



Briefing

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Changes to obtaining certain licenses in the Romanian natural gas sector

The Romanian National Regulatory Authority for Energy ("NRAE") has just approved Order no. 2/2019 amending the NRAE Regulation for granting setting-up authorisations and licenses in the natural gas sector ("**Amended Licenses Regulation**"), which brings several important changes to the conditions and documentation necessary for obtaining licenses and authorisations in the gas sector - as summarized below.

We note that the Amended Licenses Regulation represents a long-awaited update of the legislative framework for licenses in the gas sector, which now has been brought on par with the electricity sector, especially regarding passporting of foreign licenses, conditions for foreign companies to do business in Romania and stand-alone trading activity.

Local presence requirement finally eliminated

Foreign companies headquartered in an EU Member State applying for a natural gas supply or trading license in Romania are no longer required to set up a branch in Romania.

The local presence requirement remains in place for foreign companies from third countries.

Passporting of foreign EU licenses for gas trading or supply

Foreign companies holding a valid license for gas supply or trading issued in an EU Member State, may directly carry out gas supply or trading activities in Romania, based on recognition by NRAE of their foreign license.

In order to obtain a decision for recognition of a foreign license, an application has to be filed to ANRE, together with the following documents:

- (a) copy of the license or similar document from the host EU Member State certifying the applicant's right to carry out gas supply or trading activities and certified Romanian translation;
- (b) statement that the applicant will comply with all Romanian legal provisions governing the activity of gas supply or trading;
- (c) statement issued by the applicant estimating the annual turnover to be obtained in Romania, as well as statement estimating the volume of gas (in MWh) to be supplied in Romania in the year when the recognition of license is granted;
- (d) ACER code and proof of payment of NRAE application fee.

License for gas traders

Following the recent introduction of gas trading as a stand-alone activity (not previously recognised by energy legislation), the Amended Licenses Regulation now provides the specific documents that must be submitted to NRAE in order to obtain a natural gas trading license (in addition to the general documents that have to be submitted together with an application for a license, such as corporate identification documents and CVs of the managers):

- (a) organisational and functioning regulation, setting-out the competences and responsibilities of the trading departments;
- (b) list of applicant's locations where trading activity will be carried out;
- (c) proof that the applicant has available cash in an amount of at least 25% of the turnover estimated to be generated from the trading activity in the first 12 months (but not less than EUR 100,000), from own capital,



and/or bank credit lines and/or loans or shareholders loans - it is expressly required that financial documents evidencing such amounts must also be submitted, in addition to the credit / loan / finance agreements;

- (d) statement issued by the applicant estimating the volume of gas traded (expressed in MWh) during the year when the license is granted, as well as during the first 12 months of activity.

Amended requirements related to the issuance of the natural gas supply license

In order to obtain a license for supply of natural gas, biogas / bio-methane and LNG, the applicant must prove that it has available cash in an amount of at least 25% of the turnover estimated to be generated from the supply activity in the first 12 months (but not less than EUR 100,000 for natural gas and LNG), from own capital, and/or bank credit lines and/or loans or shareholder loans - it is expressly required that financial documents evidencing such amounts must also be submitted, in addition to the credit / loan / finance agreements.

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