

Further changes in the Romanian energy sector

The Romanian energy sector continues to search for stability and predictability due to the passing of Government Emergency Ordinance 114/2018 (“GEO 114”), which introduces several tax and regulatory measures for various major industries – including the energy sector.

The main provisions related to the power sector include:

- Household customers will benefit from regulated electricity prices from 1 March 2019 through 28 February 2022; household customers are now granted the right to return to regulated electricity prices,
- Producers shall deliver to the suppliers of last resort, between 1 March 2019 and 28 February 2022, the required electricity ensuring the consumption of household customers for which regulated tariffs are applied, in accordance with the regulations adopted by the National Energy Regulatory Authority (“ANRE”) and the remaining electricity available shall be offered publicly on the competitive market.

The main provisions related to the gas sector refer to:

- The price of domestic gas was set at a level much lower than prices in the region and capped for the next 3 years. For the period 1 April 2019 – 28 February 2022, the producers (either onshore or offshore) carrying out sales of natural gas extracted from Romania are obligated to sell the gas to suppliers and eligible final customers at a price of RON 68 (approx. 15 EUR)/MWh .
- During this period, the gas producers have the obligation to sell with priority to suppliers, under regulated conditions set out by ANRE to ensure that the entire consumption of household consumers is covered by current production or from storage facilities.
- The gas purchase price paid by the suppliers from the current domestic production required to cover the end customers' consumption cannot exceed the value of LEI 68/MWh, irrespective of the seller.
- By way of derogation from the Energy Law, ANRE will establish a mixture of imported and domestic gas to cover the consumption of non-household consumers.

A monetary contribution set through GEO 114 amounting 2% of the turnover achieved by license holders in the fields of natural gas, electricity and electricity and heat in cogeneration (for the electricity component) was recently implemented through secondary legislation by ANRE. GEO 114 also provides severe sanctions, amounting 10% of the previous year's turnover, for non-compliance with the new provisions.

The Romanian gas and electricity markets have immediately reacted to the legislative changes and GEO 114 is expected to be long debated in 2019.

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