

LEGAL ALERT

COST-SHARING MECHANISM FOR CONNECTION TO THE PUBLIC GAS GRID

A SIGNIFICANT STEP FORWARD FOR BIOMETHANE (AND OTHER RENEWABLE GAS) PROJECTS

In Summary

Decree-Law No. 94/2026, of 30 April (DL 94/2026) has been published, amending Decree-Law No. 62/2020, of 28 August, **establishing a mechanism for sharing the costs of connecting biomethane and other renewable gas production facilities** to the Public Gas Grid (*Rede Pública de Gás* – RPG), supported by the National Gas System (*Sistema Nacional de Gás* – SNG).

The legislation, which forms part of the process of transposing [Directive \(EU\) 2024/1788](#) and [Directive \(EU\) 2023/1791](#) (relating to the internal markets for renewable gas, natural gas, hydrogen and energy efficiency), implements the 2024-2040 Biomethane Action Plan and the National Hydrogen Strategy, and is also in line with the decarbonisation targets set out in the National Energy and Climate Plan (PNEC 2030). The legislator expressly states that the new mechanism aims to remove economic barriers to the connection and market access of new renewable gas production units, which were hindering the launch of new projects in the national biomethane sector.

The legislation comes into force on the day following its publication.

Context and framework

Decree-Law No. 62/2020 of 28 August (DL 62/2020) establishes the legal framework applicable to the SNG.

The need to amend DL 62/2020 stems from the recognition that the current European legal framework requires Member States to create favourable regulatory conditions for biomethane production facilities, particularly with regard to the costs of interconnection infrastructure between renewable gas production units and gas transmission and distribution networks.

The new measure also forms part of Portugal's efforts to ensure energy supply security and accelerate the transition to renewable energy sources, reducing structural dependence on fossil fuels.

What is changing: amendments to Decree-Law 62/2020

I. Sharing of connection costs

Article 72 of Decree-Law 62/2020 is amended to provide for the possibility that the costs of connecting biomethane and other renewable gas production facilities to the RPG (i.e., the infrastructure associated with interconnection and injection into the networks) may be partially shared by the SNG, meaning they no longer have to be borne entirely by the producer.

The criteria and methodology for co-financing to be applied shall be defined and approved by the Energy Services Regulatory Authority (*Entidade Reguladora dos Serviços Energéticos* – ERSE), in accordance with the principles set out in Decree-Law 94/2026, **within 180 days** of the entry into force of the legislation.

II. Guiding principles of the ERSE methodology

The methodology to be approved by ERSE must comply, amongst others, with the following principles: (i) appropriate economic signals for the efficient use of the SNG's networks and

infrastructure; (ii) protection of customers against tariff changes; (iii) promotion of the decarbonisation objectives and levels of renewable gas integration set out in the PNEC 2030, the 2024–2040 Biomethane Action Plan and the National Hydrogen Strategy.

III. Regime for connection and injection infrastructure in transmission and distribution concessions

The principle remains that, with interconnection to the RPG, connection and injection infrastructure forms part of the grantor’s public domain and the subject matter of the relevant transmission or distribution concession, but cannot be considered an asset to be remunerated under the concession, in respect of the portion corresponding to the cost borne by the producer.

IV. Priority to energy efficiency

The legislation also introduces, within the SNG regime, the principle of priority for energy efficiency, which is now taken into account in infrastructure investment planning and in the calculation and setting of regulated tariffs, bringing Portugal into line with the obligations arising from European legislation on energy efficiency.

Upcoming regulatory milestones

Deadline	Milestone
1 May 2026	Entry into force of Decree-Law 94/2026
180 days from the date of entry into force	Approval by ERSE of the criteria and methodology for co-financing connection charges to the RPG

During this period, biomethane project developers should closely monitor the regulatory process with ERSE, particularly regarding the possible launch of a public consultation on the cost-sharing methodology.

Why this legislation is relevant to your project

The publication of Decree-Law 94/2026 represents a significant regulatory change to the grid connection financing model, with a direct impact on the economic viability of biomethane production projects. Specifically:

- A specific financial barrier affecting the launch of some new projects in the biomethane sector has been removed.
- The costs of connecting to the RPG can now be partially subsidised by the SNG, significantly improving the project's cost-benefit analysis.
- The legislation brings Portugal into line with the European legislative framework, which requires favourable grid access conditions for biomethane production facilities.

Our **Energy and Natural Resources team** closely monitors developments in the regulatory framework applicable to biomethane and renewable gases in Portugal and is available to provide support, in particular, with regard to the following:

- **Regulatory impact analysis:** assessment of the legal implications of the new co-financing mechanism.
- **Monitoring of the ERSE regulatory process:** monitoring and participation in any public consultation on the co-financing methodology and its impact on tariffs.
- **Structuring and negotiation of contracts:** connection and injection agreements with the RPG, biomethane purchase and sale contracts, and guarantees of origin.
- **Licensing and grid access:** monitoring of all procedures necessary for connecting new biomethane production facilities to the RPG.
- **Advice on financing:** structuring of project financing operations (in particular, project finance) and access to European funds within the scope of the energy transition.

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