

LAW 220 of 27 October 2008

for establishing the system to promote the production of energy from renewable energy sources

The Parliament of Romania adopts this Law.

CHAPTER 1

General provisions

Article 1 (1) This law establishes the legal frame necessary to extend the use of renewable energy sources, by: a) reducing the production, transmission and distribution costs of energy produced from renewable energy sources, compared to the use of classic and fossil fuels and, implicitly, reducing the energy bill of different categories of customers; b) drawing into the national energetic balance the renewable energy sources necessary to increase safety in supplying with energy and to reduce imports of primary energy resources; c) stimulating the sustainable development at local and regional levels, and creating new jobs afferent to the processes to turn in good account the renewable energy sources; d) reducing the environment pollution by decreasing the production of polluting emissions and greenhouse gases; e) ensuring co-financing necessary to draw some foreign financial sources meant to promote the renewable energy sources; f) defining the norms relating to the guarantee of origin, applicable administrative procedures and interconnection with the power grid concerning the energy produced from renewable sources; g) establishing the ecology durability criteria for bio fuels and other bio-liquids.

(2) This law establishes the system to promote the electricity produced from renewable energy sources.

Article 2 For the purposes of this law, the terms and expressions below have the following meanings:

a) *ANRE* – Romanian Energy Regulatory Authority;

- b) *Biomass* - biodegradable fraction of products, waste and residues from agriculture, including vegetal and animal substances, from forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste;
- c) *Bio-liquids* - liquid fuel being used in energy purposes and produced from biomass;
- d) *Power station* - ensemble of installations, constructions, and equipment necessary to generate electric power;
- e) *Refurbished hydroelectric station* - hydroelectric station with installed power of maximum 10 MW that meets the following conditions: -has a duration of operation of at least 15 years from commissioning; -was subject to various replacement operations of current technologies, worn out morally and/or materially, with modern technologies in order to increase the effectiveness of production activity;
- f) *New power station /new power group* - power station /group that entered in operation after 1st day of January 2004;
- g) *Green certificate* - title that certifies production from renewable energy sources of a quantity of 1 MWh power. The green certificate can be traded in a distinct manner from the electricity that it represents on an organized market, according to the legal framework;
- h) *Gross domestic consumption of electric power* – electric power quantity equivalent to the net electricity, including that of self-producers and adding the difference between import and export of electricity;
- i) *Final consumption of electricity* – the amount of electricity consumed by the final consumers within Romania;
- j) *Electricity final consumer* - person that uses power for own consumption, except for electricity used in technologic processes of production, transmission and distribution of power;
- k) *Power supplier* - legal person holder of a supply license, that ensures the supply with electricity to one or several consumers based on a supply contract;
- l) *Guarantee of origin* - the document issued by the competent authority to electricity producers that attests its origin from renewable energy sources or in co-generation;
- m) *Power Group* - technologic unit that produces electricity which can be individualized as achievement, refurbishment and commissioning;

- n) *Urban Heating or Cooling* - distribution of thermal energy as steam, hot water or cooling liquids from a central source of production through a network towards several buildings with the purpose to be used for heating or cooling the spaces or processes;
- o) *Competent Ministry* - Ministry of Economy and Finances;
- p) *Transmission and system operator* - a person that holds with any title a transmission grid and is the holder of a transmission license, being responsible for the operation, maintenance and, if necessary the development of the transmission grid in a specific zone and, where applicable, its interconnection with other electro-energetic systems, as well as the assurance of the capacity on long term of the system to cover reasonable demands for electricity transmission;
- r) *Distribution operator* - any person that holds with any title a distribution grid and is the holder of a distribution license being responsible for the operation, maintenance and, if necessary, the development of the distribution grid in a specific zone and, where applicable, its interconnection with other electro-energetic systems, as well as the assurance of the capacity on long term of the system to respond to reasonable demands for electricity distribution;
- s) *Grid operators* - distribution operators and the transmission and system operator;
- t) *System of mandatory quota* - the mechanism to promote generation of electricity from renewable energy sources that requires the suppliers to purchase some minimal quantities of electricity generated from such sources established proportionally with their sale of electricity to the final consumers. Reaching the quota could be proved by the possession of a suitable number of green certificates being acquired under the Law;
- u) *Support system* - ensemble of measures destined to promote the production of electricity from renewable sources by reducing its production costs, by increasing the possible sale price or by increasing the quantities of such purchased energy by establishing some obligations or by other means;
- v) *Renewable Energy Certificates System* - European non-profit organization that promotes an European market of electricity produced from renewable energy sources, supported by a harmonized information system at European level and mutually accepted by the participants;
- x) *Renewable energy sources* - non-fossil energy sources, such as: wind energy, solar energy, geothermal energy and fuel gases associated to geothermal waters, waves energy,

tides, hydro- energy, biomass, landfill gas, sewage treatment plant gas and biogas.

Article 3 (1) The promoting system established by this law is applicable for the energy generated from:

- a) Hydro energy used in stations with an installed power of maximum 10MW;
- b) Wind energy;
- c) Solar energy;
- d) Geothermal energy and associated fuel gases;
- e) Biomass;
- f) Biogas;
- g) Landfill gas;
- h) Sewage treatment plant gas

and is supplied into the power grid.

(2) The promoting system established by this law shall be enforced for a period of:

- a) 15 years for electricity produced by new power groups;
- b) 5 years for electricity produced in wind farms /groups from import that have been used before to generate power on the territory of other States;
- c) 10 years for electricity produced in hydroelectric stations /groups of maximum 10MW refurbished;
- d) 3 years for electricity produced in hydroelectric stations /groups of maximum 10MW, not refurbished;
- e) 10 years for electricity produced from geothermal sources in stations of at least 5MWth.

(3) The promoting system shall be enforced from the date the producers holding the production capacities as mentioned by paragraph (2) start to produce electricity and receive green certificates for electricity, pursuant to article 10, if commissioning, respectively refurbishments of stations /groups are made until the end of 2014.

(4) The quantity of electricity produced in a refurbished hydroelectric station for which the

support system is applied, shall be established pursuant to a procedure approved by ANRE, based on the net electricity production achieved during the last 10 years before refurbishment and of the net electricity production achieved after refurbishment.

(5) In case of electricity produced into multi-fuels production capacities that use renewable and conventional sources, only the electricity produced effectively from renewable energy sources established based on the afferent energy content, shall benefit from the support system.

(6) The system to promote electricity production from renewable energy sources as established by this law shall not apply to:

- a) export of electricity from renewable energy sources that benefited from green certificates;
- b) production of electricity from industrial and/or urban waste originating from import, no matter of the installed power of the production capacity.

CHAPTER 2

The system to promote the production of electricity from renewable energy sources

Article 4 (1) In order to promote the production of electricity from renewable energy sources it is applied the system of mandatory quota combined with trading green certificates or by the feed-in tariff system.

(2) Promoting one of the systems mentioned by paragraph (1) shall be approved by Government Decision at the proposal of ANRE, within 90 days as of the enforcement of this law.

(3) The level of national targets concerning the share of electricity produced from renewable energy sources into the final consumption of electricity for the years 2010, 2015 and 2020 is of 33%, 35% and respectively 38%.

(4) When reaching the national targets mentioned by paragraph (3), in addition to the electricity produced from renewable energy sources as mentioned by article 3 paragraph (1) it shall be considered the electricity produced in hydroelectric stations having installed powers greater than 10 MW.

(5) The annual mandatory quotas of green certificates for 2008-2020 are stipulated in the Appendix being part of this Law.

(6) The annual mandatory quotas of green certificates for 2008-2020 are established by the competent ministry and should not be less than the quota established for 2020.

(7) The annual mandatory quotas for purchase of green certificates by the suppliers of electricity final customers are established and made public by ANRE until the 15th day of March for the previous year.

Article 5 (1) The transmission and system operator issues on a monthly basis to producers green certificates for the quantity of electricity produced from renewable energy sources and effectively fed into the power grid and/or to the consumer.

(2) The producers of electricity from renewable energy sources shall receive:

- a) one green certificate for each 1MWh generated and fed into the power grid of new hydroelectric stations /groups or hydroelectric stations /groups of maximum 10MW, refurbished;
- b) one green certificate for each 2MWh fed into the power grid from hydroelectric stations /groups with installed power between 1 and 10MW that could not be framed into the conditions mentioned by letter a);
- c) two green certificates for each 1 MWh fed into the power grid from hydroelectric stations /groups with installed power up to 1 MW /unit;
- d) two green certificates until 2015 and one green certificate starting with 2016 for each 1MWh fed into the power grid by producers of electricity from wind energy;
- e) three green certificates for each 1MWh fed into the power grid by producers of electricity from biomass, biogas, bio-liquid, landfill gas, geothermal energy and associated fuel gases;
- f) four green certificates for each 1MWh fed into the power grid by producers of electricity from solar energy.

(3) ANRE qualifies the production capacities that benefit from the support system by virtue of the Regulation for qualification of the producers of electricity from renewable energy sources for enforcing the support system.

Article 6 (1) The distribution operators communicate on a monthly basis, without payment to the transmission and system operator, data concerning the electricity quantities produced from renewable sources and fed into the network by the producers being connected to the distribution grids in those zones of license and for which they have the capacity of grantee by virtue of granting agreements.

(2) The producers that supply electricity based on direct contracts, as well as the self-

producers shall communicate on a monthly basis, without payment to the transmission and system operator, data concerning the electricity quantities produced from renewable sources.

Article 7 The power suppliers are obliged to purchase annually a certain number of green certificates equal to the value of mandatory quota established for the current year multiplied by the electricity quantity expressed in MWh supplied annually to the final consumers.

Article 8 (1) The transmission and system operator and the distribution operators have to guarantee the transmission, respectively distribution of the electricity produced from renewable energy sources, ensuring the reliability and safety of power grids.

(2) The connection of the producers of electricity from renewable energy sources to the power grids is executed pursuant to a Regulation observing the principle of equally bearing the connection costs between such producers, transmission and system operator and/or distribution operator, as the case may be.

(3) The investments achieved by a distribution operator pursuant the provisions of paragraph (2) shall be considered as regulated assets, accepted as such by ANRE.

(4) The Regulation stipulated in paragraph (2) is drafted by the Ministry of Industry and Finances in cooperation with ANRE and shall be approved by Decision of the Government within 60 days as of the enforcement of this Law.

(5) The transmission and distribution tariffs shall be non-discriminatory between the energy generated from renewable energy sources and that generated from conventional sources of energy.

CHAPTER 3

Trading of green certificates

Article 9 (1) The producers and suppliers of electricity from renewable sources of energy can sell green certificates on the centralized market of green certificates, as well as on the market of bilateral contracts of green certificates.

(2) The operator of the power market ensures the trading framework of green certificates on the markets mentioned in paragraph (1).

Article 10 (1) For the period 2008-2014 the trading value of green certificates on the markets mentioned in article 9, paragraph (1) shall be framed between:

- a) a minimum trading value of EUR 27 /certificate; and
- b) a maximum trading value of EUR 55 /certificate.

(2) In all cases, the value in Romanian currency shall be calculated at the average value of the exchange rate as established by the National Bank of Romania for December of the previous year.

(3) The trading values being mentioned in paragraph (1) shall be adjusted annually with the consumer price indices for Romania.

(4) During the period 2015-2030, the minimum trading value cannot be less than the minimal trading value applied for 2014.

CHAPTER 4

Achievement of mandatory quotas by the suppliers

Article 11 (1) Until the 15th day of March of each year, ANRE shall establish for the previous calendar year and for each supplier, based on the number of green certificates purchased and of the electricity supplied to the final customers the degree of achievement of the established mandatory quotas, calculated according to the provisions of article 7.

(2) The supplier that fails to achieve the annual mandatory quota is obliged to pay the green certificates non-purchased at the value of EUR 70 for each non-purchased certificate, calculated in Romanian currency at the average value of the exchange rate as established by the National Bank of Romania for December of the previous year.

(3) The value mentioned in paragraph (2) shall be adjusted annually with the consumer prices

indices for Romania.

(4) The amount resulted from the enforcement of the provisions of paragraph (2) shall be collected by the transmission and system operator and is allocated on an annual basis by ANRE based on some transparent and objective criteria for investments in order to facilitate access of the producers from renewable sources to the transmission /distribution networks.

CHAPTER 5

Trading green certificates

Article 12 After affiliation of Romania to the Renewable Energy Certificates System:

- a) the electricity suppliers can achieve the mandatory quota of green certificates by purchasing green certificates both on the domestic market of green certificates and on the European market of green certificates;
- b) the producers of electricity from renewable sources can trade green certificates on the European market of green certificates, in accordance with the terms and conditions as established by ANRE;
- c) until reaching the national targets the green certificates can be traded only on the domestic market of green certificates.

CHAPTER 6

Regional assessment of the potential of renewable energy sources

Article 13 (1) The competent Ministry has the following duties:

- a) establishes the strategy for turning into good account and to promote the renewable energy sources;
- b) assesses technical, economic and ecology potential for each type of renewable energy resource;
- c) structures the potential established pursuant to letter b) on the license zones afferent to the electricity distribution operators that have the capacity of grantee in the granting agreements;
- d) establishes together with ANRE the unitary frame of norms, rules and regulations concerning location and implementation of the projects of renewable sources.

- (2) The competent Ministry establishes measures to promote the renewable energy sources, such as:
- a) procedures of accelerated depreciation concerning investments in the domain of renewable energy sources;
 - b) exemption to pay excise for electricity generated from renewable energy sources pursuant to the provisions of Directive 96/2003/CE on restructuring the community framework of taxation of electricity and energetic products;
 - c) reduction by 50% of the fees for issuance of licenses /permits afferent to the implementation of the investment projects in the domain of renewable energy sources and their issuance in an emergency regime without any additional costs;
 - d) subsidy of 50% of the counter value of power consumed in installations / heat exchanger for the use of geothermal energy;
 - e) support of the authorities of local public administration in order to grant some investment facilities, to simplify the licensing procedures, as well as establishing an unique office for licensing to attract direct investments in the domain of the renewable energy sources;
 - f) granting irredeemable assistance to the owners of plantations of wooden material executed by sprout with energetic destination by regulations established together with the Ministry of Agriculture and Rural Development concerning the scope of subsidy, terms and conditions to grant the subsidy and its value as well as the procedure to apply, appraise and asking for payment.
- (3) The competent Ministry establishes the National Action Plan that stipulates:
- a) removing the differences in promoting the renewable sources of energy existing between electricity, bio-fuels and heating systems, respectively cooling systems;
 - b) achieving a regulation frame for bio-fuels;
 - c) ensuring the use of renewable energy, especially biomass, of solar and geothermal energy for heating installations, respectively cooling installations;
 - d) removing barriers concerning integration of the renewable energy sources into the National Energy System;
 - e) simplifying the conditions for connecting and extending with the meaning to facilitate

construction and installations for renewable energy;

- f) facilitating the establishment of small and medium sized companies in the domain of scientific research - development of renewable energy sources;
- g) promoting a coherent and unitary legal frame addressed to remove barriers in the way to increase the use of renewable energy into the sector of heating installations, respectively cooling installations, inclusively administrative obstacles;
- h) developing the transmission and distribution grids in order to promote the renewable energy sources;
- i) developing the domestic market of electricity, taking in consideration the renewable energy and the improvement of transparency and of separation of activities;
- j) promoting and supporting the structural and cohesion instruments, of the rural development funds and of the international cooperation programs in support of renewable energy sources;
- k) implementing the measures stipulated by the European Strategic Plan for technology in the field of energy (SET-Plan);
- l) implementing entirely the Action Plan for biomass as adopted in 2005 at European level;
- m) implementing the program: “Intelligent Energy for Europe” as well as the scientific research and technologic development programs in support of technologies for producing energy with zero or very low carbon emissions;
- n) ensuring the establishment of programs of education, formation and dissemination of information concerning the economic-social role and importance of renewable sources in cooperation with central and local authorities;
- o) ensuring that maps of wind, small hydro, solar, geothermal, biomass and biofuels potential are available in order to update the National Strategy for capitalisation of the renewable resources and including those into the European Atlas.

(4) The measures having such nature as mentioned by paragraph (2) and (3) shall be approved by Decision of the Government within 90 days as of the enforcement of this Law and shall be updated from time to time.

CHAPTER 7

Trading electricity produced from renewable energy sources

Article 14 (1) The producers of electricity from renewable energy sources sell the power generated on wholesale market of power at the market price.

(2) The electricity produced from renewable energy sources in power stations with installed powers under 1MW can be sold to the implicit suppliers in whose zones delimited by the license are located the stations, at the prices being regulated as established by ANRE at national level, differentiated according to the production technology.

(3) The consumers holding production capacities can sell the electricity produced that exceeds the level of their own consumption to the electricity supplier that the consumer has a power supply agreement with, in accordance with the conditions established by ANRE regulations if they cumulatively meet the following conditions:

- a) own capacities to produce electricity from renewable energy sources with installed powers under 1MW;
- b) use mainly the power generated for their own consumption;
- c) own measurement systems that comply the legal provisions in force.

Article 15 (1) The export of electricity produced from renewable energy sources could be accompanied by the corresponding guarantees of origin only:

- a) under the terms and conditions as established by ANRE and if the national targets are reached;
- b) if the electricity supplier that exports such energy pays to the transmission and system operator the equivalent value of the green certificates issued for the energy that is exported at the clearing price of the green certificates market for the month when export has been achieved;
- c) if the supplier mentioned at point b) gives notice to ANRE about the guarantees of origin being used in order to be cancelled from the unique Register of the guarantees of origin.

(2) The export of electricity produced from renewable energy sources, accompanied by the afferent guarantees of origin shall not be taken into account for the establishment of achievement of national targets.

Article 16 (1) The import of electricity produced from renewable energy sources accompanied by the guarantees of origin can be performed after 2010 if the importer sends the guarantees of origin to the ANRE for registration into the unique Register of the guarantees of origin.

(2) The import of electricity produced from renewable energy sources, accompanied by the corresponding guarantees of origin shall be taken into account for the establishment of achievement of the national targets.

CHAPTER 8

Monitoring and reporting

Article 17 (1) ANRE monitors the development and the operation of the green certificates market, drafts on an annual basis, and makes public, a report concerning the operation mode of the promoting system of electricity from renewable energy sources.

(2) ANRE issues a report concerning the monitoring of the electricity market and of the green certificates market on a quarterly basis, and sends it to the specialized boards of the Parliament and to the competent ministry.

(3) The competent ministry drafts every two years, starting with October 2009 the report concerning the manner to achieve national targets and the measures taken to facilitate the access of the electricity produced from renewable energy sources to the grid.

(4) The report mentioned by paragraph (3) itemizes:

- a) implementation and operation of the support systems and of other measures to promote electricity from renewable sources, as well as the manner to execute the measures established by the National Action Plan;
- b) operation of the system of guarantees of origin for electricity and the measures established to ensure reliability and protection against fraud to the system;
- c) progresses in appraisal and improvement of administrative procedures to remove obstacles relating to regulation and of other nature concerning development of electricity production from renewable sources;

- d) measures taken to ensure transmission and distribution of electricity produced from renewable energy sources; developing availability and use of the biomass resources with energetic goal.

CHAPTER 9

Facilities

Article 18 (1) In order to stimulate investments for the production of energy from renewable energy sources on the territory of Romania the investors can benefit, under this Law from the following facilities for strategic projects stipulated by the documents on energy policy of Romania:

- a) to guarantee of maximum 50% of the value of loans on medium or long term;
 - b) to ensure the transmission infrastructure and the utilities necessary to initiate and to develop the investment;
 - c) access ways and changes of the current infrastructure, necessary to initiate and develop the investments project;
 - d) exoneration or reduction of taxes and charges for the reinvested profit for a 3 years-period from commissioning the investment;
 - e) granting financial contributions from the State Budget for new created jobs;
- (2) The investors can benefit, under the general law, from the following facilities:
- a) exoneration or reduction of taxes and charges for the reinvested profit for a 3 years-period from commissioning the investment;
 - b) granting financial contributions from the State Budget for new created jobs;

Article 19 The conditions and the period to grant facilities to promote the renewable energy sources being mentioned in article 18, are approved by decision of the Government to be adopted within 90 days as of the enforcement of this Law.

CHAPTER 10

Access to the power grid

Article 20 (1) The producers of electricity from renewable energy sources shall have priority

access to the power transmission /distribution grid insofar as the safety of the National Energetic System is not affected.

(2) The grid operators will establish within 90 days as of the enforcement of this Law the norms concerning the manner to bear separately or jointly the costs of technical adjustments, connections to the grid and consolidation of the grid, being necessary to connect to the grid the producers of electricity from renewable sources.

(3) The norms mentioned by paragraph (2) shall be reviewed from time to time upon the request of the competent ministry.

(4) Bearing jointly the costs mentioned in paragraph (2), shall apply by a mechanism based on objective criteria, transparent and non-discriminatory, having in view the benefits resulted from connecting the electricity producers from renewable energy sources as well as of the grid operators.

(5) The grid operators shall make available a detailed estimation of costs related to connection, to any new producer of electricity from renewable sources wishing to connect to the grid.

CHAPTER 11

Final provisions

Article 21 Natural persons using renewable sources to generate minimum 20% of their own electricity consumption have the right to deduct from the gross /overall annual income an amount of until 50% of the value of equipment and installations purchased to produce electricity from renewable sources depending on their monthly income. The conditions concerning the quantum of the right to deduct shall be approved by decision of the Government within 90 days as of the enforcement of this Law.

Article 22 (1) ANRE shall adapt the regulation frame concerning the implementation of the promoting system of electricity produced from renewable energy sources pursuant to the provisions of this Law within 90 days as of the date this Law being published in the Official Gazette of Romania, Part 1.

(2) Within 90 days as of the enforcement of this Law, ANRE shall establish the Regulation for the qualification of the producers of electricity from renewable energy sources for enforcing the support system in order to apply the support system.

Article 23 (1) If within 2 successive years the level of the annual mandatory target is not reached, the Government will take measures to stimulate investments in order to comply with the provisions of this Law.

(2) The provisions of laws to be adopted by the European Union after this Law enters into force will be transposed into National Laws by a Law.

This Law was adopted by the Parliament of Romania, with the due observance of the provisions of article 75 and article 76, paragraph (2) of the Constitution of Romania, as republished.

PRESIDENT OF DEPUTY CHAMBER,

EUGEN NICOLICEA

PRESIDENT OF THE SENATE,

NICOLAE VACAROIU

Bucharest, 27 October 2008.

No.220.

Appendix

VALUE of annual mandatory quota of green certificates for the period 2008-2020

| YEAR | Annual mandatory quota (%) |
|------|----------------------------|
| 2008 | 5.26 |
| 2009 | 6.28 |
| 2010 | 8.30 |
| 2011 | 8.30 |
| 2012 | 8.30 |
| 2013 | 9.0 |
| 2014 | 10.0 |
| 2015 | 10.8 |
| 2016 | 12.0 |
| 2017 | 13.2 |
| 2018 | 14.4 |
| 2019 | 15.6 |
| 2020 | 16.8 |