

## CMS | New Romanian energy investment opportunities supported by Modernisation Fund



**The Ministry of Energy has initiated public consultations for two guidelines pertaining to the Modernisation Fund (MF) until 18 February. The consolidated guidelines are expected to be published in late February, with the intention of launching the two calls for projects on 1 March, which will be open for 90 days.**

The eligible activities eligible to be financed include the construction of renewable wind, solar or hydro power generation capacity and the purchase of new plants or equipment for construction of new electricity generation capacity from renewable wind, solar or hydro energy sources.

According to the guidelines, completion of the investments (i.e. installation and connection to the grid, including commissioning) must be completed by **31 December 2029** at the latest.

The first guide provides for ‘Support for investments in new renewable electricity generation capacity related to the call for projects for private sector applicants (without self-consumption)’ and has a total budget of EUR 400 million divided as follows:

- Wind energy: EUR 100 million, maximum State aid amount is EUR 700,000 /MW installed;
- Hydro energy: EUR 100 million, maximum state aid amount is EUR 1,805,000 /MW installed;
- Solar energy: EUR 200 million, maximum state aid amount is EUR 500,000 /MW installed.

The second guide provides for ‘Support for investments in new renewable electricity generation capacity for self-consumption related to the call for projects for private sector applicants’ and has a total budget of EUR 415 million divided as follows:

- Wind energy: EUR 30 million, maximum state aid amount is EUR 700,000/MW installed;
- Hydropower: EUR 25 million, maximum state aid amount is EUR 1,805,000/MW installed;
- Solar energy (below 1 MW inclusive): EUR 170 million, maximum State aid amount is EUR 1 million/MW installed;
- Solar energy (above 1 MW inclusive): EUR 190 million maximum State aid amount is EUR 500,000/MW installed;

This guide, as opposed to the guide for renewable capacities without self-consumption, has the additional condition that self-consumption within the company or group of companies must represent at least 70% of the production of the financed renewable power plant. Self-consumption refers to energy produced and delivered locally, without transiting the transmission and distribution networks.

The amount of the grant requested by a potential beneficiary must not exceed **EUR 20 million**.

Both guides emphasise that the bidding project must have a technical grid connection permit (*Aviz Tehnic de Racordare* or **ATR**). The ATR, however, is not mandatory until the signing of the financing contract.

Another detail of interest for newly established companies (**SPVs**) is the necessity to have a minimum subscribed share capital of RON 100,000 or the equivalent paid in accordance with the law.

The guides also provide for requirements regarding to the minimum capacity produced:

- Photovoltaic projects: capacity factor of minimum 11.4%, equivalent to 1000 h/year of operation at installed capacity;
- Wind projects, capacity factor of at least 24%, equivalent to 2100 h/year of operation at installed capacity;
- Hydro projects, capacity factor of at least 27.4%, equivalent to 2400 h/year of operation.

For more information on the ability of your company to take part in the calls for projects described above, contact your CMS client partner or these CMS experts: **Varinia Radu** and **Ramona Dulamea**.

*This article has been co-authored by Ada Romanti.*