2050. In particular, outlined 30 priority measures such as the approval of a Climate Change and Energy transition bill, the preparation of a sustainable finance action plan, a green bond issuance programme, approving a circular economy strategy, the sustainable tourism strategy, approving a law on sustainable mobility, and many others, in line with the Paris Climate Agreement.

Following the climate and environmental energy declaration, on 19 May 2020, the Council of Ministers approved the Bill on Climate Change and the Energy Transition (the "**Climate Change Bill**"), which was sent to Spanish Parliament for processing and final approval - which is currently ongoing-. The Climate Change Bill, reinforces the country's commitment to the Paris Climate Agreement and promotes green growth as a pillar of its COVID-19 recovery plans. It raises climate targets, boosts e-mobility, and makes cities greener.

In line with EU ambitions, Spain wants to cut carbon emissions to net zero by 2050. To reach this goal, the Government has established ambitious interim targets in accordance with the 2030 EU objectives. The new Climate Change bill includes strong measures for sustainable transport, phasing out of diesel vehicles by 2050 and ensuring that all new vehicles are zero carbon by 2040. It seeks to boost e-mobility and will oblige all petrol stations to install charging ports. All Spanish cities with more than 50,000 inhabitants will have to establish low-emission areas by 2023. They will need to incorporate urban mobility legislation that promotes the EV charging points, the use of public transport and bicycles. Fracking is forbidden. And from 2023 financial institutions must propose strategies to align their portfolios with the Paris Agreement.

Additionally, the Climate Bill establishes the content of the non-financial reporting obligations of listed companies including the information regarding the level of exposure of climate and carbon risks and the strategies and objectives for its mitigation.

Finally, the Climate Bill also focuses on ensuring that the energy transition succeeds “*without leaving anyone behind.*” In this regard, together with other EU Member States, Spain has called on the European Commission (EC) to use the European Green Deal as a major lever for the economic recovery of Europe after the crisis caused by COVID-19.

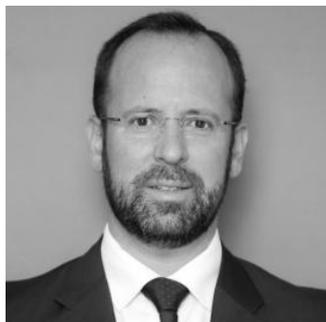
More recently, last 8 June 2020, the Council of Ministers gave green light to the Spanish strategy on Circular Economy, and the Government approved Royal Decree-law 23/2020, of 23 June, which approves measures in relation to energy and other areas to stimulate economic recovery) contains measures that affect a number of different sectors, but it primarily contains provisions for the electricity sector, with a particular focus on the regulations governing renewable energy generation facilities.

In addition, the Long term Decarbonization Strategy is currently under consultation process and the Government has announced that a Sustainable Mobility Law shall be submitted for its approval at the end of the year.

Climate change activists are commencing litigation and major investors are carefully reviewing their portfolios/ potential investments verifying how the industries address decarbonisation and related climate change risks. It's time to clearly understand the new regulatory environment, the specific obligations of the companies and the recommendations included in good governance codes.

## **KEY CONTACTS**

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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