

# Romania - Exemptions for energointensive consumers

The draft Government Decision regarding the exemption of electro-intensive consumers from the green certificates payment (the “**Draft Consumers Exemption Decision**”) was released for public debate by the Ministry of Economy of Romania on 17 April 2014. The Draft Consumers Exemption Decision will be under public debate for 10 days, starting with the date of its publication on the Ministry of Economy’s website (i.e. starting on 17 April 2014 and ending on 30 April 2014). Following public debate, this Government Decision may be amended and will then go through a process of formal approval by the Government and publication in the Official Gazette. However, it shall enter into force only after approval from the European Commission. The Draft Consumers Exemption Decision is intended to implement the principles provided for in the European Commission Guidelines on State Aid for environmental protection and energy 2014-2020 (the “**Guidelines 2014-2020**”), approved in principle by the European Commission on 9 April 2014.

## 1. Applicability

The Draft Consumers Exemption Decision is applicable to undertakings belonging to the sectors whose competitive position is at risk due to the costs resulting from the funding of support to renewable energy as a function of their electro-intensive consumption and their exposure to international trade. The exemption can only be granted if the undertaking belongs to the sectors listed in Annex 3 of the Guidelines 2014-2020 (e.g. mining of hard coal, of other non-ferrous metal ores and of chemical and fertiliser minerals, manufacture of oils and fat, copper and aluminium production, etc.)

The validity period for the exemption is 10 years and its total maximum value of the aid support mechanism for renewables cannot exceed 85% of the maximum value as provided in the European Commission Decision 33134/2011 for the authorization of the Romanian green certificates support mechanism. We note that the estimated value of the support mechanism as per the above mentioned decision is RON 80,713 million.

The estimated number of the undertakings expected to benefit from the exemption is between 50 and 100.

## 2. Conditions

The electro-intensive consumers that wish to benefit from the exemption have to apply for the exemption with the relevant authority in charge of the administration of the state aid scheme (yet to be designated). Additionally, the Ministry of Economy has to confirm that the applicant fulfils the eligibility criteria described briefly below.

According to the Annex of the Draft Consumers Exemption Decision regarding the procedure for obtaining an exemption approval, the following eligibility criteria have to be met by the undertakings in order for them to be able to qualify for an exemption approval:

- The undertaking must be registered in accordance with the Companies Law no. 31/1990;
- the main activity of the undertaking fits the CAEN codes provided for in Annex 3 of the Guidelines 2014-2020;
- The undertaking must have no registered debts to the state budget;

- The undertaking must implement energy efficiency programs and procure an energy audit before and after the implementation of such programs;
- The undertaking must undertake to refrain from any layoffs during the 10 year term of the exemption; and
- The undertaking must enter into a partnership with educational institutions for the creation of specializations in the activity domain (e.g. professional schools, qualifications at the workplace, and scholarships) to increase professional skill levels and attract qualified personnel.

The scope of the exemption depends on the electro-intensity of the economic operators, as follows:

- An exemption of **85%** in the case of an electro-intensity over **20%**, i.e. the exempted consumers will pay only **15%** of the green certificates as per the mandatory quota;
- An exemption of **60%** in the case of an electro-intensity of **10%-20%**, i.e. the exempted consumers will pay only **40%** of the green certificates as per the mandatory quota; and
- An exemption of **40%** in case of an electro-intensity of **5%-10%**, i.e. the exempted consumers will pay only **60%** of the green certificates as per the mandatory quota.

The above exemptions will apply to the mandatory quota for the acquisition of green certificates notified by the National Energy Regulatory Authority (ANRE), starting with the year in which the exemption approval was obtained by the relevant consumer.

The exemption beneficiaries will notify the exemption approval to ANRE, Transelectrica, OPCOM, as well as every energy supplier with whom it has or will sign electricity sale and purchase agreements. The relevant supplier is exempted from the obligation to acquire a certain number of green certificates related to the quantity of energy delivered to its client (i.e. the beneficiary of the exemption).

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