

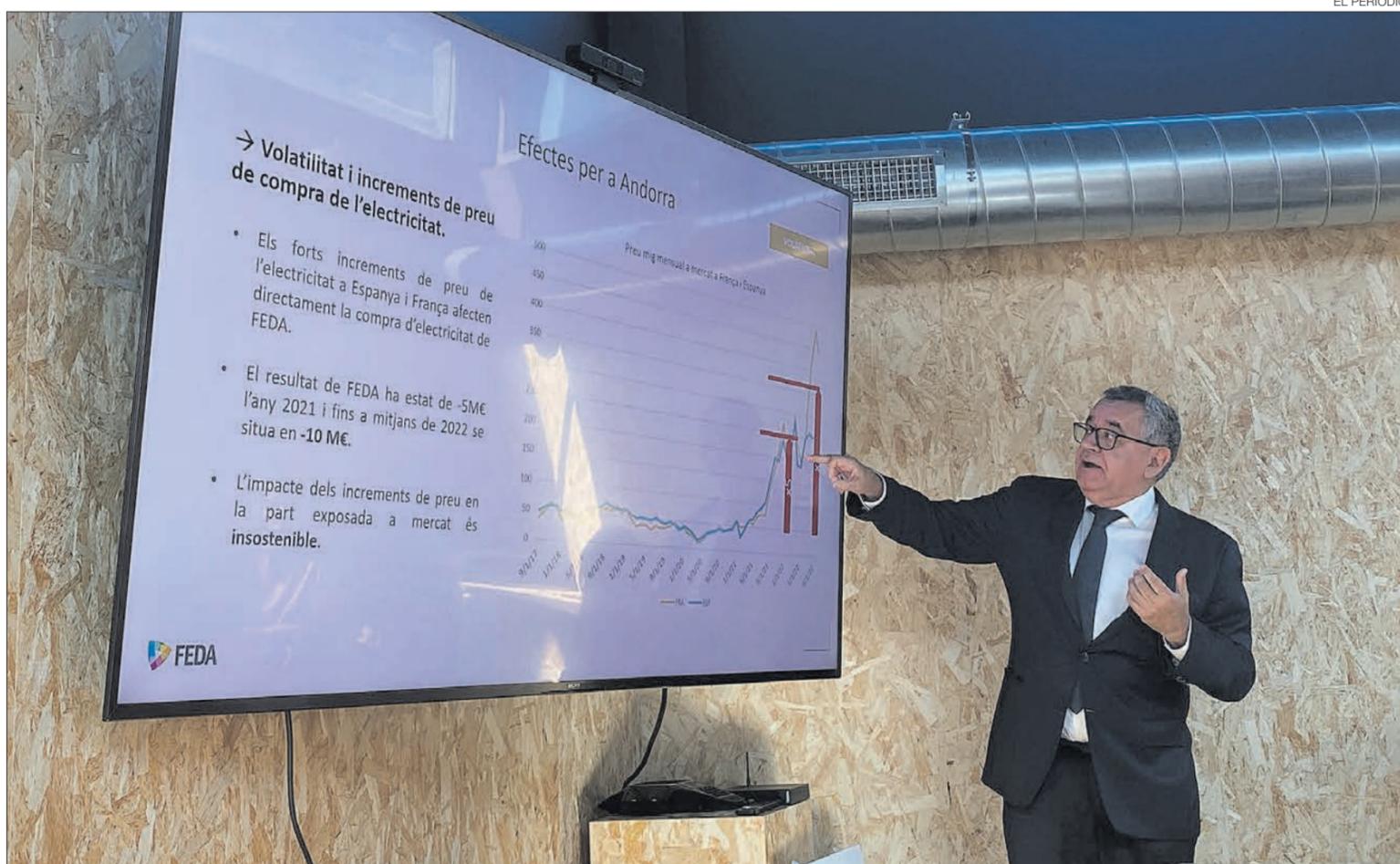


EFFECTS IN ANDORRA

FEDA will raise electricity rates if consumption is not reduced

The company draws up a contingency plan in case of supply restrictions

Moles proposes voluntary one-off stops at ski resorts, hotels and shopping centers



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►► The director of FEDA, Albert Moles, in the presentation on Wednesday morning.

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December is the deadline to try to achieve, at country level, a 15% reduction in energy consumption, if we want to avoid, on the one hand, a runaway increase in the price of light and, on the other, a hypothetical supply cut. Regarding the first measure, the director general of FEDA, Albert Moles, acknowledged yesterday that it is practically inevitable. However, the increase will be more or less severe depending on what is managed to save in the next three months and, according to him, «we must understand that we can all do something about it and that it will be the sum of all that will count». Regarding specific supply cuts, Moles confirmed that the possibility is «real», although it will be the opera-

tors of France and Spain who will have to make the decision, since 80% of the energy consumed in Andorra it comes from neighboring countries and the reserves in the Principality – mostly in Lake Engolasters – would barely cover six hours of a winter day.

In order to reach the 15% savings, in addition to the actions that everyone can undertake in the private sphere, FEDA has met with different economic and social agents, who have conveyed their willingness to reduce consumption. «We think, above all, of ski resorts, large hotels and large shopping centers. Everyone is responsible enough to decide when is the best time to make a stop or whether to open every day or all ski slopes. Being without energy for an hour a day is not the end of the world», said Moles. And the fact is that all the forecasts indi-



Albert Moles
DIRECTOR OF FEDA

«Raising prices means putting families' finances at risk [...] The only magic solution is to drop the consumption»

cate that this winter, after an abnormally warm and dry summer, will be very cold, which means that from January the gas reserves in Europe will have been exhausted and, therefore, restrictions across the continent could be widespread. «The saving of 15% is imperative and would make it possible to extend the gas reserves, which have a significant weight in the production of electricity, and delay or avoid possible restrictions», explained the director of the company.

In this way, FEDA has drawn up a contingency plan in which it is contemplated to maximize the national electricity production, saving the annual reserves of the high mountain lakes and keeping the level of Engolasters as high as possible in order to have more capacity action in the future and restrict the necessary amount of demand

to match the available supply capacity. In this sense, it would be reduced in an agreed and voluntary way with the main companies involved or, ultimately, the service would be interrupted temporarily and on a rotating basis by areas of the country, without affecting essential services.

Be that as it may, Moles admitted that energy saving benefits those who apply it, as it has an impact on the electricity bill, and also on the rest of the country. «Reducing the purchase of energy by 15% would considerably reduce the expenditure for the purchase of energy», he pointed out, remembering that the

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sharp increases in the price of electricity in Spain and France affect the purchase by FEDA. In fact, in 2021, the company reached a negative result of -5 million euros and by the middle of this year, the losses were already at -10 million. «The impact of price increases on the part exposed to the market - that which is not covered by 10-year contracts - is unsustainable», warned Moles. Likewise, it must be borne in mind that as long as there are not enough economic benefits, the public company will not be able to invest in renewable energies or alternative networks. «This is the reason why we are forced to increase the rates from January 2023», he insisted. And he added: «It is not an easy situation to manage. The important thing is to understand why we do it, because we know that raising prices means putting families' finances at risk [...] The only magical solution is to drop the consumption.»

However, Moles regretted that Europe has taken so long to bet on green energy and assumed that, no matter how much the war in Ukraine ends, prices will not stop rising: «Energy saving measures have come to stay», he said. ≡

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HOUSING

The increase in rental income will be based on the salary revaluation

Among the modifications, it is expected that the contracts that end in 2023 will be extended for another year

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The increase in rental income will be based on the salary revaluation index approved by the Government, as reported yesterday by the Minister of Territory and Housing, Víctor Filloy, in the press conference following the Council of Ministers. This is how it has been included in the Law Project on protection measures, market stimulation and governance, a text that encompasses a series of actions with the aim of «working on the matter and providing the country with security in the area of the right to housing», remarked Filloy.

In relation to the protection of individuals and families, the bill foresees, apart from the update of the rent, a one-year extension in lease contracts that end in 2023. In addition, the contracts of rent that were extended in 2019 and 2020 will be excluded from next year's measure if, on the one hand, a new contract accepted by both parties is formalized in favor of the person who already occupies the home, with a minimum duration of five years; and, on the other hand, the increase does not exceed 10% of the current income. In the event that no mutual agreement is reached, the lessee may demand the extension of the contract for another year.

Likewise, the recovery regime for own and family use is also regulated, which will require a sworn statement that determines that the property is recovered for this use. At the same time, the bill consolidates the flexibility of housing aid, increasing the threshold to qualify for benefits up to 1.3% of the Economic Threshold of Social Cohesion (LECS), reducing the residence of the sole bidding from five to three years and increasing the Government's collaboration up to 5%, either for regular housing or for vulnerable people.

In order to strengthen the guarantee of the protection of people, the draft law also instructs the Government to draw up, within one year, an action protocol on the protection of people in situations of loss of habitual and permanent residence for cases of evictions, taking into ac-



► The Minister of Territory and Housing, Víctor Filloy at the press conference after the Council of Ministers.

count the appropriate social measures. And in relation to energy, the regulation establishes that the tenant is obliged to provide data on the consumption of the property to facilitate the preparation of the energy label. Along these lines, the application of the tax on hydrocarbons is delayed by a year, «taking into account the economic situation of the

families», asserted Filloy. On the other hand, among the measures to stimulate the market, the Labor Relations Law is modified so that the employer who provides accommodation and alimony will only be able to deduct 25% of the gross salary of the employee. In addition, the bill envisages reducing the IGI to 1% on all housing acquisitions intended

for rental. Another of the changes established is that the period of vacancy to qualify a home as empty goes from two years to one, eliminating at the same time the exemption of third residences and the fiscal or social domiciles of the taxable person. In addition, the flats that are for sale must be at a price that is not higher than the market price. On empty

homes, the tax base is also increased from 5.05 euros per square meter to 10.00 euros, and the collection will be allocated to the promotion of sheltered housing. On the other hand, the temporary return of the home can be requested at the Batllia, where a professional can verify with an eye inspection the abandonment.

This text also regulates for the first time the rights of preferential acquisition in favor of the Government in the field of patrimonial transfers, either made from default in payment of debt with mortgage guarantee, or from execution procedures enforcement of a real mortgage guarantee. In other words, the regulation allows to protect people or families who have not been able to meet their contractual obligations with possession of a social or affordable rental contract and facilitates the creation of a public housing stock.

Finally, the governance measures include a modification of the Real Estate Agents Law to regulate the figure of the expert appraiser, with the aim of distinguishing between commercial valuations and real estate expert valuations, with a transitional regime to catch up. At the same time, the authorization is highlighted so that the Government can access the ownership data of empty homes or with little or low electricity consumption that identify the type of home, to study what corrective measures can be offered to the owners so that their property, if possible, it can go on the rental market.

Among the changes, the administrative powers of the National Housing Institute (INH) over public protection housing are also determined: power of enforcement, power of ex officio recovery, and power of administrative eviction. In this way, the causes of administrative eviction of this type of housing are regulated, such as occupation or improper use. The transfer of use of patrimonial real estate or real rights over property in favor of the affordable housing fund is also authorized. However, the housing fund is reformed as an entity exempt from municipal taxes to facilitate the promotion and rehabilitation of affordable housing. ≡

the keys

1 protection of people and families

The modifications include the delay of the tax on hydrocarbons that affect households, the flexibility of housing subsidies, the transfer of data for the energy label, the forced extension of rental contracts or the cancellation of contracts for the years 2019 and 2020.

2 stimulus of the housing market

The measures to stimulate the market foresee, among others, the reduction of the IGI to 1% on all acquisitions of housing intended for rent, the modification of the requirements for empty homes or the adaptation of accommodation and maintenance provided by the company to the worker's overall gross salary.

3 measures for governance

The modification of the figure of the appraiser is fixed, the Government is empowered to access the ownership data of empty homes, the administrative powers of the INH are determined over public protection housing, the transfer of property is authorized and the housing fund is reformed.

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