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## **New amendments to the support scheme for renewables**

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# New amendments to the support scheme for renewables

On 31 March 2017, it was published in the Romanian Official Gazette the Ordinance no. 24/2017 amending and supplementing Law no. 220/2008 establishing the support scheme for renewable energy (the "Ordinance").

The Ordinance intends to protect the existing investment environment and to maintain into function the current generation capacities of renewable energy.

Below, we summarize the main changes brought by the Ordinance:

No.	Amended matters	Description
1	<b>Green certificates markets</b>	<p>According to the Ordinance, as of 1 September 2017, trading of green certificates will only be carried out on the <b>anonymous centralized markets</b> organized by OPCOM in a transparent manner, whereas prior to the Ordinance, the green certificates could have been traded either on the centralized market of green certificates, either on the bilateral contracts market of green certificates.</p> <p>However, for the small producers of renewable energy an exception is being set, respectively, if they fulfill a number of conditions provided by the Ordinance, they can conclude contracts by direct negotiation with the suppliers of renewable energy.</p> <p>There are two anonymous centralized markets, namely:</p> <ol style="list-style-type: none"><li><b>1. The centralized anonymous market of green certificates</b> is defined as the organized framework for green certificates trading, served by a trading system that allows each green certificates market participant to give firm offers regarding the quantity and the price proposed for the purchase or sale of green certificates without its identity to be disclosed to other participants in the trading session and to know the quantities and prices offered for trading by other market participants.</li><li><b>2. The centralized renewables market supported by green certificates</b> is defined as the centralized and anonymous market in which the trading of renewable energy and the green certificates associated with the traded quantity of electricity are sold at the closing price established on the last trading session on the green certificate centralized spot market, by a competitive, transparent, public and non-discriminatory manner.</li></ol>



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No.	Amended matters	Description
2	<b>The GC Mandatory Quota</b>	<ul style="list-style-type: none"><li>◆ The Ordinance regulates a new mechanism for calculating the green certificates mandatory quota (the "GC Mandatory Quota"), by introducing a new provision with respect to the annual static amount of green certificates, whereas prior to the Ordinance, the GC Mandatory Quota was set annually and approved by Government decision based on a proposal from the Department of Energy.</li><li>◆ Calculation of the estimated annual GC Mandatory Quota for the following year, will be based, in addition to the final <b>electricity consumption</b> estimated for the respective year, on <b>the static amount of green certificates and the impact on the invoice to final consumers</b> but however, without exceeding an impact on the final consumer's invoice of EUR 11.1 / MWh.</li><li>◆ The <b>annual static amount of green certificates</b> is defined as the total amount of green certificates estimated to be issued in the period 2017-2031 and postponed from trading during 2013-2024, divided by the number of years remaining until the expiry of the support scheme. The green certificates annual static amount for the 2017-2031 period will be established by ANRE Order, subject to revision every 2 (two) years.</li><li>◆ <b>The penalty for failure to fulfil the GC Mandatory Quota is decreased</b> from EUR 110 for any missing green certificate to EUR 70.</li><li>◆ The green certificates bilateral contracts which will be concluded as from 31 March 2017 on the green certificates bilateral contracts market have a maximum validity period until 31 August 2017. As for the green certificates bilateral contracts that were concluded before 31 March 2017, they will remain valid until their expiration date;</li><li>◆ As from 31 March 2017, the contracting parties on the <b>anonymous centralized markets</b> are forbidden to conclude addendums in order to extend the validity of the existing contracts or to increase the number of green certificates which are being traded. Failure to observe this newly introduced provision will represent an administrative offence and will be sanctioned accordingly, with a fine between RON 10,000 and RON 1,000,000 for newly incorporated legal entities that have not reached any turnover in the year prior to the imposed fine and with a fine between 1%-5% from the turnover reached in the in the year prior to the imposed fine, for the other economic operators.</li></ul>



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No.	Amended matters	Description
3	Green certificates	<ul style="list-style-type: none"><li>♦ The billing of the green certificates (and, respectively, the green certificates regularization until 1 September of every year) to the final consumers is performed based on a specific procedure to be enacted by ANRE. The <b>cap and floor for green certificates prices are reduced</b> to EUR 35 per certificate, respectively EUR 29,4 per certificate, valid for the period 31 March 2017 – 31 March 2032.</li><li>♦ From a fiscal perspective, the green certificates shall acquire value only when they shall be traded on the market. Therefore, the corporate tax shall be paid when trading the green certificates and not at the moment of their issuance, as prior to the Ordinance.</li><li>♦ The green certificates that shall be issued by the OPCOM as of 1 April 2017, as well as the green certificates that were postponed starting with 1 July 2013 are valid and can be traded until 31 March 2032. Therefore, the green certificates that have been issued until 1 April 2017 and which are not in the category of postponed green certificates, will expire in 12 (twelve) months after their issuance.</li><li>♦ A green certificate will be subject to a <b>single transaction</b>, except for the situation of a producer engaged in a bilateral contract with an electricity supplier who is allowed to acquire from the market the deficit certificates that it failed to generate by itself.</li><li>♦ The <b>recovery period for the postponed green certificates</b> has been amended as follows: (i) for hydro and wind energy the period has been extended with an additional 5 years, i.e., from 1 January 2018 until 31 December 2025 and (ii) for solar energy, the period has been changed, i.e. starting from 1 January 2025 until 31 December 2030 (prior to the Ordinance the period was 1 January 2018 until 30 December 2020).</li><li>♦ The mandatory quota for the purchase of green certificates for the period starting with 1 April 2017 until 31 December 2017 is fixed at 0.358 GC/MWh and is slightly increased from the previously established mandatory quota of 0.358 GC/MWh for the period 1 January 2017- 31 March 2017.</li></ul>

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