Table of Content

| Table of Abbreviations | 17 |
|---|----|
| Executive Summary | 21 |
| Introduction | 23 |
| I. Premises and Methodology of the Research | 29 |
| 1) Arbitral Awards as a Legal Source | 30 |
| 2) Precedent in International Investment Law | 33 |
| 3) Method of Analysis | 36 |
| II. Open Questions in the Development of the Notion of | |
| Legitimate Expectations | 38 |
| 1) What are the Requirements for a Commitment by the State? | 39 |
| 2) Can the Legal Framework Create Legitimate Expectations? | 40 |
| 3) How much Due Diligence Must an Investor Apply? | 41 |
| III. The Impact of Regulatory Measures on the Renewable Energy | |
| Sector | 42 |
| Chapter 1: The Principle of Fair and Equitable Treatment | 48 |
| I. Interpretation of Provisions Including the Fair and Equitable Treatment Standard | 50 |
| II. Fair and Equitable Treatment as an Overarching International | |
| Law Principle | 52 |
| III. The Fair and Equitable Treatment Standard in Abstract | 55 |
| 1) The Ordinary Meaning of "Fair and Equitable" | 55 |
| 2) Unjust and Arbitrary Treatment | 57 |
| 3) Transparency and Predictability | 58 |
| 4) Discrimination Against Foreign Investors | 58 |
| 5) The Obligation of Treatment in Good Faith | 60 |
| 6) Consistency and Legitimate Expectations | 60 |
| 7) Addressees of the Fair and Equitable Treatment Obligation | 63 |
| 8) The Basic Aspects of the Fair and Equitable Treatment Standard | 64 |
| Jianuanu | 04 |

| IV. Legal Specifics under the Energy Charter Treaty | 64 |
|--|----------|
| Chapter 2: Legitimate Expectations as the Core Element of Fair and Equitable Treatment | 70 |
| I. Purpose of the Legitimate Expectations: Balancing Legal Interests | 73 |
| II. Time for the Determination of Legitimate Expectations | 76 |
| III. Components of the Legitimate Expectations | 78 |
| 1) Content of the Investors' Legitimate Expectations | 80 |
| 2) Aspects of the Commitment of the State | 81 |
| a) Representatives of the State in International Investment Law | 84 |
| b) Contractual Agreements | 86 |
| c) Unilateral Declarations and Specific Administrative Acts | 88 |
| d) Informal and General Administrative Acts | 90 |
| e) The Legal Regulatory Framework3) The Due Diligence of the Investor | 92 95 |
| 4) Foundations for the Analysis of Recent Jurisprudence | 100 |
| IV. The Act of Balancing under International Investment Law | 102 |
| 1) The States' Right to Regulate | 103 |
| a) The EU's Reformation Efforts | 105 |
| b) Limitations to the States' Sovereignty | 105 |
| c) The States' Margin of Discretion | 110 |
| 2) The Concept of Stability | 113 |
| a) Protection of Stability in Arbitral Jurisprudence | 113 |
| b) The Tension between the Right to Regulate and Concept of Stability | 116 |
| 3) Application of the Proportionality Test in Balancing | 116 |
| Legitimate Expectations | 117 |
| a) The Origins of Proportionality in International Law | 121 |
| b) The "Continental European" Approach to | |
| Proportionality | 125 |
| c) Reasonableness and Proportionality | 128 |
| d) The Importance of a Systematic Approach to the | |
| Balancing Issue | 133 |
| Chapter 3: The Renewable Energy Cases | 136 |
| I. Historical Background | 136 |

| II. Technological Background | 137 |
|---|-----|
| III. Factual Background and Arbitral Jurisprudence | 138 |
| 1) The Spanish Renewable Energy Saga | 139 |
| a) Disputed Measures | 139 |
| (1) The Rise of the Special Regime | 140 |
| (2) The Amendment of the Special Regime in 2010 | 141 |
| (3) The Abrogation and the Replacement of the Special | |
| Regime in 2013 | 143 |
| b) The Spanish Cases | 145 |
| (1) Investments under the 2007 Special Regime | 145 |
| (a) Charanne and Construction Investments S.a.r.l. v. | |
| Spain | 146 |
| (b) Eiser Infrastructure Ltd and Energía Solar | |
| Luxembourg S.à.r.l. v. Spain | 147 |
| (c) Novenergia II - Energy & Environment (SCA), | |
| SICAR v. Spain | 147 |
| (d) Cavalum SGPS v. Spain | 148 |
| (e) Masdar Solar & Wind Cooperatief U.A. v. Spain | 149 |
| (f) Foresight v. Spain | 149 |
| (g) Cube Infrastructure v. Spain | 150 |
| (h) NextEra v. Spain | 151 |
| (i) 9Ren Holding S.a.r.l v. Spain | 152 |
| (j) SolEs Badajoz GmbH v. Spain | 152 |
| (k) OperaFund v. Spain | 153 |
| (1) Stadtwerke München v. Spain | 153 |
| (m) BayWa r.e. v. Spain | 154 |
| (n) RWE Innogy GmbH and RWE Innogy Aersa | |
| S.A.U. v. Spain | 155 |
| (o) The PV Investors v. Spain | 156 |
| (p) Hydro Energy 1 S.À R.L. and Hydroxana Sweden | |
| AB v. Spain | 157 |
| (2) Investments under the 2010 Amendments | 157 |
| (a) Antin Infrastructure Services and Antin Energia | |
| Termosolar v. Spain | 158 |
| (b) RREEF Infrastructure (GP) Ltd et al v. Spain | 158 |
| (c) InfraRed Environmental Infrastructure GP | |
| Limited and others v. Spain | 159 |
| (d) Watkins Holdings S.à.r.l. and others v. Kingdom | |
| of Spain | 160 |
| (e) STEAG GmbH v. Spain | 161 |

| (f) Isolux Netherlands B.V. v. Spain | 162 |
|--|-----|
| 2) The Italian Renewable Energy Saga | 162 |
| a) Disputed Measures | 165 |
| b) The Italian Cases | 167 |
| (1) Blusun SA, Jean-Pierre Lecorcier and Michael Stein v. | |
| Italy | 167 |
| (2) Eskosol S.P.A. v. Italy | 169 |
| (3) ESPF Beteiligungs GmbH et. al. v. Italy | 169 |
| (4) Greentech Energy Systems A/S et. al. v Italy | 170 |
| (5) CEF Energia B.V. v. Italy | 171 |
| (6) SunReserve Holdings v. Italy | 172 |
| (7) Belenergia S.A. v. Italy | 173 |
| 3) The Czech Renewable Energy Saga | 174 |
| a) Disputed Measures | 175 |
| b) The Czech Cases | 176 |
| (1) Antaris Solar GmbH and Dr. Michael Göde v. Czech | |
| Republic | 176 |
| (2) Jürgen Wirtgen, Stefan Wirtgen, Gisela Wirtgen et. al. | |
| v Czech Republic | 177 |
| (3) Voltaic Network, Knopf, I.C.W. Investments, WA | |
| Investment v. Czech Republic | 178 |
| IV. Summary of the Tendency in Arbitral Jurisprudence | 179 |
| 1) Types of Commitments by the States | 181 |
| 2) Limitations to the Investors' Expectations | 184 |
| 3) Key Considerations for the Forthcoming Analysis | 185 |
| Chapter 4: Analysis of the Case Law Involving Legitimate | |
| Expectations | 187 |
| • | 107 |
| I. Restrictions of the Right to Regulate through Commitments | 187 |
| 1) Specific Commitments by the Host State | 189 |
| a) Registration with Administrative Authority | 190 |
| (1) Pre-Assignment Registry and RAIPRE | 190 |
| (2) Ministerial Resolutions and Registration Letters | 193 |
| (3) The GSE Conventions and the "Tariff Recognition | |
| Letters" | 195 |
| (4) ERO Regulations | 198 |
| (5) Legal Value of Registration Proceedings | 199 |
| b) Informal Administrative Acts | 199 |

| | | c) Requirements for Administrative Acts to Constitute | |
|-----|----|---|-----|
| | | Specific Commitments | 203 |
| | | (1) Administrative Acts and their Relation to the Legal | |
| | | Framework | 203 |
| | | (2) Time of the Administrative Acts | 206 |
| | | (3) Influence of the Formality of an Administrative Act | 207 |
| | | d) Interim Conclusion on the Requirements for | |
| | | Administrative Acts | 208 |
| | 2) | General Commitment by the Host State | 208 |
| | ĺ | a) Advertisements, Reports and Authoritative Statements | 208 |
| | | (1) The Spanish "The sun can be yours" Campaign | 209 |
| | | (2) Policy Plans Issued by the Host State | 211 |
| | | (3) The CNE Reports & Statements | 213 |
| | | (4) The ERO Reports and Presentations | 215 |
| | | (5) Other Press Releases and Political Statements | 216 |
| | | (6) Interim Conclusion on the Potential of General | |
| | | Representations to Create Legitimate Expectations | 218 |
| | | b) Legitimate Expectations through the Legal Framework | 221 |
| | | (1) Development during the Argentine Cases | 221 |
| | | (2) Subsequent Development | 225 |
| | | (3) Current State of Discussion | 226 |
| | | (4) Interim Conclusion on the Legal Framework's Status | |
| | | as Source of Legitimate Expectations in Arbitral | |
| | | Jurisprudence | 232 |
| | 3) | Interim Conclusion on the Restrictions on the Right to | |
| | | Regulate | 236 |
| II. | Th | e Due Diligence Obligation imposed by the Notion of | |
| | | gitimate Expectations | 239 |
| | | General Standard for Due Diligence | 240 |
| | , | a) The Authority Conducting the Due Diligence | 241 |
| | | b) Shared Due Diligence | 243 |
| | | c) Proof of Due Diligence | 244 |
| | 2) | Scope of Due Diligence | 245 |
| | | a) Sources to Take into Consideration | 247 |
| | | b) Clarity of the Legal Framework | 250 |
| | | c) Relevance of Domestic Case Law | 252 |
| | 3) | Risks Identified and Warning Signs | 257 |
| | | a) Socio-Economic Environment | 260 |
| | | b) Previous Development of the Regulatory Framework | 261 |
| | | c) The Phenomenon of the Hindsight-Riss | 263 |

| 4) Requirements for the Investor's Due Diligence | 263 |
|--|--------------|
| III. The Host State's Margin of Discretion when Changing the | |
| Legal Framework | 270 |
| 1) Reasonableness and Proportionality of the State's Acts | 271 |
| a) The Link between the State's Actions and the Public | |
| Interest | 274 |
| b) Economic Reasonableness of the State Acts | 276 |
| c) Proportionality between the State's Acts and the | |
| Investor's Rights | 278 |
| d) Development towards a Stronger Role of the | |
| Proportionality Test | 281 |
| 2) Predictability and Retroactive Effect of the Measures | 283 |
| 3) Impact of the Changes on the Investment | 288 |
| a) Fundamental Change as a Threshold for the Violation of | |
| Basic Expectations | 290 |
| b) Characteristics of Fundamental Change on the Example | |
| of the Spanish Regime | 294 |
| (1) The 2010 Amendments Were within the State's | |
| Margin of discretion | 294 |
| (2) Why did the 2013 Regime Constitute Radical | |
| Changes? | 296 |
| c) Fundamental Change in Numbers | 300 |
| (1) The Spanish Promise of a "Reasonable Return" | 301 |
| (2) The Italian Incentive Reduction | 303 |
| (3) The Preservation of a Reasonable Return by the Czech | 1 |
| Republic | 304 |
| 4) Interim Conclusion on the Host State's Margin of | |
| Discretion | 305 |
| IV. Summary of Recent Jurisprudence | 309 |
| 7 3 1 | |
| Chapter 5: Interpretation and Evaluation of Arbitral Jurisprudence | 311 |
| I. Specificity of the States' Commitments | 313 |
| II. The Legal Framework as Basis for Legitimate Expectations | 321 |
| 1) State Efforts to Protect Regulatory Flexibility | 321 |
| 2) Appraisal of the Prevailing View in Arbitral Jurisprudence | 323 |
| 3) Why the States' Right to Regulate is Not Unduly Restricted | 329 |
| 4) The Special Role of the Legal Framework Applying to the | J _ / |
| Public Utility Sector | 339 |

| III. Due Diligence Requirement under International Investment | 2.41 |
|--|------|
| Law | 341 |
| Summary | 345 |
| I. Fair and Equitable Treatment as a "Black Box"? | 346 |
| II. Future Challenges in the Application of the Fair and Equitable | |
| Treatment Standard | 350 |
| Bibliography | 353 |
| Literature | 353 |
| Arbitral Awards | 361 |
| Court Judgments | 369 |