Orban: Romania to benefit, 2021 to 2030, from financing of approximately 6 billion euros through Modernization Fund

Prime Minister Ludovic Orban said that Romania will benefit from European funding estimated at approximately 6 billion euros, through the Modernization Fund, in the period 2021-2030, and the funds will be allocated, in particular, to investments in cogeneration production capacities and renewable green energy.

The head of the Executive made the statement at the end of the working meeting he had on Thursday at the Ministry of Economy with Minister Virgil Popescu and Bucharest General Mayor Nicusor Dan.

"Less known is another funding pillar, which is extremely important, this financing pillar is the Modernization Fund. In the period 2021-2030, Romania will benefit from an estimated financing of approximately 6 billion euros for the financing of projects in several fields. Where does the money come from, from a percentage of CO2 certificates. There are 11 countries in Central and Eastern Europe that benefit from this form of financing and practically benefit from 11% of the value of CO2 certificates, while about 200 million certificates go to Romania, which, estimated at the market value in the coming years, lead us to the guarantee of a financing of even more than 6 billion euros," said Ludovic Orban.

He explained that this money is usually used to finance investment spending in two areas, structured on pillar I and pillar II. "

"Pillar I, which benefits from a financing of 70% of this amount, is intended for investments in cogeneration production capacities, it is also intended for investments in renewable green energy, it is intended for investments, including in the modernization of heat transmission networks, it also has other uses. As for Pillar II, which represents 30% of the amount available for Romania, there is money that can be used for gas production capacity that does not work in the cogeneration system," Orban detailed.

The Prime Minister then referred, specifically, to the fact that the electricity and heat producer ELCEN is ready to submit 3 financing projects from these funds.

"At the end of the implementation of the projects, there are two projects worth 160 million euros and a project worth 50 million euros, practically thermal and electrical energy will be produced in a cogeneration system with an efficiency of over 95%. Just think that the current efficiency is about 50% in the 3 CETs [Thermal Electrical Plants] that will benefit from this funding," Orban said.

He added that these funding will not only be for Bucharest, but for the whole country.

"The Ministry of Economy (...) is practically testing the market to verify the need for investment for such types of projects and is in the process of gathering project proposals to be financed from the Modernization Fund. These resources are extremely important, because they can be used to finance an area that, unfortunately, in the last 30 years has not benefited from the investments it needed, namely the production of energy in the cogeneration system, electricity, the production of thermal energy to power central heating systems in Bucharest and the big cities.The efficiency of these systems is very low, because very little investment has been made and because of this, a lot of public resources are allocated to finance through the subsidy for the price difference, in one way, these systems' lack of efficiency, both the production systems and the losses that are generated along the networks," Orban said.

The head of the Executive stressed that the money from the Modernization Fund will be used on the basis of "transparent selection procedures, based on criteria to be established by the Government, taking into account all existing regulations at European level and the requirements that will be formulated at EU level on how to spend this money".