

Briefing

26 February 2021

Amendments to the Energy Law

On 15 December 2020 a law amending the Energy Law no. 123/2012 ("**Energy Law**") was passed under no. 290/2020 (the "**Amending Law**").

The Amending Law, among others, transposes at a national level the provisions of Directive (EU) 2019/692 of the European Parliament and of the Council of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas.

The main amendments to the Energy Law concern the regulation of Agreements for Reservation of Electricity Generation Capacities and the new obligations instated for distribution operators.

1. Agreements for Reservation of Electricity Generation Capacities

The Amending Law introduces a new agreement which may be concluded on the energy market, namely an agreement for reservation of a fuel powered electricity generation capacity ("**Agreement for Reservation of Electricity Generation Capacity**"). Under such an agreement, in exchange for a fee, an economic operator / producer, for example a gas producer, can reserve a power plant built and operated by another economic operator for the purpose of transforming the fuel from their own production into electricity. In order to place the so produced electricity on the market, the producer needs to hold a licence for the supply of electricity. A similar agreement has been regulated for the purpose of transforming fuel from an operator's own production into chemical fertilizers and petrochemical products.

The Agreement for Reservation of Electricity Generation Capacity may be concluded on the competitive market, bilaterally, with negotiated fees and in compliance with the competition rules.

As a novelty, the competent ministry shall issue permits for the establishment of new power generation capacities/ capacities for production of chemical fertilisers and petrochemical products, based on procedures approved by an order of the minister.

2. New obligations for distribution operators

As per the Amending Law, distribution operators are under the obligation to connect all applicants to the distribution system, in addition to providing them with a connection solution and communicating the respective connection conditions.

For household costumers, the distribution operators have the obligation to connect the applicant to the distribution system within 90 days since the date of obtaining the building permit. The design of the connection solution can be carried out by the household costumers/beneficiaries.

The recovery of connection costs, including those incurred with the design of the connection solution, is made with accelerated amortization over a period of 5 years, through the distribution fees, according to Romanian Energy Regulatory Authority ("**ANRE**") regulations.

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