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Renewable Energy Update – 05 November 2013
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Nuclearelectrica is interested in acquiring a minority stake in the country's planned 1,000-megawatt hydropower plant in Tarnita-Lapustesti.

Nuclearelectrica is in talks with several investors regarding the construction of two new reactors at the company's plant in Cernavoda, without giving further details. The Tarnita-Lapustesti project is expected to cost between EUR 1.2 billion and EUR 1.4 billion. When completed, the plant will be the largest hydroelectric load balancing system in Romania, with a total capacity of 1,000 megawatts. Nucleareletrica is majority owned by the state, through the Energy Department. The company operates two 700-megawatt reactors in Cernavoda, covering around 20% of Romania's energy consumption.

Enel Green Power said its 6.5 megawatts Colibasi photovoltaic plant in southeast Romania has been connected to the country's power grid.

Enel operates two other photovoltaic plants in Romania, with a total installed capacity of around 19 MW. The Italian company also runs wind farms with a total capacity of 498 MW.

Samsung has become the biggest investor in solar parks in Romania after completing a EUR 100 million project in Slobozia, Giurgiu county.

According to data published by power grid operator Transelectrica on October 1, 2013, the biggest functional photovoltaic project in Romania has a capacity of 45 MW and is managed by LJG Green Source Energy Alpha. On average, each MW in a solar park requires between 2.3 and 2.5 ha, so the entire project covers around 112.5 ha. The solar park completed in Slobozia was worth EUR100 million.

Danish group Vestas Wind Systems will supply 36 wind turbines for a 108 MW wind farm developed by German company STEAG in Romania's southeastern county of Constanta.

The contract concluded between Vestas and STEAG also stipulates maintenance works for a 10-year period. Works on the Crucea Nord wind farm are due to start in April 2014 and the farm is slated to become operational by the end of 2014. The new wind park will produce clean electricity for over 550,000 Romanian households. STEAG GmbH is owned 51% by a consortium of seven municipal utilities of the Rhine-Ruhr region in Germany and 49% by Evonik Industries AG.

Petrotel-Lukoil is considering building several photovoltaic parks in Ploiesti, southern Romania.

The company has invested $38.5 million in cleaning up several waste oil pits, where it might install solar panels of up to 12 megawatts, The company has not made a decision on the matter yet. Lukoil also operates over 300 gas stations in Romania.

ECOSUN Expert inaugurated its first solar farm following an investment of approximately EUR5 million.

The 2.5 megawatts park is located in Podu Olt village in the central county of Brasov. The project comprises 9,792 solar modules made by French company Voltec Solar. The park is expected to generate around 3.3 gigawatt-hours of electricity a year, enough to power 3,000 households.

General Electric (GE) has finished installing wind turbines for a 50-megawatt wind farm.

The wind farm is located in Baleni commune, Galati county, and will be able to supply electricity to 15,000 households. GE will also offer maintenance services for the project for a period of ten years. General Electric supplied turbines for a 600-MW wind farm in Fantanele-Cogealac (Romania), the largest onshore wind farm in Europe, developed by Czech group CEZ.

Oil giant Saras has suspended the authorization process for a EUR 200 million wind project it planned to build in Constanta, south-eastern Romania. The reason is the change brought to the green energy support scheme as of July 1st this year.

The original project of the wind farm provided for the installing of 39 turbines with an authorized capacity of 97.5 MW and an investment of around EUR 200 million. “The process to obtain the setting up permit was suspended because of the changes to the support scheme announced in the first quarter of this year and published in June 2013,” a Saras representatives said.

Generating electricity at the point of consumption could be a new driver of growth for renewable energy, but for now only companies stand to benefit from being an energy producer. Small investors have to deal with red tape and the lack of an adequate legislative framework.

Major companies like Automobile Dacia and Selgros, as well as mid-sized businesses like Rolmis Slatina and shopping center Lotus Center in Oradea, have decided to put their rooftops to use and become producers of energy through photovoltaic panels.

“All the energy we produce is used by the shopping center. We have put our roof to use, we did not use farmland, nor did we create an imbalance in the national energy system,” said Lotus Centre.

When electricity is generated as close as possible to the point of consumption, this limits losses along the transmission grid, avoids overcharging of the national energy system and creates synergy with other industries, such as agriculture, say market specialists.

Wind farm boom puts pressure on the grid

Renewable energy in Romania has attracted investments of EUR 4 billion in the past few years and the capacity of wind and solar power stations has increased quickly. Whereas in 2008 there were only a few wind turbines in operation, with a capacity of 6.9 MW, their number had shot up to 2,660 MW installed in wind and solar farms by August 2013. The total capacity of these plants is almost double that of Romania’s nuclear plant in Cernavoda, in the south-east of the country. But the accelerated development of green energy has put pressure on Romania’s national electricity transmission grid.

There are warnings that Romania’s energy system will not be able to cope with an excessive capacity of renewable energy power stations. In addition, these facilities are concentrated in the south of Romania and the transmission and distribution of energy to consumers in other regions entails losses.

One of the prospective beneficiaries of the renewable energy policy would be individual consumers. In local communities there is an energy deficit because the transformer substations that supply villages are old.

He added that while people have moved from the city to the countryside and consumption in the low-voltage substation network has increased, no investments have been made in modernization of this network.

Apart from rural communities or isolated houses, investing in their own energy production facilities would be a solution for industrial companies, which could cover their consumption from a nearby source. Several such businesses have already seized the advantage of investing in their own energy production both with energy efficiency in mind and in order to benefit from green energy subsidies. One such company is Rolmis Slatina, a producer of aluminum profiles, which this year installed solar panels with a capacity of 0.5 MW on the plant’s rooftop.

Individuals face major obstacles

Individuals who invest in small rooftop panels face high taxes and huge red tape. The procedure entails obtaining a producer's license from the National Energy Regulatory Authority (ANRE) and joining the electricity distribution grid.

Before making money from the energy generated by their own houses, the owners have to register as sole traders in order to sell their electricity production and take advantage of state subsidies in the form of green certificates.

But all the hassle of paying taxes could be eliminated if the regulatory authority would approve the scheme dedicated to small energy producers, i.e. to those whose panels generate power of less than 1 MW. The legislative framework that supports renewable energy allows small producers to sell the energy they produce to distributors at feed-in tariffs, but the European Commission has not yet been notified about this system, so the system has yet to be implemented.

Energy from waste

An even better resource for generating power and heat than solar power is available to farmers: they make biogas from animal waste. One investor who has seized on the energy potential of waste material is Marin Moraru, owner of the Marex group, which has sales of over EUR150 million from pig farming and meat processing. Moraru has invested EUR6 million in a 2 MW biogas plant fuelled by his pig farm in Gropeni, Braila county. Not only will the investment in the plant reduce the farm's utility costs, but it will also save the company the cost of removing the waste.

Green power producers already have EUR 45 million to recover for the three months since the government changed its support scheme. They will get the money in 2017 at the earliest.

The latest data published by power grid operator Transelectrica (TEL.RO), show green power producers did not receive about 1.1 million green certificates in July-September for the clean energy delivered to the system. The trading price per certificate on energy exchange OPCOM in the analyzed interval stood at about EUR 40 so the total amount the renewable power companies have to recover is EUR 45 million for the three months since the government changed the green power support scheme.

Where did this debt come from? Pressured by the major electricity consumers, the government found itself forced to adjust the support scheme for clean energy producers as of July 1, as many thought it was too generous. The scheme caused households and industrial consumers to pay higher electricity bills and, on the other hand, has attracted more than EUR 4 billion investments since 2009.

As the major consumers threatened to reduce or even relocate operations, the government decided to adjust the support scheme by delaying the granting of some of the green certificates due until 2017-2020.

Green power producers got about 8 million certificates in the first nine months of the year, according to Transelectrica data, which were worth EUR360 million, if calculating the amount at an average price of EUR 45 per certificate.

A total of 340 renewable energy producers running wind farms, solar parks, biomass power plants or small hydropower plants got certificates. The eligible power plants had an installed capacity of almost 3,400 MW.

AB Energy Romania wants to build 10 biogas-fired power plants for customers in Romania.

In April 2013, AB Energy finalized the first cogeneration plant on biogas in Romania, in Filipestii de Padure (in southern Prahova county). The plant has a capacity of 1 MW and produces electricity from biogas obtained from maize. Investments in the cogeneration plant in Filipestii de Padure rose to EUR 5 million and were carried out by the consortium Genesis Biopartner, made up of firms Baupartner (Romania) and Vireo Energy (Sweden).

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