

CMS: Romania passes law on protection of vulnerable energy consumers

On 7 September 2021, the Romanian parliament adopted the Law on establishing social protection measures for vulnerable energy consumers. This Law will go into effect upon its promulgation by the Romanian President and publication in the Official Gazette.

The enforcement term of the new provisions was initially set for 1 September 2022. Given the hurdles to be faced this winter, however, such as increases in the prices of natural gas and electricity, forecasted low temperatures, increased foreign currency exchange rates, etc., the Law will go into force on 1 November 2021.

Under the new Law, vulnerable consumers are defined as single people or families who, due to illness, age, insufficient income or isolation from energy sources, would benefit from social protection measures and additional services ensuring their minimum energy needs. An estimated 500,000 households will receive up to RON 500 (EUR 100) per month to pay bills during the cold season.

In order to prevent and fight energy poverty, the Law will regulate social protection measures for vulnerable consumers in the energy system by establishing the criteria for inclusion in the category of vulnerable energy consumers.

The main social protection provisions refer to:

- Regulation of the type of assistance: for heating purposes – natural gas, electricity, solid or liquid fuels.
- A maximum monthly average income for the beneficiaries of the assistance: RON 1386 (EUR 277) per person within a family and RON 1445 (EUR 410) for a single person.
- The establishment of the level of assistance by percentage compensation applied to a differentiated reference value depending on the heating system. Such compensation is between 10% and 100% depending on income. The grant will be settled directly in the invoice price.

Non-financial measures include facilities for accessing and connecting to available energy sources necessary to ensure minimum energy needs, such as a ban on disconnection from energy supply sources for certain categories of vulnerable consumers, and transparent and accessible advice and information on energy sources and associated costs.

For more information on this Law and Romania's energy industry, contact your CMS client partner or local CMS experts: Varinia Radu, Ramona Dulamea, Raluca Diaconeasa.