

New legislative projects in the energy sector

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In February and March of this year, ANRE, the Romanian electricity regulatory authority, published a series of draft laws for public consultation on its website, which contain important regulations of practical relevance.

Among other things, they relate to

- Approval of the procedure to confirm the right of legal entities established in an EU Member State to participate in the electricity/gas markets in Romania;
- Approval of the methodology for allocating the capacity of the electricity grid for the connection of power generation sites;
- Amendment and supplement to Order No. 59/ 2013 regarding the connection of users to the public electricity grid.

The news that the above-mentioned legislative proposals would bring (**subject to their adoption and publication in this form**) is summarized below:

1. Participation of legal entities domiciled in an EU Member State in the electricity/natural gas markets in Romania (in short: "procedure")

The procedure regulates the

- Conditions under which ANRE confirms the right to participate in the Romanian electricity or natural gas market to a legal entity established in an EU Member State;
- Obligations that must be fulfilled during the exercise of the above-mentioned right to participate;
- Conditions for the modification/suspension/termination of the right to participate in the Romanian electricity or natural gas market.

As part of the procedure, ANRE issues a so-called confirmation decision (*decizie de confirmare*), which confirms the beneficiary's right to supply or trade electricity or natural gas in Romania, depending on the type of activity for which it holds a license from the competent authority of the other EU Member State. The beneficiary of the confirmation decision has the right to participate in the Romanian electricity/natural gas market under the same conditions as any other license holder.

2. Allocation of the capacity of the electricity grid for the connection of power generation sites

This methodology establishes the rules regarding the allocation of available capacity for the connection of production/consumption points with an installed capacity of 1 MW or more by tender. In this way, the current procedure whereby applicants are obliged to participate in grid reinforcement works is replaced by a mechanism for allocating the capacity of the electricity grid through tendering.

The amounts collected as a result of the tenders for additional grid expansion work required to cover the applicants' capacity requirements are also only used by the grid operators for grid expansion. The tendering platform is developed and managed by Transelectrica.

The methodology describes, among other things

- Phase preceding the tender (calculation of available capacities, submission of allocation applications by the applicants, preparation of the solution study, which defines the additional development work);
- Procedural rules for the organization of tenders and the submission of offers by tender participants;
- Rules regarding the allocation of available capacities;
- mandatory contents of the contract with regard to the allocation of available capacities (these are attached to the methodology as an annex).

3. Changes to the grid connection

The draft order provides for an amendment to the regulations regarding grid connection (approved by order no. 59/2013). Accordingly, the grid operators are obliged to require applicants to provide financial security in support of the grid operators when issuing grid connection permits for generation/consumption points with an approved capacity of more than 1 MW. This applies regardless of whether the connection solution provides for reinforcement work on the electricity grids or not.

Currently, only those applicants who wish to connect consumption and/or generation sites with an approved capacity of more than 1 MW, for which the connection solution provides for reinforcement work provide financial guarantees.

According to the new draft law, the financial security must be provided before the grid connection permit is issued; it has a fixed value of 5% of the grid connection fee.

Conclusion

Although the amendments presented above have not yet been adopted and published, they bring important changes for the energy market that must be taken into account and followed by market participants. Suggestions and comments on the draft acts will be submitted to ANRE within 30 days from the date of publication on the ANRE website. We are eagerly awaiting the final version.

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