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Spain May Cut Rates Behind $24 Billion Solar Boom

Spain, after spurring more than 18 billion euros ($24 billion) in solar-power investments since 2008 by offering subsidized prices, is studying whether to cut rates retroactively, reducing returns for clean-energy plants.

The government has the legal authority to lower regulated prices for renewable-power plants in operation and is assessing all options in drawing up a strategic plan this year, according to an industry ministry spokesman who declined to be identified. Solar and wind developers shares fell as much as 5.1 percent.

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Abengoa SA fell as much as 5.1 percent and traded at 20.19, down 4.3 percent, as of 1:44 p.m. local time. Acciona SA dropped as much as 3.9 percent to 80.80 euros. Iberdrola Renovables SA declined as much as 4.1 percent and Solaria Energia y Medio Ambiente fell as much as 0.4 percent. The 88-member WilderHill New Energy Global Innovation Index lost no more than 0.4 percent.

"The tariff scheme is set out in a Spanish statute so it seems unlikely they would go back and retroactively apply a new tariff," Olivia Peters, an analyst at MF Global U.K. Ltd. in London said. "The government would be opening a can of worms."

An Iberdrola spokeswoman in Madrid declined to comment. Officials at Abengoa and Acciona weren´t immediately available to comment. Solaria didn't respond to a phone call and e-mail seeking comment about whether the government would act against existing plants.

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