

Updates in the Romanian Oil & Gas and Power Sectors

Following the controversial measures in the energy sector in the wake of Government Emergency Ordinance 114/2018 (“GEO 114”), the Government has recently decided to further reform the sector with the aim of strengthen the security of supply for the household consumers (for more details on GEO 114, please see our previous article [here](#)).

Changes related to the gas sector include:

- Postponement of the application of regulated gas prices from 1 April to 1 May 2019.
- Repeal of the obligation to use a mixture of imported and domestic gas to cover the consumption of non-household consumers.
- Establishment of the ceiling price of 68 RON/MWh for domestic gas production sold from 1 May 2019 to 28 February 2022. The ceiling price applies to gas delivered by producers to the suppliers of (a) natural gas for household customers and (b) natural gas for heat producers used for the production of heat in cogeneration plants and in thermal power plants serving public consumption.
- Continued obligation for producers to give priority to gas sales for amounts required for household customers, for heat production in cogeneration plants, and for thermal power plants serving public consumption.
- Prohibition of producers from concluding gas selling agreements at a price higher than 68RON/MWh. However, the prohibition is effective only for (a) natural gas for household customers and (b) natural gas for heat producers used for the production of heat in cogeneration plants and in thermal power plants serving public consumption.
- Limiting of the obligation to acquire gas from domestic producers at a maximum price of 68RON/MWh to (a) natural gas for household customers and (b) natural gas for heat producers used for the production of heat in cogeneration plants and in thermal power plants serving public consumption.

Changes related to the power sector include:

- Increase of the rate of return of transport and distribution tariffs from 5.66% to 6.9% for the period 2019-2024.
- Exemption from the 2% annual turnover tax for coal-based power generation capacities and electric and thermal energy cogeneration plants.

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