

Briefing

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New State Aid Scheme in Romania to encourage production of energy from biomass, biogas and geothermal resources

The Romanian Government has just approved through Government Decision no. 216/2017 a new state aid scheme aimed to support investments for promoting energy production from less exploited renewable resources, namely biomass, biogas, geothermal energy ("**New Support Scheme**"). The New Support Scheme is applicable until 2020 and has a total allocated budget of EUR 100,630,588 (85% ensured from the European fund for regional development and 15% ensured from the state budget).

The state aid provider is the Ministry of Regional Development, Public Administration and European Funds ("**State Aid Provider**") in its capacity as Authority for Managing the Operational Programme - Large Infrastructure. The State Aid Provider will launch the call for applications, establish the eligibility conditions and sign the contracts with the selected beneficiaries.

Scope of the New Support Scheme. Romania has seen a significant increase in energy production from renewable resources in the past years - however, this has been achieved mainly by investments in harnessing solar and wind power under the green certificates support scheme, which has been recently amended (our briefing on the main changes can be accessed [here](#)). The New Support Scheme aims to encourage the use of biomass, biogas, geothermal resources (which have not been exploited at their true potential) - it is estimated that the New Support Scheme will have approximately 40 beneficiaries and will generate an additional 60 MW of installed capacity of production of electricity and thermal energy from biomass, biogas and geothermal energy.

Currently, the annual production of energy from renewable resources is approximately 6,550 ktoe (kilotons of oil equivalent). The technical potential remained unexploited is of approximately 8,000 ktoe, where biomass and biogas represents 47%, solar energy represents 19%, wind energy represents 19%, hydropower energy represents 14% and geothermal energy represents 2%.

Financing. The New Support Scheme will provide support in the form of non-refundable funds granted to beneficiaries to cover eligible expenses - the Government Decision no. 216/2017 does not list or detail which expenses are eligible, it only provides the condition that these expenses be generated by investments in development and/or refurbishment of production capacities from renewable resources. The financial support to be received by each beneficiary is capped at a maximum of EUR 15,000,000 and the non-refundable funds cannot exceed 45% from the total amount of the eligible expenses - the rest will be supported by the beneficiary from own resources or external sources that are not public aid. The financing received under the New Support Scheme cannot be cumulated with other state aids (including *de minimis* aid) for the same beneficiary and the same eligible expenses.

Eligible Beneficiaries. Potential beneficiaries are private small or medium sized undertakings (as defined in Annex I of the European Regulation no. 651/2014) or public municipalities (or their subdivisions or inter-community development associations), which carry out activities for production of electricity and/or thermal energy. In order to be eligible for the New Support Scheme, beneficiaries should have a sound financial and tax standing.

Eligible Projects. The eligible projects for the New Support Scheme are those for development of new capacities and/or refurbishment of existing capacities for production of electricity and/or thermal energy from biomass, biogas or geothermal energy. Additionally, projects should observe the following eligibility conditions:

- (a) the project is implemented on Romanian territory, in one of the following developing regions: West, North-West, North-East, South-East, South, South-West, Centre. Projects in Bucharest and Ilfov County (i.e. capital city of Romania and its surrounding county) are excluded;
- (b) the implementation period of the project sits within the eligibility period of the expenses, namely between the date when the project is declared eligible by the State Aid Provider and 31 December 2023;



- (c) the investments associated with the project have not benefited from support from public funds in the past 5 years before the date when the request for financing has been filed by the applicant, with the exception of preliminary studies.

The full text of the New Support Scheme can be accessed at the following link: <http://lege5.ro/Gratuit/ge2tmnrtgaya/hotararea-nr-216-2017-privind-aprobarea-schemei-de-ajutor-de-stat-avand-ca-obiectiv-sprrijinirea-investitiilor-destinate-promovarii-productiei-de-energie-din-surse-regenerabile-mai-putin-exploatate-res>

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