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High Speed Rail Portugal: Using the PPP model to fast-track success

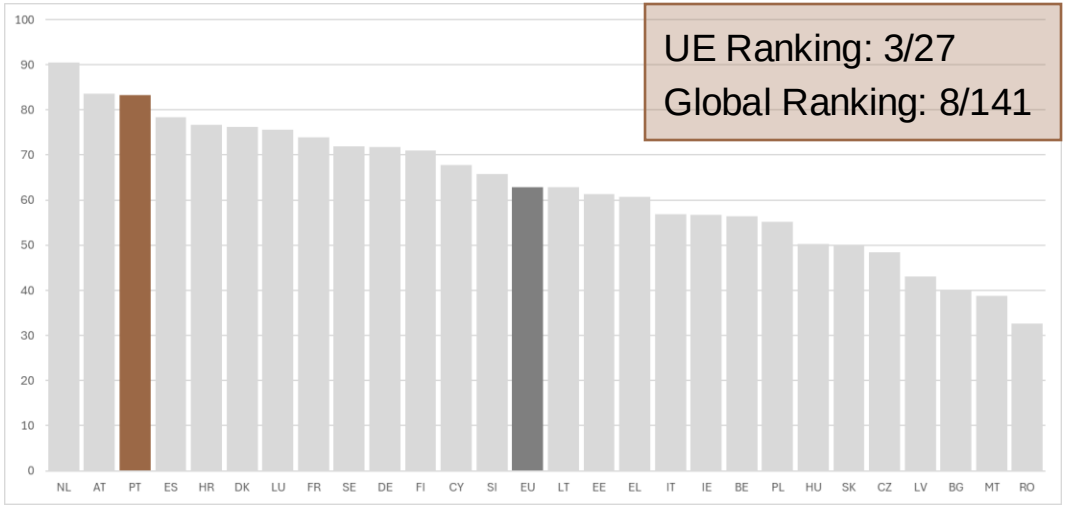
5th December 2024

OUR TRANSPORT NETWORKS

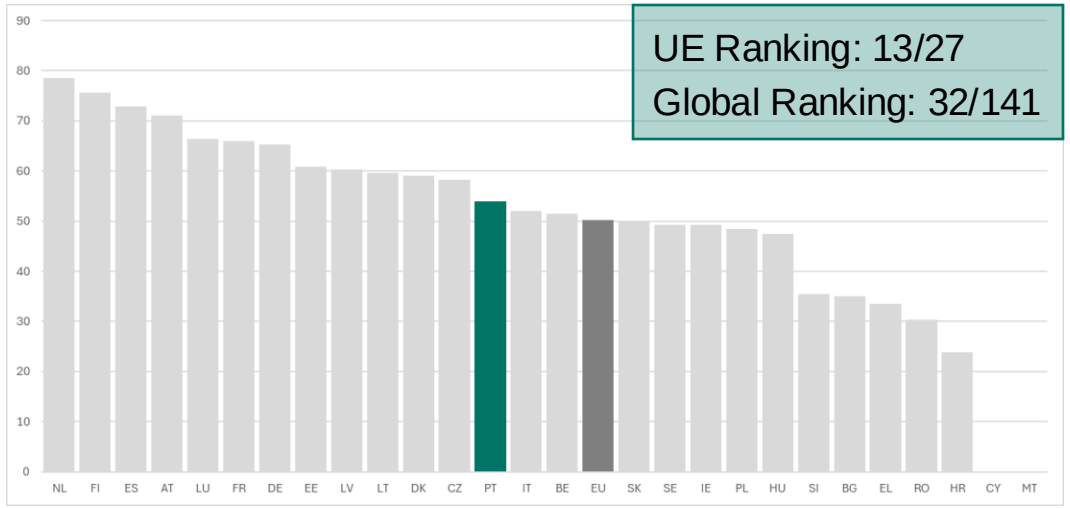
TODAY'S INFRASTRUCTURE

At a European level Portugal has the **3rd best road network …** but we **rank 13th** in terms of the quality of our **railway infrastructure**

Quality of roads



Quality of railways



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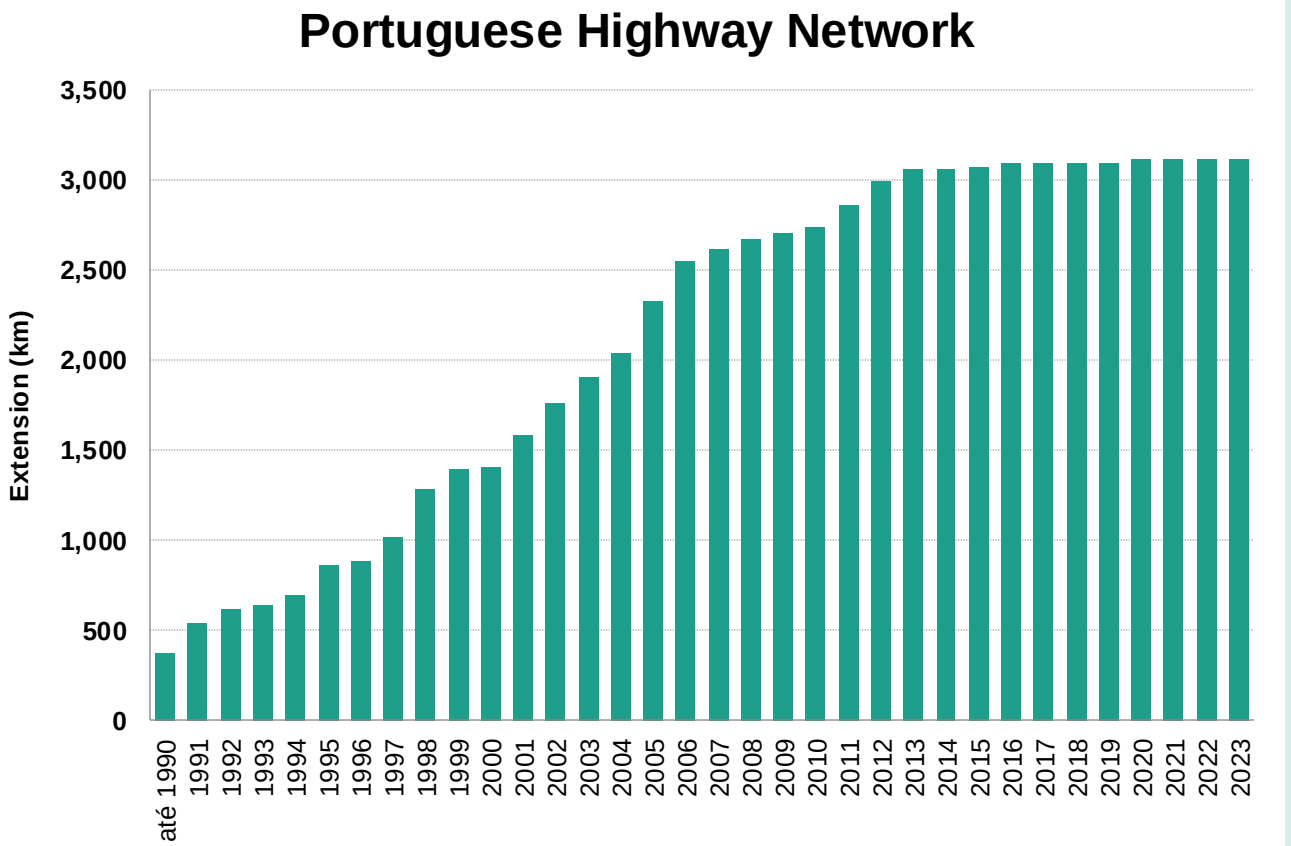
Source: World Economic Forum, The Global Competitiveness Report 2019

OUR TRANSPORT NETWORKS

TODAY'S INFRASTRUCTURE

- The development of the Portuguese highway network started in the early 90's
- Between 1995 and 2010 the government awarded 21 PPP contracts for the development of c. 2 500 km of highways
- There were several lessons learned from this programme… including positives and negatives!



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RAIL PASSENGERS NETWORK

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TEN-T

RAIL **PASSENGERS** TRAFFIC

GRADUALLY DEVELOPED IN THREE STEPS

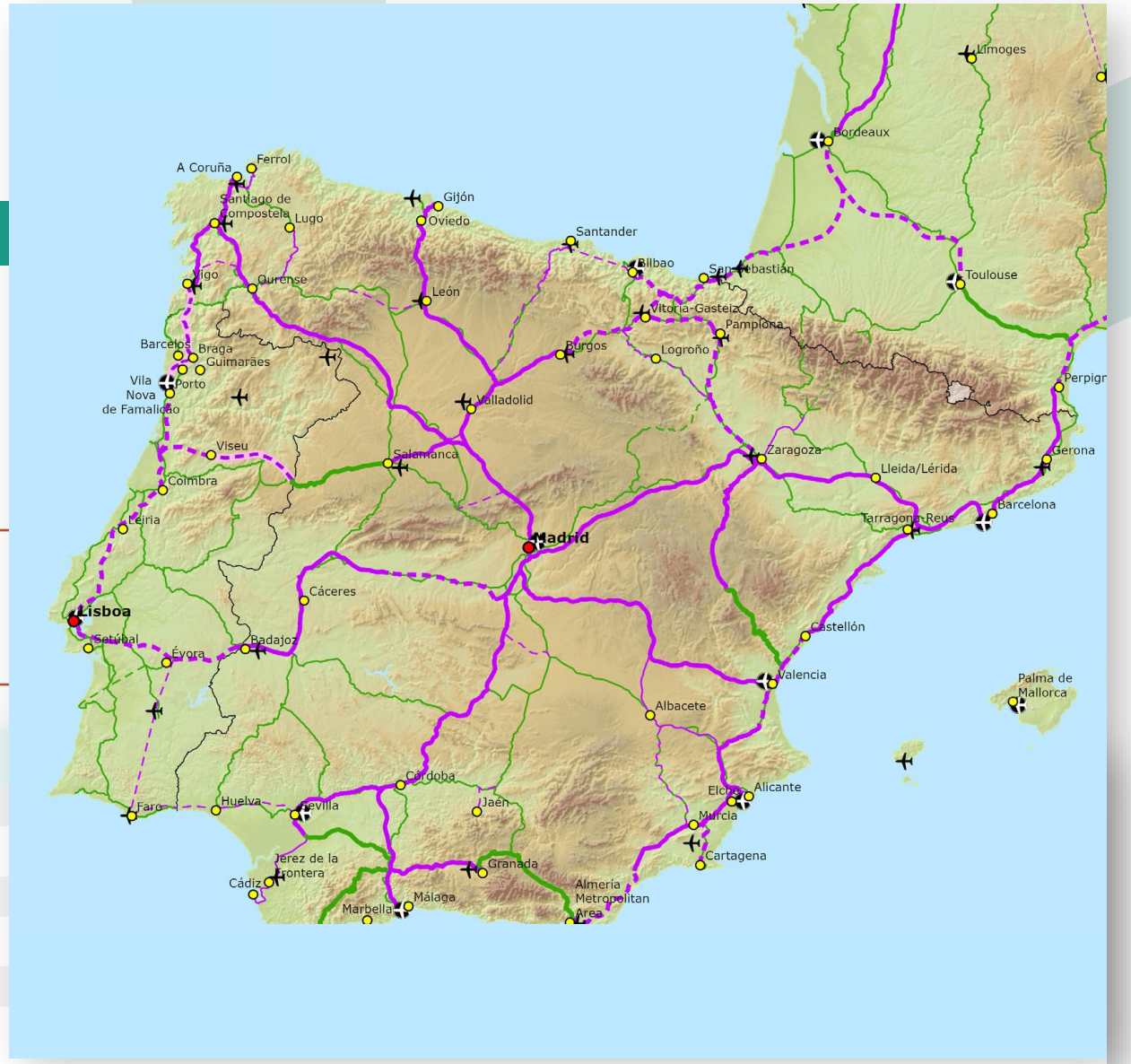
Until 2030 → **CORE NETWORK**

Until 2040 → **EXTENDED CORE NETWORK**

Until 2050 → **COMPREHENSIVE NETWORK**

Sustainable and Smart Mobility Strategy envisages that **traffic on high-speed passenger rail should double by 2030 and triple by 2050**

	Core	Extended Core	Comprehensive
Conventional			
Conventional / New construction			
≥ 200 km/h			
≥ 200 km/h / New construction			
Planned			



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HIGH SPEED RAIL PROJECT

PLANNED CORRIDORS

HIGH SPEED LINE PORTO-LISBON

Development:
2025 – 2032

Direct journey time:
1h15m

HIGH SPEED LINE PORTO-VIGO

Development:
2028 – 2032

Direct journey time:
0h50m

HIGH SPEED LINE LISBON-MADRID

Development:
2030 – 2034

Direct journey time:
1h00m (border)

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KEY PROJECT FEATURES

HSL PORTO-LISBON

New double track line for high speed

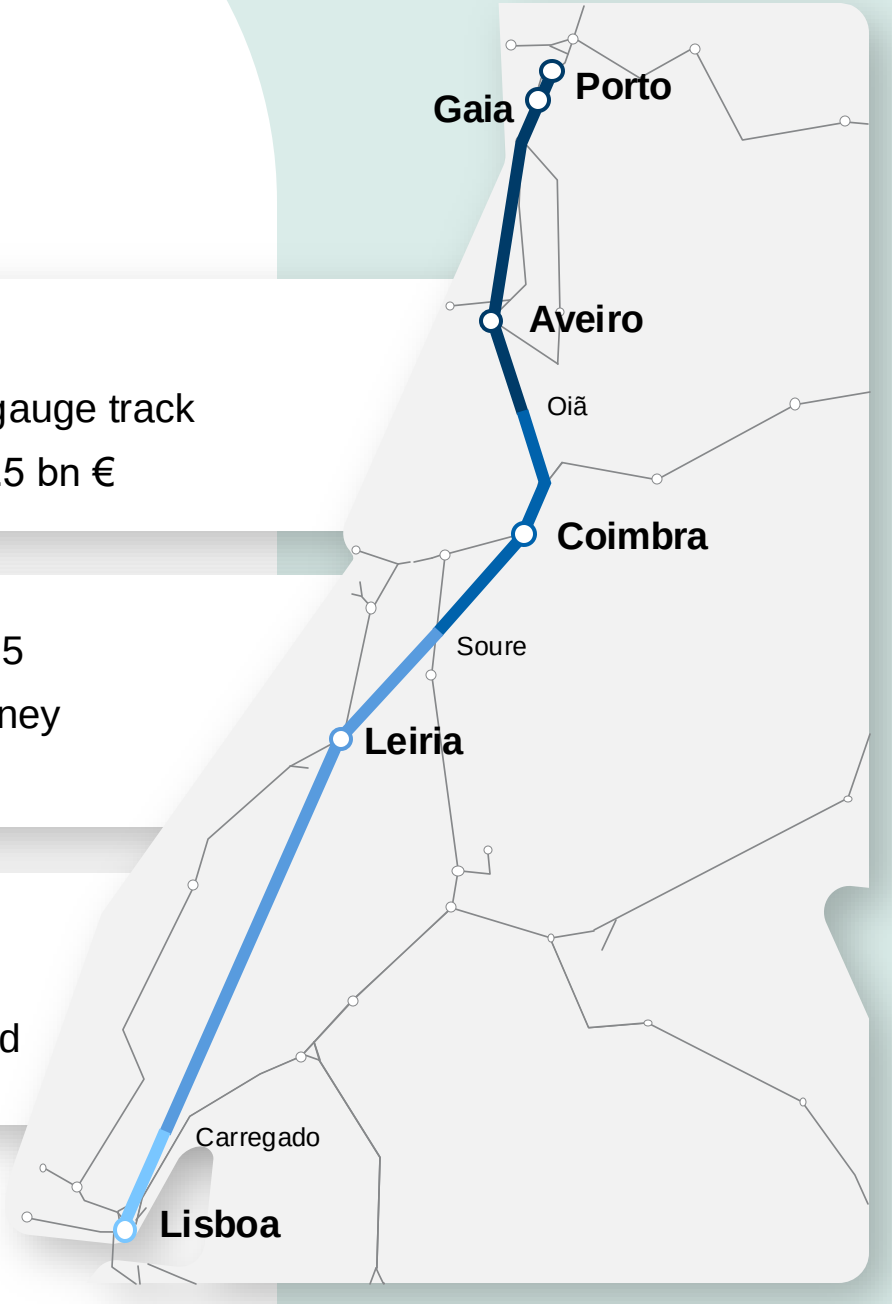
- Phased development
- Installed with 1667 mm gauge track
- Estimated investment: 7.5 bn €

Journey times

- Direct Porto-Lisbon: 1h15
- Overall reduction of journey times along the corridor

Stations

- Existing central stations adapted to HS
- New stations in Gaia and Leiria



PHASE 1
2025/2030

PPP1
PORTO – OIÃ

PPP2
OIÃ – SOURE

PHASE 2
2027/2032

PPP3
SOURE – CARREGADO

PHASE 3
> 2032

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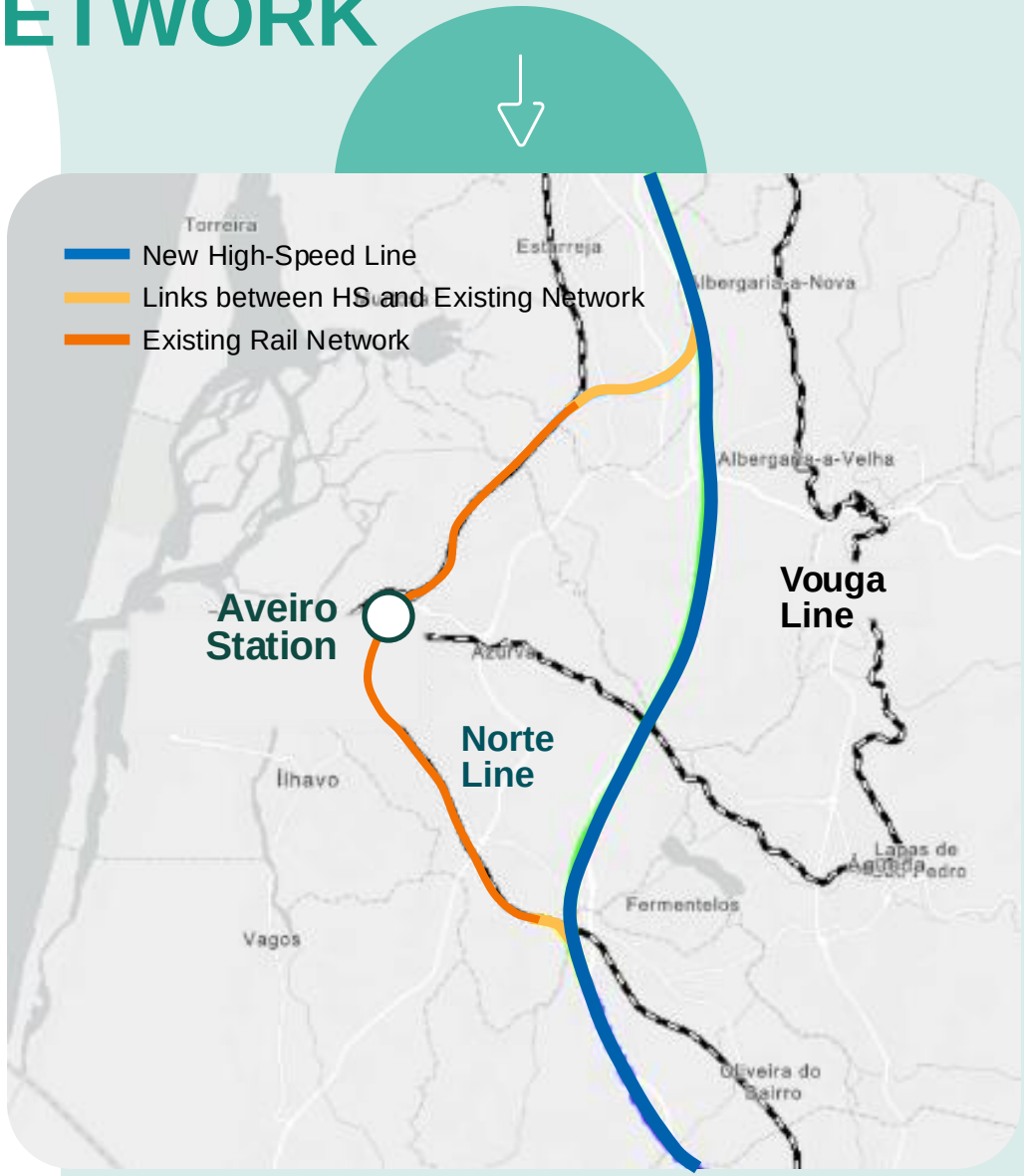
INTEGRATION WITH EXISTING NETWORK

PHASE 1

PHASE 2

PHASE 3

- Connection points to existing lines
- High speed stations
- Existing lines



Exemple: Aveiro station

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DEMAND FORECASTS

PORTO-LISBON

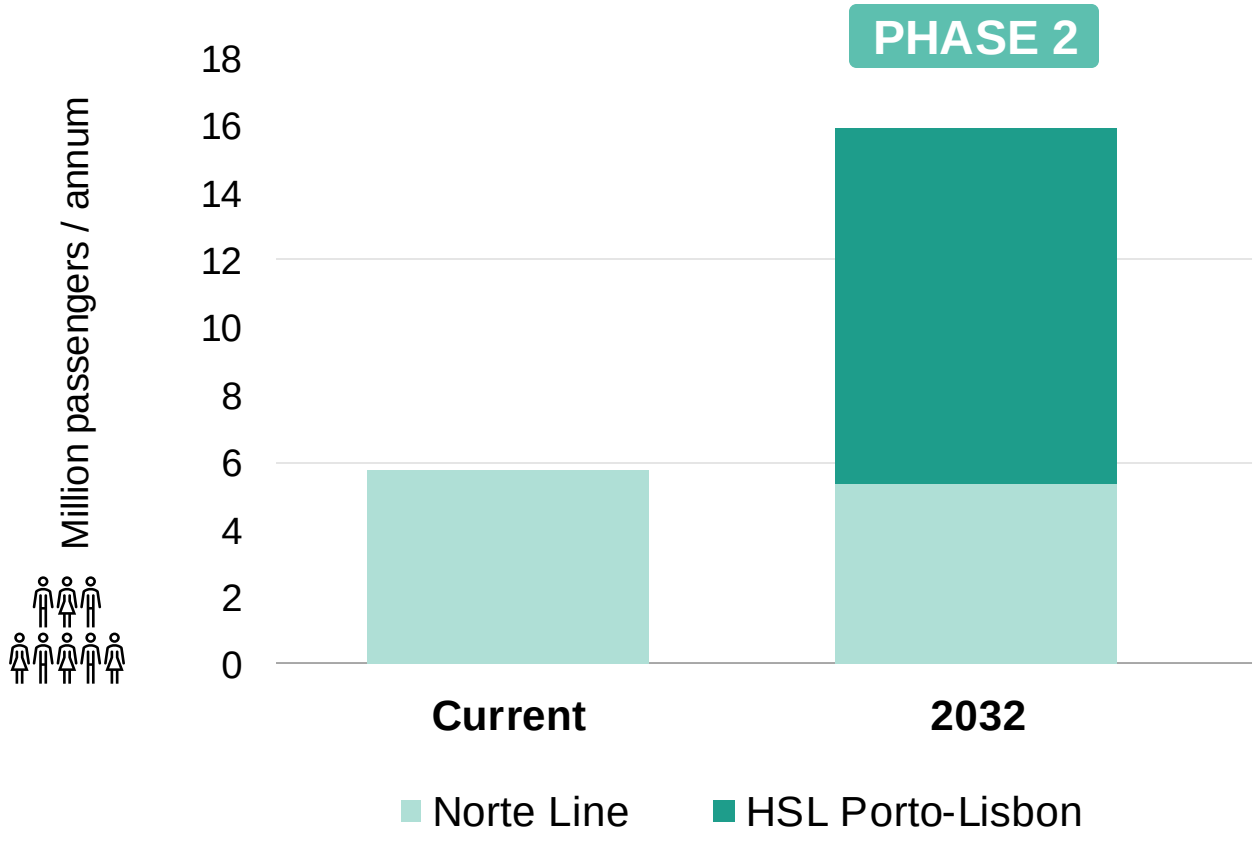
SERVICES SCENARIO

60 **Services** on HSL

17/9 **HS Services** Direct/ Stopping

34 **Hybrid Services** HSL - Existing Rail Network

17 **IC Services** Existing Rail Network



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COST-BENEFIT ANALYSIS

PORTO-LISBON

Socio-economic indicators

NPVe	4 000 M€
ERRe	9,6%
BCR	1,9

PHASE 1
2025/2030

PHASE 2
2027/2032

PHASE 3
> 2032

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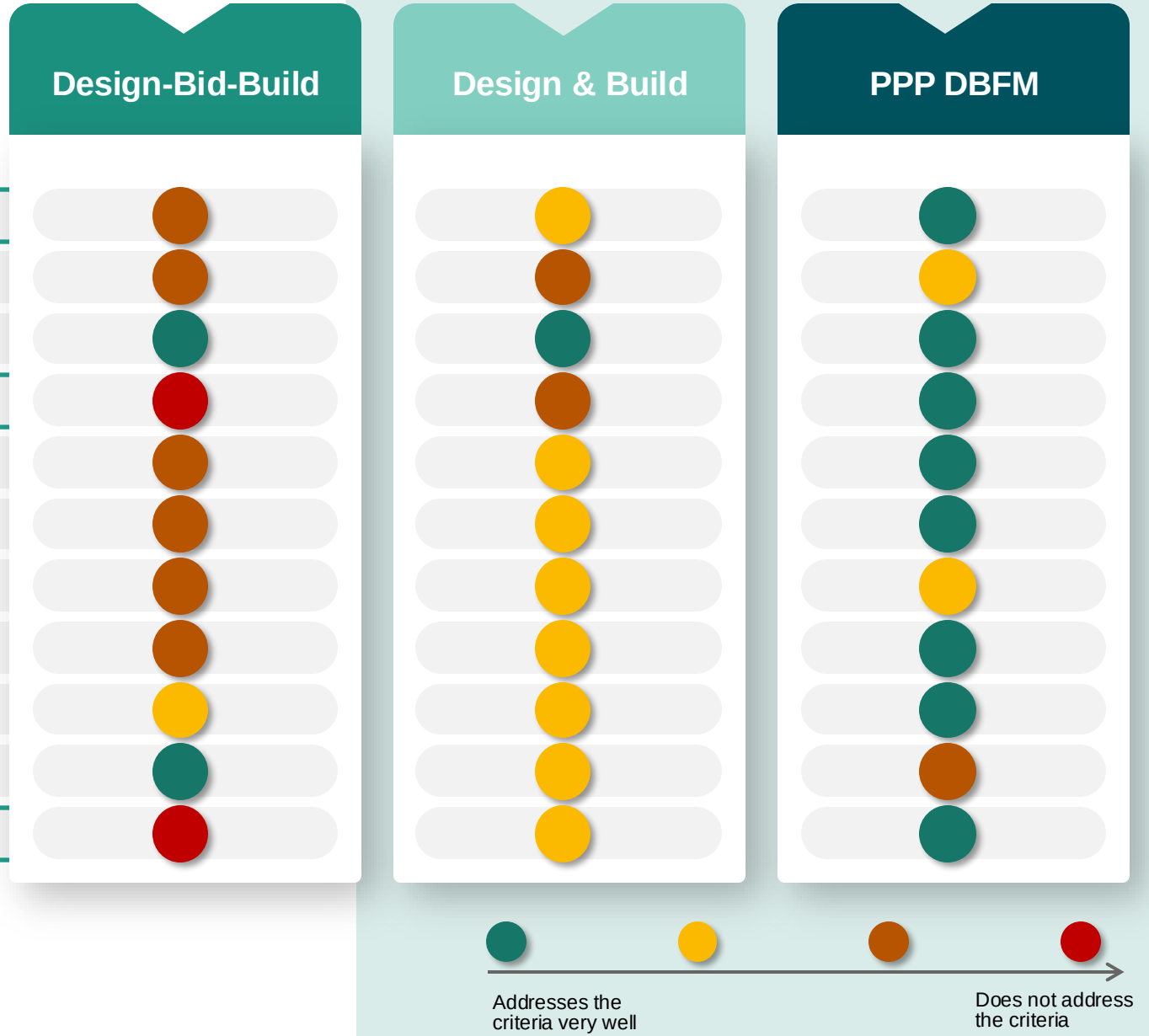
ANALYSIS OF CONSTRUCTION CONTRACTS

ASSESSMENT CRITERIA

- Reduce project life cycle costs
- Reduce the impact on public finances
- Promote competition and economic development
- Optimisation of internal resources
- Adjusted allocation of resources
- Linkage between different project phases
- Viable project plan implementation
- Improve asset performance and maintenance
- Incentivise innovative solutions
- Coordination with other rail services (construction phase)
- Adjusted allocation of project risks



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PROPOSED CONTRACTING MODELS

Substructure / Superstructure

3 Design, Build, Finance & Maintain (DBFM) contracts

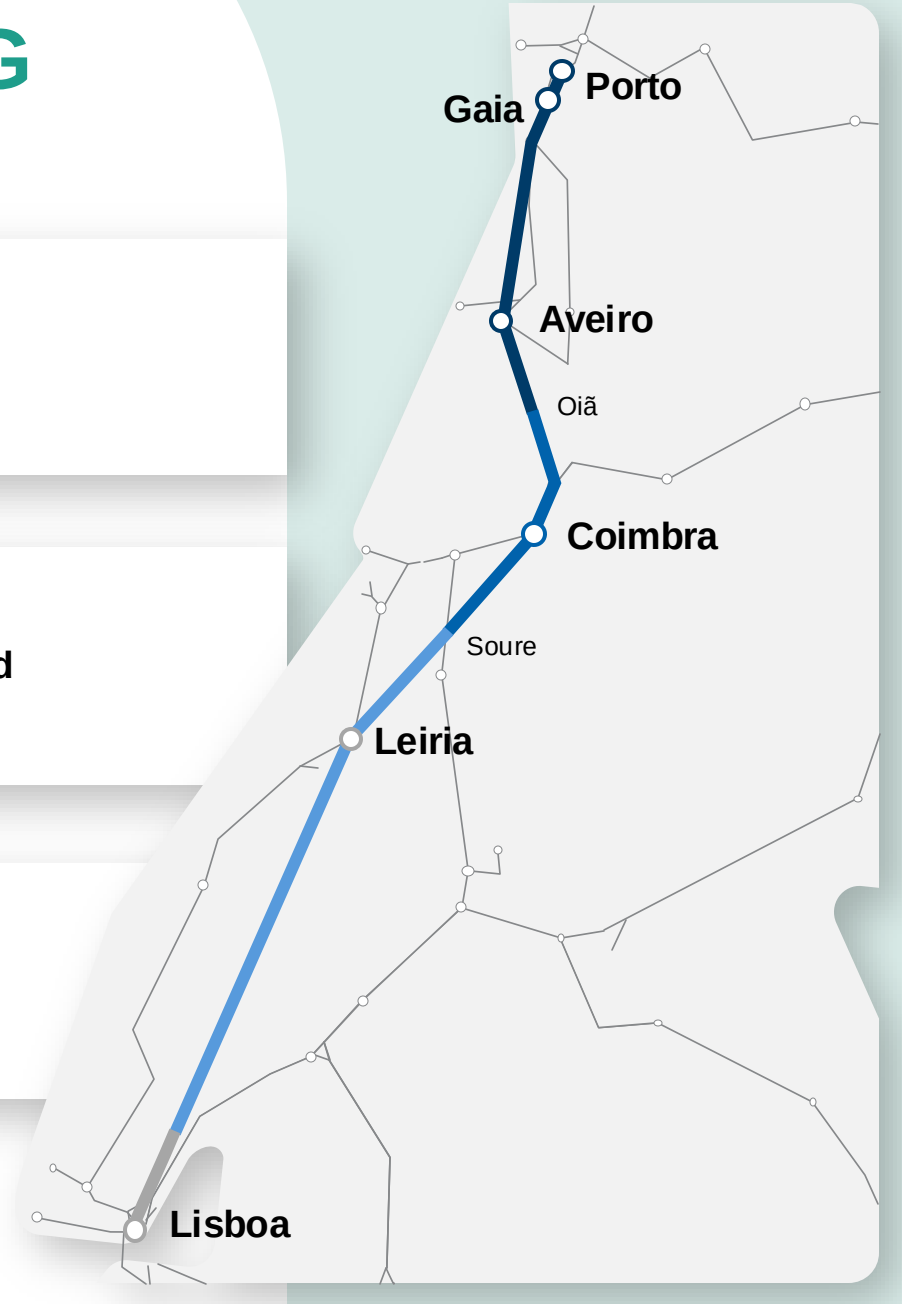
Supplementary Projects

Alverca-Azambuja, Oriente Station, etc.

Design – Bid – Build

Signalling & Telecommunications

Design, Build & Maintain (DBM) contract



PHASE 1
2025/2030

PHASE 2
2027/2032

PHASE 3
> 2032

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PPP CONTRACTS

KEY FEATURES

Contract term
30 years

Development
5 years

&

Availability
25 years

Investment (Capex)
~ 2 250 M€
(per contract)

Contract scope
Rail substructure and superstructure, electrical substations, passenger stations, connections between HS and conventional network

Status
PPP1: Awarded

PPP2: Tender ongoing

Risk Allocation

Private partner: Design, construction, maintenance, land acquisition and environmental

Public partner: Political, planning and demand

Shared: Financing, archaeological, availability and safety

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PPP3
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PHASE 3
> 2032

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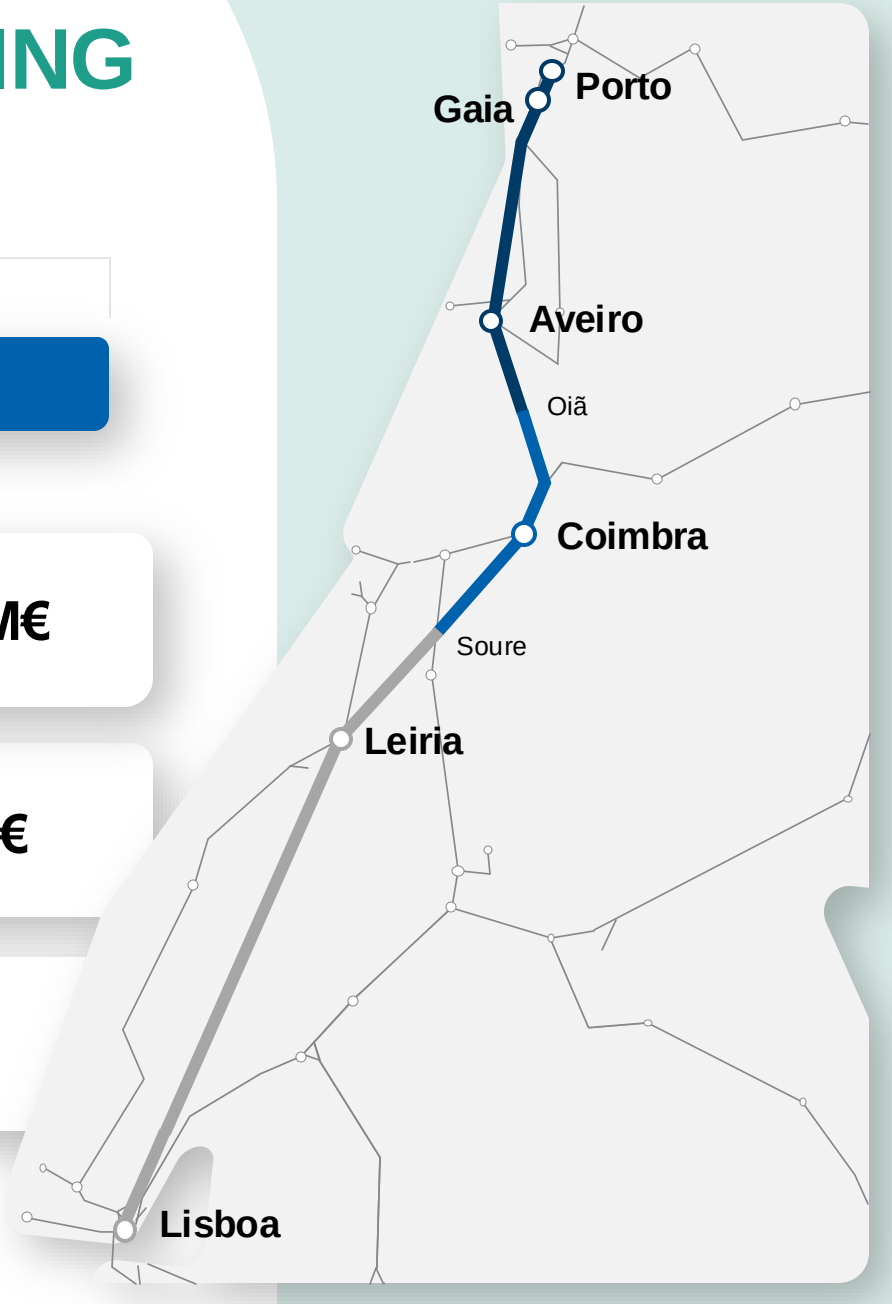
INVESTMENT AND FINANCING

PHASE 1

	PPP1	PPP2
Investment (2023 prices)	1 978 M€	1 918 M€
EU Funding	480 M€	395 M€
EIB Financing	Up to 3 000 M€	



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PHASE 3
> 2032

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PHASE 1

EU FUNDING

To ensure “project maturity” the bids were launched, in case of PPP1, before the application to CEF2 was submitted and, in case of PPP2, before the results were announced by CINEA

In the tender documents, bidders were told to assume that the European Funds from CEF2 were going to be fully available. This was to avoid unnecessary additional (private) financing costs to be considered in the bids

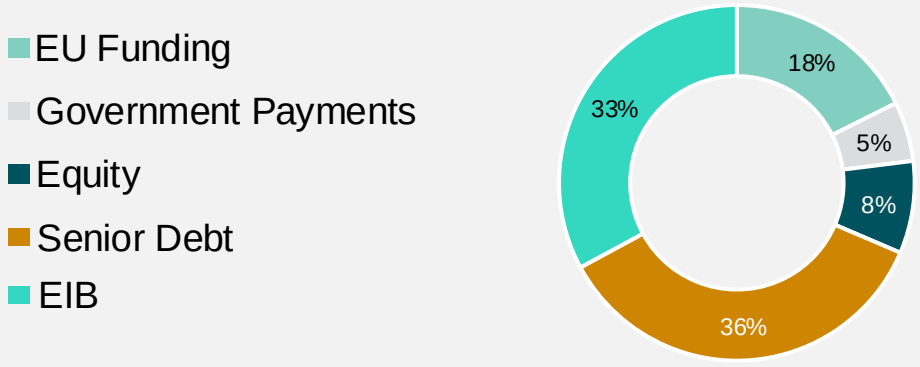
In case the CEF2 application was not successful, the Portuguese Government would, cover the payments to the Concessionaire. Note: the Government could always decide to cancel the tender/contract

The tender documents reflect, as much as possible, the terms and conditions of the CEF2 Grant Agreement (which is a standard contract), e.g. timescales, payment mechanism, auditing, etc.

FINANCING STRUCTURE

PPP1

Concession Period	30 years
Investment Period	5 years
Shareholder's IRR	9,0%



Debt to Equity 90/10

M€ (nominal/current princes)	**PPP1**
Investment (Capex)	2 400
Opex	400

EU Funding	480
Government Payments	150
Equity	150
EIB	900
Senior Debt	1 000

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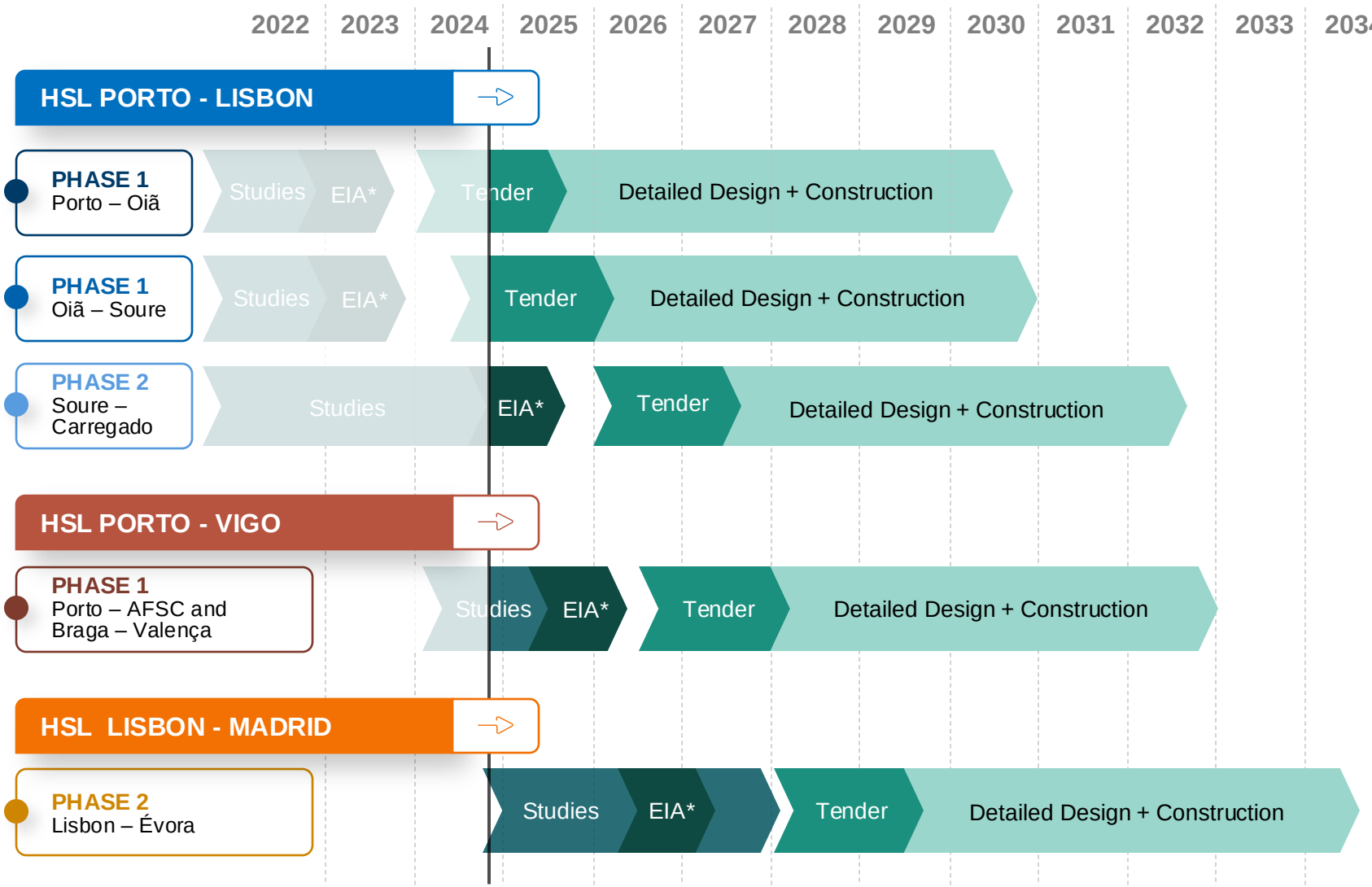
GLOBAL PROJECT SCHEDULE



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*EIA: Environmental Impact Assessment

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