



EMERGENCY LEGAL KIT FOR BUSINESS SERIES

Year 4, Issue 13, April 2017

New State aid schemes in Romania for renewable energy projects

1. Introduction

As of April 14, 2017, companies can apply for State aid for investments in highly efficient cogeneration and investments in the promotion of energy production derived from less exploited renewable energy sources (biomass, biogas and geothermal energy).

Both schemes are awarded based on Commission Regulation no. 651/2014 of June 17, 2014, declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

The declared ultimate objective of the schemes is to promote a more efficient, ecological and competitive economy with regard to resources use as well as reaching the objectives of the European Union as to increasing by 20% the energetic efficiency, but also more specific goals such as increasing the energy production from less exploited sources or reducing carbon emissions.

None of the schemes can be cumulated with any other State aid schemes, including *de minimis* State aid.

The awarding of funds based on any of the said schemes is conditional upon the incentive effect of the project, meaning that the application is filed before the commencement of works and the authority confirms the eligibility of the project before same.

Aid intensity for both schemes (namely, the percentage that can be financed out of the total amount of the eligible costs) is 45%.

2. State aid for cogeneration facilities

The aim of the State aid scheme focusing on cogeneration approved by Government Decision no. 215 of April 12, 2017 is to promote fuel / primary energy use conservation in highly efficient cogeneration process as well as to avoid carbon emissions inherent to fossil fuel, both in order to increase with 50 MWe the power installed in cogeneration facilities.

The projects should be aimed at the following actions:

- (i) development / modernization of highly efficient cogeneration power plants, maximum 8 MWe, per natural gas and biomass in companies;
- (ii) development / modernization of highly efficient cogeneration power plants that use residual gases stemming from industrial processes.

It is noteworthy that the scheme only applies to newly installed or renovated capacities. Incidentally, only projects located in certain areas of Romania are eligible.

Potential beneficiaries include large, medium and small companies and micro-companies. Moreover, beneficiaries are industrial companies / industrial park operators or thermal energy distributors that comply with minimum requirements of energetic consumption.

The total budget of the scheme amounts to approximately EUR 81,000,000 and the expected number of beneficiaries is 50 companies. The maximum value that can be awarded to one project cannot exceed EUR 15,000,000. The implementation period of the projects shall be until the end of 2023.

3. State aid for bioenergy

The State aid scheme approved by Government Decision no. 216 of April 12, 2017 is awarded for investments aimed at the promotion of renewable energy production, as well as the increase with 60 MW of the installed facilities of electrical and thermal energy production derived from biomass, biogas and geothermal energy.

Potential beneficiaries include large, medium and small-sized companies, micro-companies, including newly incorporated companies whose account have yet to be approved, but which have included in their articles of incorporation activities related to production and supply of electrical / thermal energy, as well as territorial and administrative divisions / subdivisions / intracommunity development associations.

The applicants should present projects that aim at:

- (i) development / modernization of output facilities for electrical / thermal energy resulted from biomass and biogas;
- (ii) development / modernization of output facilities for thermal energy resulted from geothermal water.

Moreover, the potential beneficiaries should be economic operators which produce thermal / electrical energy from biomass and / or biogas or thermal energy from geothermal energy, as well as administrative divisions / subdivisions / intracommunity development associations which develop / modernize energy producing installations which produce electrical energy from biomass and / or biogas, including in cogeneration, in some cases.

The scheme shall apply until the end of 2020 and consists of a total budget of approximately EUR 100,000,000. The number of beneficiaries is estimated to 40 companies, each of them being awarded a sum up to EUR 15,000,000.

This publication contains general information only, and it should not be considered as legal or other professional advice. This publication is not a substitute for such advice, nor should it be used as a basis for any decision or action that may affect your finances or your business. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

For additional information, please contact:



Alina Popescu
Founding Partner

alina.popescu@maravela.ro



Magda Grigore
Associate

magda.grigore@maravela.ro