

NEWSFLASH

Wind of change in Romanian energy law

After several months of public debate and numerous amendments and revisions, Emergency Ordinance no. 143/2021 ("**GEO 143**") entered into force on the last day of the previous year. It brings significant positive changes to the Romanian energy legislation, including the end of a ten-year-old block on electricity transactions outside centralized markets.

GEO 143 amends the Romanian Electricity and Gas Law no. 123/2012 ("**Energy Law**") and the Law on the Promotion of Electricity from Renewable Sources no. 220/2008, aiming, among others, at the long-awaited transposition of Directive (EU) 2019/944 into national law.

A general overview of the most important changes in the following.

1. the term "centralized electricity market" has been eliminated and replaced by "**organized electricity market**". It includes over-the-counter markets and power exchanges, markets for trading energy, capacity, balancing and system services in all time periods, including forward, day-ahead and intraday markets;
2. directly negotiated bilateral electricity selling agreements are now allowed back into the wholesale electricity market, after almost 10 years;
3. The electricity supply price can be freely set between the supplier and the end user, subject to certain conditions provided for in the Energy Law;
4. "Active end customers" (rom. *Client activ*) and "Citizens' energy communities" (rom. *Comunitatea de energie a cetatenilor*) were introduced as new market participants. "**Active end-customer**" means an end-user or a group of end-users who act jointly, consume or store the electricity generated on their own premises, or sell the electricity they generate themselves, or participate in energy flexibility or efficiency programs, where these activities do not constitute their main commercial or professional activity. "**Citizens' energy communities**" are legal entities that (i) are based on voluntary and open participation and are controlled by their members/ shareholders, who are

individuals, local governments, municipalities, or small businesses, (ii) seek to provide environmental, economic or social benefits to their members/ shareholders or the areas in which they operate, prior to financial returns, and (iii) are involved in electricity production (including from renewable sources), distribution, supply, consumption, aggregation, or storage, or provide other energy services to their members or shareholders;

5. The definition of prosumer has been expanded to include those facility owners who hold points of consumption near their power generation facilities;
6. For prosumers, a feed-in tariff or quantitative compensation depending on the capacity of the electricity generation plant has been regulated. At the request of prosumers who own electricity facilities with an installed capacity of **up to 200 kW**, electricity suppliers are obliged to apply quantitative compensation in the bill of prosumers with whom they have concluded electricity supply contracts, and thus to charge only the difference between the electricity consumption from the grid and the amount of energy generated and fed into the grid. The quantitative compensation will be applied until December 31, 2030. Electricity suppliers are also obliged to purchase electricity at the weighted average price registered on the Day Ahead Market for the month in which the respective energy was generated, upon the request of prosumers with plants **between 200 kW and 400 kW** with which they have concluded electricity supply contracts;
7. To protect utility suppliers, fees for the termination or switch of supply contracts were introduced under certain conditions;
8. Electricity contracts with dynamic prices have been regulated. These are defined as contracts between a supplier and an end customer that reflect price fluctuations on spot markets, including day-ahead and intraday markets;
9. Clarifications were also introduced regarding the legal status of electric vehicle charging stations, in the sense that hereinafter, the sale of electricity purchased from an electricity supplier and consumed by a battery charging station operator does not constitute electricity supply;

10. Universal service has been redefined as the supply of electricity of a specified quality to household customers at competitive, easily and clearly comparable, transparent and non-discriminatory prices. Accordingly, universal service no longer includes the supply of electricity to non-household customers, who could benefit from this service under the old regulation if certain conditions were met.

Many other changes have been introduced in both the electricity and gas sectors, all of which serve to implement Directive 944/2019. Even if the secondary legislation has not yet been enacted, it is already clear: the premise for new investments in on-site production and consumption, as well as increasing grid independence and reduced electricity costs, has now been set.

Like any emergency government regulation, GEO 143 will have to be approved by the Parliament by means of a bill, with or without further amendments. There is no specific deadline for this. Secondary legislation is to be enacted by ANRE within the next 6 months from the publication of GEO 143.

If you have any questions, please do not hesitate to contact us.

Kind regards,

THE STALFORT Legal. Tax. Audit. – Team

Contact and further information:



STALFORT Legal. Tax. Audit.
Bucharest – Bistrița – Sibiu

Office Bucharest:

T.: +40 – 21 – 301 03 53

F: +40 – 21 – 315 78 36

M: bukarest@stalfort.ro

www.stalfort.ro