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Renewable Energy Newsletter

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Renewable energy producers received green certificates worth EUR250 million in the first five months of this year through the state's support scheme.

The amount is close to that collected by investors in the sector for the whole of 2012, but starting from July 1st the support scheme based on green certificates was cut. More than five million green certificates were granted by the state to producers of green energy, corresponding to a production of 2.8 TWh in the first five months of the year.

During the same period, investors started operating facilities with a capacity of 515 MW, almost half the installed power capacity of the Portile de Fier I hydro-power station. In May alone, photovoltaic farms with a capacity of 80 MW and microhydropower stations of 5 MW joined the grid, with the value of investments being almost EUR 140 million. The photovoltaic segment has been the fastest-growing one this year, after solar farms had spent a long time in the shadow of wind farms. While at the end of 2012 only 49 MW installed in solar farms were working, Romania reached a total installed capacity of 258 MW after the first five months of the year.

But starting the 1st July the support scheme was changed. Whereas until then every MWh of energy generated by a solar project was rewarded with six green certificates, the granting of two green certificates will be postponed. The two certificates will be granted from April 2017 until the end of 2020.

In turn, wind energy producers will now get only one green certificate instead of two up to the present. At the end of May operational wind farms had an installed capacity of 2,103 MW. This is three times the power of a reactor of Romania's Cernavoda nuclear plant.

Also under the new support scheme, new microhydropower stations will be rewarded with two green certificates instead of three, while old and retooled ones will continue to get 0.5 and two certificates per MWh respectively.

Romanian energy output fell 7.1% on the year to 8.92 million tons of oil equivalent in the January-May period, hurt by falling production in the thermal sector.

Thermal energy output dropped 25.9% on the year to 10.75 billion kilowatts hour, the statistics institute INS said. Hydropower production rose 18.4% to 6.8 billion KWh in the first five months of 2013, while nuclear output was up 1.4% to 4.73 billion KWh. Wind farm output more than doubled to roughly 2.16 billion KWh, from 1.05 million KWh in the January-May period last year.

Romania's primary energy resources fell 14.2% on the year to 12.29 million tons of oil equivalent in the first five months of 2013, the data showed.

Electric energy resources were down 7.1% to 24.73 billion KWh, largely due to a 5.9% decline in production. Romanian final power consumption reached 21.08 billion KWh in the first five months, down 7.7% from the same period of 2012. Public illumination fell 9.1% on the year, while household consumption was down 1.3%.

Electric energy exports declined 16.8% year-on-year to 479.5 million KWh in the January-May period.

Enel Green Power (EGP) has connected to the grid its first two photovoltaic parks in Romania, which have a total installed capacity of about 19 megawatts.

The solar parks are located in Prahova county, in the southern part of the country. The two projects could generate 29 million KWh per year, enough to supply energy to 14,000 households. On the local market, Enel is also present with wind farm projects, with a total installed capacity of 500 MW, and offers electricity distribution services.

French group Filasa announced it will continue its EUR780 million investment in building 12 wind power parks in Suceava county, northern Romania, despite delays in the project.

Filasa said in a press release Eolinvest, member of the Filasa group, will carry on investments in the 12 wind parks despite delays in works. Suceava county council president told local authorities are waiting for the French investor to complete its technical project and present its inversion plan. Filasa announced in November 2011 it was planning to invest EUR780 million in 12 wind parks in Suceava county and works were supposed to start in September 2012. The development of the project has been postponed as the French investor has discarded its wind turbine supplier.

Local authorities in Romania's southern county of Teleorman want to build a photovoltaic power plant which is expected to cost over EUR4 million.

Romania's energy regulator ANRE granted the license needed to build the photovoltaic power plant. The unit will have an installed capacity of 2.84 MW and the investment might reach EUR4.2 million, considering that one megawatt costs on average EUR1.5 million.

Romania has deferred to the end of August the sale of 10% in state-owned nuclear power producer Nuclearelectrica.

The previous deadline for an initial public offering of Nuclearelectrica's shares was set for the second half of July, but the process has been deferred before. The listing proceedings should have been underway, but the process failed to start from reasons independent of us, said the head of the privatization office at the ministry's energy division. The IPO will be postponed to late August.

Energy Minister said recently that the ministry hopes to attract between 300 and 350 million lei (66.7 to 77.8 million euro) from the planned sale of a 10% stake in Nuclearelectrica. He said the public offering would include three separate packages for corporate and retail investors. Nucleareletrica is majority owned by the Economy Ministry, with a 90.28% stake, while investment fund Fondul Proprietatea (FP. RO) holds the remaining shares.

The company operates two 700-megawatt reactors in Cernavoda, covering around 20% of Romania's energy consumption.

The Romanian government plans to set up an investment fund that would include the state's minority stakes in the companies held by the Economy Ministry.

The investment fund has been authorized in principle. The state holds minority stakes in large energy companies, including Romanian dominant oil and gas company OMV Petrom, utilities Enel Romania, E.ON Romania or the local unit of French GDF Suez.

Photovoltaic parks operated at higher capacity than wind farms.

Solar farms attracted almost EUR240 million investments in the first half, which means the installed capacity at the beginning of July, was four times higher than at the end of 2012.

At certain hours the capacity of the operational photovoltaic parks was four times the capacity of wind farms, according to the real time data supplied by the national grid company Transelectrica. Though hardly a trend as Romania has more than 2,000 MW installed in wind farms and merely 200 MW in solar PV parks, the current statistics show how much green

energy depends on the weather. Coal has resumed its place as Romania's main energy source lately after the first half was a very good time for hydropower plants.

The capacity of solar farms has significantly increased since last year mainly because of the very generous support scheme of the Romanian government. Whereas Transelectrica's records show only four solar PV parks with a total capacity of 1 MW installed in 2011, in 2012, the total capacity reached 49 MW. Early July data show almost 90 MW in projects supervised by the National Power Dispatcher and 113.6 MW in smaller facilities.

Solar power attracted almost EUR240 million investments in the first half and the total installed capacity of PV parks amounts to more than 203 MW, four times higher than at the end of last year. Olt, Giurgiu and Mehedinti (southern Romania) are the counties investors chose for the biggest solar PV investments operational in Romania. The largest such park, according to Transelectrica, has a 9.9 MW capacity and was built in the rural town of Grojdibodu by Energias de Portugal, one of the leading investors in wind farms in Romania.

Despite the renewable energy boom, the support legislation was amended, and July is the first month of enforcement of the new stipulations, which postpone awarding some of the green certificates that reward clean energy producers. Some investors have already halted their solar investment projects as a result, such as Cluj-based EnergoBit.

Romania plans to apply reverse taxation on electricity deliveries to traders and on transactions involving green certificates in a move to fight tax evasion and eliminate cash-related problems.

The measure will be implemented through a decision to be adopted by the Government. Currently, Romania applies a normal VAT-based taxation system on energy deliveries to traders liable for taxation and on green certificate transactions. Currently, Romania has applied reverse taxation only on cereal, but the Council of the European Union decided a week ago that the system can be temporarily extended to other sectors prone to fraud. Reverse taxation entails that transaction taxes, such as VAT, are paid by beneficiaries instead of entities that deliver the merchandise.

More than EUR1 billion were invested in wind and solar farms in the first half of the year.

The support scheme that drove such investments was amended on July 1. "There are hardly any greenfield investors left," says Robert Cruceru, executive director of the Romanian Photovoltaic Industry Association (RPIA), an organization whose members include Energias de Portugal and Tinmar Ind, some of the biggest investors in this field.

The latest data published by national grid company Transelectrica show 378.5 MW of solar park projects were beneficiaries of the support scheme put in place by the Romanian government, compared with 49 MW at the end of last year. Since one megawatt of installed capacity requires investments of EUR 1.3 million to EUR1.8 million, more than EUR 500 million were invested in photovoltaic parks in the first half.

The pace will not continue at the same rate in the second half. Some investors were caught by the legislation change with their projects under the development for which reason they rushed to make them operational. Judging from the data the association has, there will not be any more than 100 MW of new projects inaugurated by the end of the year, Cruceru said.

Solar PV parks were rewarded with EUR 30 million worth of green certificates for the electricity supplied to the country's energy system, according to Transelectrica data and taking into account the average certificate price on the OPCOM power exchange. Solar farms got six certificates per megawatt delivered to the grid until the end of June. As of July, they will be getting only four, with the rest delayed until 2017. Therefore power producers could collect by EUR 10 million less in the second half if the price per certificate and capacity remain the same as in the first half.

Growth of the wind power sector, which witnessed a significant jump from merely 14 MW installed in 2009 to 1,822 MW at the end of last year, has slowed down this year. A total of 314 MW were added in the first half, which required more than EUR 500 million investments, if taking into account an average cost of EUR 1.5 million per megawatt installed.

More than 71% of the total green power subsidies, or EUR 206 million went to wind farm owners in the first half, but the second half amount might be EUR 100 million lower. The decline is because wind power gets one certificate per megawatt generated as of July 1, instead of the previous two. The entire renewable energy production got 6.1 million green certificates worth EUR 288 million, which means more certificates issued in the first half of 2013 than in the entire last year (5.5 million). Certificate price, however, went down from EUR 56 in January to EUR 39.2 in June. The average price in 2012 was EUR 56.4, according to OPCOM.

The amount of electricity generated by wind farms, solar parks, small hydropower plants and biomass plants stood at 3.2 TWh, covering 12% of the country's power consumption. The clean energy quota used by Romania should be 14% this year, according to the legislation in force. Last year's clean energy production was 3.4 TWh and accounted for 6.5% of consumption.