

Residential Prosumers in the European Energy Union

EAHC/2013/CP/04

Mapping the legal and regulatory framework in the 28 Member States, Iceland and Norway

Romania



This study is part of the mapping of the legal and regulatory framework for residential prosumers in the 28 Member States, Iceland and Norway, within the project on Residential Prosumers in the European Energy Union EAH/2013/CP/04, and carried out by Milieu Ltd (Belgium), Chaussée de Charleroi, 112, B-1060 Brussels, tel: +32 (0)2 506 1000; web address: www.milieu.be

This study presents the legal and regulatory framework for residential prosumers in Romania has been prepared by Ana Maria Tutea as the author and reviewed by the managers of the project Marta Ballesteros (Marta.Ballesteros@milieu.be). The study has been completed in June 2017.

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National report on the regulatory framework for residential prosumers: Romania

General Description of the national legal and regulatory framework

In Romania, electricity generation from renewable sources is mainly promoted through a **quota system** based on quota obligations, tradeable certificates, and minimum and maximum prices. Electricity suppliers and producers are obliged to present a certain quota of green certificates.¹ These tradeable certificates are allocated to the producers of electricity from renewable sources (art. 6, 10 **Law no. 220/2008 or the 'RES Law'**) as referred to in art. 1 par. 9, 12 Emergency Ordinance No. 88/2011). The national legal and regulatory framework for electricity is provided in the **Law No. 123/2012 on Electricity and natural gas**, as amended, followed by secondary legislation (orders, ordinances, decisions, decrees) and Law No. 220/2008 establishing a system for promoting of electricity generation from Renewable energy sources, as amended. Relevant secondary legislation acts are:

- a) Governmental Decision No. 994/2013 approving the measures for reducing the number of Green Certificates in the situations foreseen in art. 6 par. 2 letter a), c) and f) of Law no. 220/2008;
- b) Governmental Decision No. 495/2014 establishing a support scheme with regard to the exemption of certain categories of final consumers mentioned under Law No. 220/2008;
- c) ANRE Order 60/2015 on the approval of the Regulation for green certificates market;
- d) Governmental Decision No. 1015/2015 approving the annual quota for electricity generated from renewable energy sources for 2016 which benefit from the **Green Certificate Scheme**;
- e) Decree No. 3/2016 on updating the transaction limit values for green certificates and the value of non-purchased green certificates, applicable for 2016.
- f) Government Emergency Ordinance no. 24/2017 modifying Law no 220/2008

The national legal and regulatory framework for RES-H is provided in the following orders:

- g) Order no. 950 of 17 June 2010, order no. 1274 from 20.04.2011, order no. 948 from 2014 approving the Subsidy Guidelines for the Programme for the installation of heating systems using renewable energy, including replacing or supplementing classical heating systems;
- h) Order no. 1817/2016 of 20.09.2016 approving the Financing Guide of the Program for the installation of heating systems using renewable energy, including replacing or supplementing traditional heating systems, beneficiaries private persons.

The specific provisions of the European regulatory framework for energy that have a constraining or enabling effect on the maximising residential self-consumption, such as the **Electricity Directive** (ED) - Directive 2009/72/EC, the **Renewable Energy Directive** (RED) - Directive 2009/28/EC, the **Energy Efficiency Directive** (EED) - Directive 2012/27/EU and the **Energy Performance of Buildings Directive** (EPBD) - Directive 2010/31/EU, are transposed into the Romanian legislation in various laws, ordinances, Government decisions and orders. In this respect, the Romanian Energy Regulatory Authority (ANRE) has approved the Performance Standard for electricity distribution service, the methodology of preparation of the financial report by licensees, the regulation for informing consumers of electricity and natural gas, the procedure on changing electricity supplier, the settlement of disputes mechanism for energy contracts, the tariffs on for electricity supplied by households suppliers, etc.

The concept of **prosumer** does not have yet a definition in the Romanian legislation. In the beginning of December 2016, Corina Popescu, State Secretary in the Ministry of Energy said that

¹ Art. 8 par. 1 Law No. 220/2008 as referred to in art. 1 par. 11 Emergency Ordinance No. 88/2011.

in 2017 it will be established a regulatory framework for *prosumers* and that the ANRE already started discussions with the Ministry of Finance in this regard. Later on the same month, the proposal for a Government Emergency Ordinance, which was supposed to make the changes related to *prosumers* in the Law 220/2008, did not received the approval of the Government. However, the concept is mentioned in the working documents for the Energy Strategy of Romania 2016-2030 – with an outlook to 2050 (the 'Strategy'). The Strategy was prepared with the assistance of experts from the Romanian energy sector, the governmental sector, academia, companies and regulators and was subject to public consultations. The latest draft dated 19 December 2016 is still subject of approval which is expected by end of 2017. Among others, the Strategy encourages investments in energy sector, a balanced and diversified energy mix and competitive market mechanism.

The RED is also transposed in the national legislation of Romania. The national legislation encourages the generation of electricity by use of RES, the functioning of the market of green certificates, establishing the trading mechanism combined with mandatory green certificates acquisition quota. The cost of green certificate is supported by the end consumers. The Law No. 122/2015 for the approval of certain measures regarding the promotion of the production of electricity from renewable energy sources and regarding the modification and completion of certain normative acts² provides that the ministry together with ANRE elaborates and submits for the approval of the Government an aid scheme to support the energy production from renewable energy power sources with installed capacity below 500 kW per system, by providing regulated prices set by each technology, in accordance with Regulation (EU) no. 651/2014 of the Commission. The regulatory authorities in charge with the electricity market are the Ministry of Energy, the Romanian Energy Regulatory Authority (ANRE), the National Environmental Protection Agency and the main players are Transelectrica SA as the TSO, OPCOM (owned by Transelectrica) as the electricity and green certificates market commercial operator, OMEPA SA (owned by Transelectrica) as the metering operator for the wholesale electricity market, Teletrans (owned by Transelectrica) as the telecommunication and IT operator, about 8 distribution companies (DSO), about 190 independent suppliers and traders of electricity, private wind, solar and biomass power producers and about 20 producers with thermal power plants and few municipal co-generation power plants producers.

In 2015, the total average generation was³: coal and gas 40%; hydro 28%; nuclear 17% and renewable energy sources 15%⁴.

1. What types of residential prosumers are there in your country on the basis of type of RES used and size of the installation?

Answer:

As already mentioned above in the 'general' section, the concept of *prosumer* does not have yet a definition in the legislation of Romania but it is mentioned in the **Energy Strategy of Romania 2016-2030** – with an outlook to 2050 (the 'Strategy') in relation to the requirement that Romania should pursue new paths for energy sector development. Thus, the use of smart grids facilitates the transition from consumers to prosumers, who deliver to the grid their own electricity production. Distributed electricity generation (i.e. power generated in different types of low-capacity systems) and virtual power plants can reduce grid losses, and increase flexibility and security of supply. In the long run, *prosumers* will influence grid architecture, especially when equipped with an electricity storage capacity, to limit interactions with the grid.

² Law No. 122/2015 (*Lege pentru aprobarea unor masuri in domeniul promovarii producerii energiei electrice din surse regenerabile de energie si privind modificarea si completarea unor acte normative* – Law No. 122/2015 for the approval of certain measures regarding the promotion of the production of electricity from renewable energy sources and regarding the modification and completion of certain normative acts).

³ ANRE Annual Report, April 2016

⁴ Association of Corporate Council.

Further, the construction of smart buildings (in terms of construction, architecture, operation, interchangeability and storage of all forms of energy) with prosumer features will be promoted on the long term at national level, including by setting ambitious standards for energy efficiency for new buildings. Achieving the decarbonisation targets for 2050 will require large investments in reducing energy demand in buildings.

While the Strategy has not been approved yet (under the process of obtaining the environment approval according to the Romanian Ministry of Environment), the working documents for the Strategy mention the *prosumers* as **'final consumers of energy who produce electricity at the place of consumption by using small power generation units electric, such as wind, photovoltaics, diesel, natural gas in cogeneration, hydro etc. The quantity produced may be lower or higher than their own consumption, the prosumer being connected to the electricity distribution grid and/or disposing of its own electricity storage capacity'**. Thus, according to the Strategy, the *prosumer* is perceived as an active consumer of electric energy from the grid, who has the capacity to deliver to the grid its own electric power from distributed source, the flow being two-way.

The **RES Law** governs the renewable energy sources in Romania, and it was subject to various amendments since its enacting, as detailed in the answer to question 3 below. It has been modified as of 31 March 2017 and in relation to *prosumers*, it provides, in Art. 14 (6) that: Natural persons holding units of electricity production from renewable sources with installed capacity below 100 kW per place of consumption may sell the electricity produced and delivered to the grid of distribution operators in view of covering the own technological consumption of the grid at a price set forth as per the ANRE regulation. In addition Art. 14 (61) Public authorities holding facilities for producing electricity from renewable sources, which were achieved, in part or totally, by using structural funds, benefit, upon request, in their relationship with the suppliers with whom they entered into contracts for the supply of electricity, from the service of financial regularization between the energy delivered to the grid and the energy consumed from the grid.

It establishes that within 150 days as of the date of 31.03.2017 the Ministry of Finance shall elaborate and submit to the Government for approval the legal framework required for ensuring the trading of the electricity produced and delivered to the grid by the units of the natural persons referred to Art. 14 (6) of the RES Law.

It aims at tackling the bottleneck due to the fact that the RES Law is practically not enforceable, as there is no methodology issued ANRE in place for the reconciliation and compensation of renewable energy introduced into the grid by small producers with the consumption of the grid by the same. ANRE has indeed developed in 2014 a project of a methodology for establishing regulated prices for purchase and arrangements for the trading of electricity produced from renewable energy sources power plant with installed capacity of less than 500 KW per plant. However, the methodology was not adopted, and therefore it did not enter into force and it was not applied.

There is no information available with respect to the envisaged date when the project for the modification of RES Law will be approved, or whether the project will suffer further modifications. As per the data available in media, the legal frame from prosumers will be created in 2017, being initiated discussions between ANRE and the Ministry of Finance. The concept relates to the absorption into the grid of the electric power produced by the prosumer for a price. The Law 122/2015 and its Methodology⁵ provides for small producers with a capacity of less than 500kw per unit but also regulates for private or legal persons which own electricity production units with a capacity of less than 100kw.

⁵ Methodology for establishing the regulated pricing sales and marketing arrangements for the electricity produced from sources renewable energy in power stations with installed capacity of less than 500 kw per unit

2. What is the institutional framework & division of competences regarding residential prosumers in your country?

Answer:

There is no specific institutional framework or jurisdiction in relation to (residential) *prosumers* in Romania. As a rule, the Parliament approves the laws relating to any activity area, including energy, while the government is the competent body that decides the strategy in the specific field. Further, the **Ministry of Energy** has the following **main functions**: it manages the public assets in the energy sector; it is responsible for the elaboration of national energy policy and strategy and the implementation of government policy in the energy sector; it determines and defines the objectives of the energy sector and the best ways of achieving such objectives on medium or long-term; it determines the energy policy for stimulating investment and development activities in the sector; it initiates legislative projects in the electricity sector; it supervises the application of and compliance with environmental protection measures and it monitors compliance with EU obligations and requirements.

As regards **renewables**, the Ministry of Energy has the following main functions, as per the provisions of Law no.220/2008: it elaborates the strategy for rendering to value and promotion of renewable energy; assesses the technical, economic and ecologic capability for each type of renewable resource; it elaborates, along with the ANRE, the unitary frame of norms and regulations regarding the use of renewable sources and it draws-up the national action plan on renewable energy according to the model established by the Commission in accordance with Art. 4 para. (1) of Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of energy from renewable sources.

ANRE is the regulatory body issuing the secondary legislation applicable in the energy field. ANRE, in its capacity as a regulatory authority, carries out functions in connection with regulations: authorization, supervision and control, reporting, information, mediation and jurisdiction. ANRE determines, sets up and monitors mandatory regulations to be implemented at a national level with a view to ensuring the proper functioning of the electricity sector and market in terms of efficiency, competition, and transparency and consumer protection. ANRE acts in close cooperation with the Competition Council, the National Authority for Consumers' Protection, ministries and other relevant public administration organizations, consumer and professional associations, employers' associations and syndicates. ANRE elaborates, sets forth and pursues the application of the mandatory regulations at the national level required for the operation of electricity industry and market and ANRE grants, modifies, suspends or withdraws authorizations and licenses for economic operators active in electricity field. ANRE issues authorizations for the establishment of new energetic capacities for manufacturing electricity when the installed power thereof exceeds 1 MW. Further, ANRE approves the technical and commercial regulations applicable to the economic operators in the industry, such as technical regulations setting forth the minimal technical requirements for designing and operation for connecting the manufacturing installations, the distribution grids, the equipment of consumers connected directly, internal circuits and direct lines to the transport grid.

For the farmers who are applying for grants for the use of RES for their own consumption, they address their applications to the **Ministry of Agriculture and Rural Development**. Natural persons who apply to grants for installation of heating systems using renewable energy deal with the **Ministry of Environment, Water and Forests**, more specifically the Environment Fund Administration.

Specific Questions on the regulatory framework for residential prosumers**3. What is the regulatory framework for residential prosumers in your country?****Answer:**

Specifically for residential prosumers, as we already mentioned above under question 1, it is expected to be elaborated the Energy Strategy 2016-2030, with an outlook to 2050 and to be amended by the Law 220/2008. The Strategy lays out the following strategic objectives (SO) which are **connected to priority actions (PA) specifically focused on prosumers**:

[SO 4] Ensuring energy capacity storage and backup systems - AP4c: Development of capacities and mechanisms of integration of intermittent RES in national electricity systems (NES), including small storage capacities at the prosumers location;

[SO5] Increased flexibility through digitization of the NES, smart grids and developing active categories of consumers (prosumers): AP5a: Digitization of the NES into segments for transmission, distribution and consumption; AP5b: Encouraging prosumers, while developing networks and smart meters; AP5c: Integration of distributed generation and of the prosumers into the power system.

3.1. What is the existing legislative framework regulating Renewable Energy Projects in your country?**Answer:****General regulatory framework on electricity and RES**

Law No. 123/2012 on Electricity and Natural Gas is the main law governing the electricity sector in Romania, while the RES law is the law governing the renewables (the RES law). Since its enactment in 2008, several Government Emergency Ordinances/Decisions or Laws amended the RES Law⁶.

Secondary legislation applicable to renewables includes the following:

- ANRE Order no. 59/2013 for the approval of the Regulation regarding the connection of users to electric grids of public interest;
- ANRE Order no. 25/2016 for the approval of the Methodology for the issuance of location approvals by the grid operators;
- Decision No. 1014/2016 approving the annual quota for electricity generated from renewable energy sources for 2017 which benefit from the Green Certificate Scheme;
- ANRE Methodology 41/10.08.2016 for defining the annual quota for electricity generated from renewable energy sources which benefit from the Green Certificate Scheme;
- Order No. 3/2016 on up-dating the limiting values for the transaction of green certificates and the value of non-purchased green certificates, applicable for 2016;
- Governmental Decision No. 495/2014 for establishing a support scheme with regard to the exemption of certain categories of final consumers from the application of the Law No. 220/2008 establishing a system for the promotion of Electricity Generation from Renewable Energy Sources;
- Governmental Decision No. 1104/2014 regarding the amendment and completion of the Governmental Decision No. 495/2014 for establishing a support scheme with regard to the exemption of certain categories of final consumers from the application of the Law No. 220/2008 establishing a system for the promotion of Electricity Generation from

⁶ Emergency Ordinance No. 88/2011 and Law No. 134/2012 for the approval thereof; Emergency Ordinance No. 57/2013; Emergency Ordinance No. 79/2013; Government Decision no. 994/2013 for the approval of the measures for reducing the number of Green Certificates in the situations foreseen in art. 6 par. 2 letter a), c) and f) of Law no. 220/2008; Law no. 122/2015; Emergency Ordinance No. 39/2016

Renewable Energy Sources;

- Governmental Decision No. 113/2016 regarding the amendment and completion of the Governmental Decision No. 495/2014 for establishing a support scheme with regard to the exemption of certain categories of final consumers from the application of the Law No. 220/2008;

According to the National Action Plan for Renewable Energy (**NREAP**⁷), Romania uses a common mechanism of 'Joint Implementation', acting as host country since 2000. Thus, many of the approved projects are within the competence of the local authorities and their purpose is the use of renewable energy (namely sawdust and geothermal). These investments have a positive impact not only by reducing greenhouse gas emissions, but also on social and environmental protection.

The legal basis for the development of these projects in the Joint Implementation Mechanism is created by the conclusion of Memorandum of Agreement with different countries. Romania signed 10 such Memoranda of Understanding with: Switzerland, the Netherlands, Norway, Austria, Denmark, Sweden, European Bank for Reconstruction and Development (EBRD), France, Finland and Italy.

Up to 2010, of the 16 **investment projects of Joint Implementation**, which are in various stages of completion, 6 projects aimed at promoting renewable energy:

- 'Sawdust 2000' - based on technology, sawdust is used as an energy source in the central heating system of five cities from Romania, developed under collaboration with Denmark;
- Modernization of four hydropower units at the hydroelectric Iron Gate II – Project developed in collaboration with the Netherlands;
- Modernisation of three hydro units in Romania at the hydroelectric Iron Gate I – Project developed in collaboration with the Netherlands;
- 'Using geothermal energy in the central heating system of Oradea and Beiuș' project developed in collaboration with Denmark;
- Biogas recovery from landfills Focsani and Targu-Mures;
- The use of biomass in energy production in Neamt County.

The following programs have relevance for the promotion of RES capitalization:

- SOP CCE with total funding allocated (European Regional Development Fund + National Budget) of around 3.011 billion Euro (of which EU contribution ERDF 84.83%) has five priority axes, including Priority Axis 4 ('Increasing energy efficiency and security of supply in the context of climate change' which includes, 4.2" Valorisation of renewable energy sources to produce green energy'). The total funds allocated to Axis 4 are 24.08% of the total, or around 725 million Euro.
- SOP Environment has six priority axes. Priority Axis 3 ('Reduction of pollution and mitigating climate change by restructuring and renovating urban heating systems to achieve energy efficiency targets in the most polluted localities') can finance projects using RES for heating.
- Regional POS has six priority axes. Priority 1 ('Support sustainable development of cities - potential growth poles') finances RES exploitation projects.
- SOP HRD may finance projects in education and training to harness RES.

The **National Rural Development Programme** pays particular and consistent attention to RES. The National Rural Development Programme offers subsidy programmes in the agricultural sector: Measure 4 ('Investment in physical assets'). These promote the use of renewable energy

⁷ Planul Național de Acțiune în Domeniul Energiei din Surse Regenerabile (PNAER) - National Action Plan for Renewable Energy (NREAP) – issued in 2010.

sources for the applicant's own consumption.

The **Romanian Environmental Fund** subsidises projects for the protection of the environment. Under the Programme for installing heating systems using RES including replacing or complementing classical heating systems, grants are allocated to applicants who are natural persons and are using RES for heating and cooling.

- 3.2. Does the Renewables National Action Plan include any objectives for residential prosumers (if so, please specify)

The NREAP notified in 2010 does not have specific objectives for *residential prosumers*.

- 3.3. Is there a definition (legal or regulatory) of residential prosumers (or self-consumption) in your country? If so, state it and describe the elements of this definition?

As already mentioned above under question 3, the document mentioning officially the term *prosumer* is the **Romania's Energy Strategy 2016-2030, with an outlook to 2050⁸**.

According to this document, the *prosumer* is an **active consumer**. The *prosumer* is not a simple energy consumer. They consist also of energy producers who are able to optimize the time of consumption, injecting energy from their production into the network in accordance with the instant price of energy thereby altering the load curve flattening the tips and filling the gaps. The prosumer may contribute to the NES integration of intermittent production from RES, reducing balancing costs.

4. What are the permitting requirements for each type of residential prosumer?

No specific rules are in place for authorization of prosumers in Romania. Therefore, the general framework is applicable for the permitting requirements, as follows:

Acts issued by country or local public administration authority:

Urbanism Certificate – It provides information regarding all approvals that have to be obtained, as the case may be, depending on the requirements of the local authorities and depending on the utilities grids present on the relevant locations.

Building Permit – It is valid for maximum 12 months as of the date of its issuance; within this period the investor is required to initiate the works and the validity of the Building Permit is extended throughout the duration of the works. However, when the construction works cannot start or cannot be finalized within the provided term, the investor may request to the issuer of the Building Permit the prolongation of the validity of the Building Permit with at least 15 days prior to its expiration. The prolongation may be granted only once and for a period of maximum 12 months.

Acts issued by the operator of the electric grid to which the installation is connected:

Location approval – It is issued according to the Methodology approved by ANRE Order no. 25/2016.

Technical approval for connection – It is issued according to ANRE Order no. 59/2013 for the approval of the Regulation regarding the connection of users to electric grids of public interest.

⁸ *Strategia Energetică a României 2016-2030, cu perspectiva anului 2050* - Romania's Energy Strategy 2016-2030, with an outlook to 2050, published on 19.12.2016.

The residential customer holding a facility for producing electricity connected to the grid with a power less than 100 kW is entitled to commercially exploit the respective facilities in the absence of an authorization for establishment or of a license. However, the matter of contractual conditions is not clearly provided by the legislation in force, as the methodologies proposed by ANRE were not enacted or applied so far.

According to the Order no. 1817/2016 of 20 September 2016 approving the Financing Guide of the Program for the installation of heating systems using renewable energy, including replacing or supplementing traditional heating systems, beneficiaries private persons are obligated by the respective calls for proposals and grant contracts to use the energy produced only for their own consumption.

The electricity suppliers and producers (not prosumers *per se*) are obliged to present a certain number (or quota) of green certificates⁹. These tradable certificates are allocated to the producers of electricity from renewable sources.¹⁰ The ANRE accredits the plants to take part in the quota system¹¹.

ANRE is also responsible for monitoring compliance with the quota obligations¹². The electricity market operator OPCOM maintains and monitors trade flows on the green certificate market¹³.

In order to provide evidence for the fulfilment of the quota, electricity suppliers and producers shall submit green certificates¹⁴.

Green certificates are issued by the transmission grid operator for all electricity generated from renewable sources minus the electricity used to power the plant¹⁵. For this reason, every month the producers of electricity from renewable energy shall report to the transmission grid operators on the amount of renewable electricity exported to the grid¹⁶. Green certificates may be either acquired by generating renewable electricity or purchased from other producers on the market for green certificates¹⁷.

Every year by 15th of April, the ANRE checks whether the electricity suppliers and producers met their renewable certificate quotas in the last obligation period¹⁸. Every year by 1st of March, the ANRE may adjust the renewable electricity quotas applicable for the year before to the total capacity of renewable energy plants actually installed and to the electricity consumed. However, the adjusted quotas shall not exceed the maximum quotas set until 2020. This adjustment may be made by order of the President of the ANRE. The energy suppliers are obliged to report by the end of each trimester the fulfilment of their quota obligation of green certificates to the ANRE¹⁹.

In accordance with the provisions of Art. 30(1) of the Methodology for establishing the regulated pricing sales and marketing arrangements for the electricity produced from sources renewable energy in power stations with installed capacity of less than 500 kw per unit, producers who choose to sell electricity at regulated prices are required to send an official request to ANRE for accreditation to apply the system to promote energy electricity produced from renewable energy by regulated price.

⁹ Art. 8 par. 1 Law No. 220/2008 as referred to in art. 1 par. 11 Emergency Ordinance No. 88/2011.

¹⁰ Art. 6, 10 Law no. 220/2008 as referred to in art. 1 par. 9, 12 Emergency Ordinance No. 88/2011.

¹¹ Art. 6 par. 6 Law No. 220/2008 as referred to in art. 1 par. 9 Emergency Ordinance No. 88/2011.

¹² Art. 12 par. 1 Law No. 220/2008 as referred to in art. 1 par. 15 Emergency Ordinance No. 88/2011.

¹³ Art. 10 par. 2 Law No. 220/2008.

¹⁴ Art. 8 par. 2 Law No. 220/2008 as referred to in art. 1 par. 7 Law No. 134/2012.

¹⁵ Art. 6 par. 1 Law No. 220/2008 as referred to in art. 1 par. 9 Emergency Ordinance No. 88/2011.

¹⁶ Art. 7 par. 1 Law No. 220/2008 as referred to in art. 1 par. 10 Emergency Ordinance No. 88/2011.

¹⁷ Art. 10 par. 1 Law No. 220/2008.

¹⁸ Art. 12 par.1 Law No. 220/2008 as referred to in art. 1 par. 15 Emergency Ordinance No. 88/2011.

¹⁹ Art. 8 par. 3 Law No. 220/2008 as referred to in art. 1 par. 10 Law No. 23/2014.

4.1. Does your country recognize certain forms of self-consumption and subject prosumers to certain

- requirements,
- application fees and
- one-off costs

in order to give them a **permit or licence to generate energy?**

Answer:

As of now, *prosumers* are encouraged to produce their own energy through subsidy programs (Call for Proposals – Measure 4 (farmers and agricultural cooperatives) and Order no. 1817/2016 of 20 September 2016 (individuals)) which clearly stipulate that the energy is to be used only for their own consumption. In order to benefit from the scheme, the applicant should submit a request and the project must fulfil the following condition regarding the expenses and the installed panels or pumps: i) expenses under RON 3.000, for installation of unpressurised solar panels; (ii) expenses under RON 6.000, for installation of pressurized solar panels; (iii) expenses under RON 8.000, for installation of heat pumps, including heat pumps air-air. Further conditions are also set in connection with the applicants, including:

- To be a natural person with domicile in Romania with no registered debt to the state budget or local budget, in accordance with the national legislation;
- To be the owner of the land and construction where the heating system is implemented;
- No previous financing for the same program has been received.

Up to this date, according to the ANRE, any energy producer has to comply with the general rules of permitting²⁰.

4.2. Does the national legal/regulatory framework determine the contractual conditions under which prosumers are allowed to feed or sell their surplus back into the grid or to other consumers?

Answer:

The *prosumers* who were mentioned under 4.1 and who are producing their energy through programs/subsidies, are not allowed to sell their surplus back into the grid or to other consumers.

Electricity suppliers and producers are the only bodies defined by the law who are obliged to connect to the grid and to sell to consumers.

Additionally, Art. 8(1) of the Methodology for establishing the regulated pricing sales and marketing arrangements for the electricity produced from sources renewable energy in power stations with installed capacity of less than 500 kw per unit, regulates the billing procedures for private or legal persons who are producing electric energy from renewable sources with an installed power smaller than 100kw.

²⁰ Ord. 12/2015 approving the Regulation for granting licenses and authorizations in the electricity sector ; Order no. 59/2013 approving the Regulation on connecting users to public electricity networks; Order no. 59/2013 approving the Regulation on connecting users to public electricity networks; Order no. 48/2014 regarding the approval of the accreditation of producers of electricity from renewable energy sources for applying the system of green certificates promotion.

5. What are the rules applicable to the access to the grid?

Regarding the general rules applicable to the access to the grid, the Romanian legislation does not give general priority to renewable energy when connecting to the grid. However, renewable energy plants are guaranteed priority access to the grid, as long as the national energy system is not at risk. The generators of electricity from renewable sources who have issued green certificates have guaranteed access to the grid.

Further, a draft for the methodology providing that all operators of small plants up to 1MW who sell their electricity to suppliers at a fixed price have priority access to the grid, including propositions for different tariffs, has been forwarded to the European Commission for approval in December 2013. However, this support mechanism has not been adopted so far.

The plant operators are contractually entitled to connect renewable energy plants to the grid²¹. The grid operator in charge has the statutory obligation to conclude such contracts without discriminating against certain plant operators. The costs for connecting a plant to the grid are borne by the plant operator. Plant operators are entitled by law to priority transmission of electricity from renewable sources by the grid operator.

In general, grid operators are obliged to develop their grids on the request of a plant operator, if the connection of a plant to the grid requires the grid to be developed. Depending on which part of the grid is to be developed (extension to/from the connection point), the grid operator, the plant operator or both of them will have to bear the costs.

The current legislation regulating access to the grid is:

- Law No. 123/2012 on Electricity and natural gas, as amended;
- Ordinance No. 59/2013 on the Approval of the Regulations on the Connection of the Users to the Public Grid;
- Law No. 220/2008 Establishing a System for the Promotion of Electricity Generation from Renewable Sources;
- Emergency Ordinance No. 88/2011 Amending Law No. 220/2008;
- Law No. 134/2012 Regarding the approval of Emergency Regulation No. 88/2011 Amending and Complementing Law No. 220/2008;
- Emergency Ordinance No. 57/2013 Regarding the Modification and Completion of Law No. 220/2008;
- Ordinance No. 98/2013 Regarding the approval of the specific tariffs for the distribution service of electric energy and of the tariffs for reactive electric energy for the distribution system operator carried out by the principal distribution system operators);
- Ordinance 16/2012 approving the procedure for connecting users to the electricity grids near the limit of the activity area of distribution operators);
- Law No. 23/2014 on approving Emergency Regulation No. 57/2013 Regarding the Modification and Completion of Law No. 220/2008;
- Ordinance No. 63/2014 regarding the Amendment and Completion of the Regulations on the Connection of the Users to the Public Grid, approved by Presidential Ordinance of the National Energy Regulatory Authority No. 59/2013;

Romania's Energy Strategy 2016-2030, with an outlook to 2050²², the first Romanian official document which defines the *residential prosumer*, mentions that 'Smart grids will facilitate the

²¹ Law No. 220/2008 (*Legea nr. 220/2008 pentru stabilirea sistemului de promovare a producerii energiei din surse regenerabile de energie* - Law No. 220/2008 Establishing a System for the Promotion of Electricity Generation from Renewable Sources), Cap. X, art.25

²² *Strategia Energetică a României 2016-2030, cu perspectiva anului 2050* - Romania's Energy Strategy 2016-2030, with an outlook to 2050, published on 19th December 2016

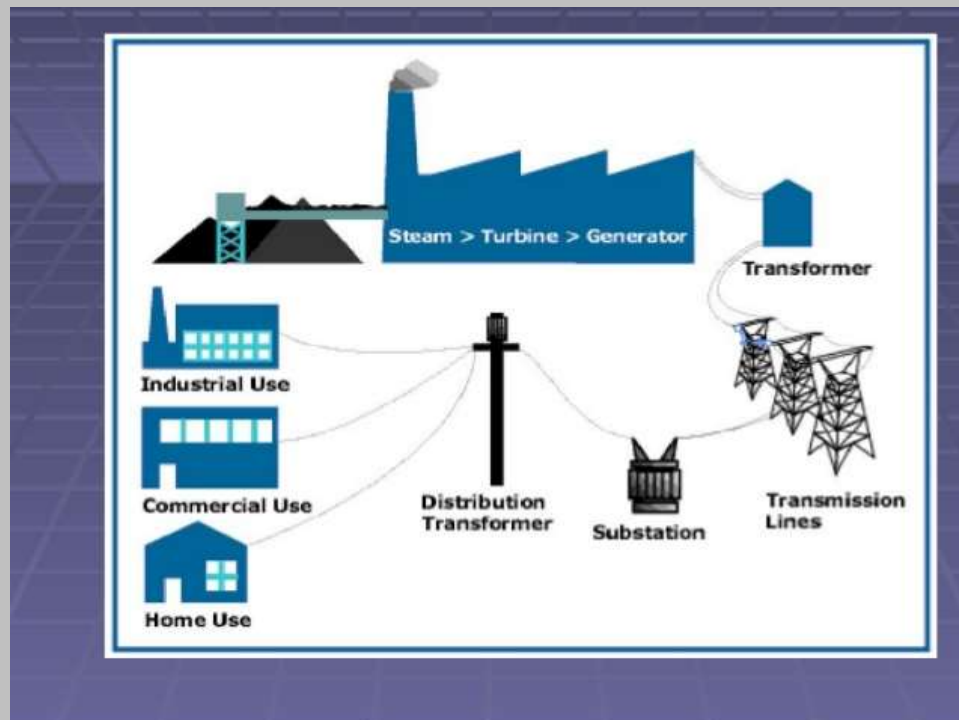
transition of the consumer to the role of prosumer, which injects its own production of electricity into the network. Distributed generation of electricity (electricity generated or stored in different types of systems of small capacity) can reduce electrical losses and increase security of supply networks. In the long term, the prosumer will impact network architecture, especially when also has a storage capacity of electricity, to limit the interaction with the network. Thus the number of households without access to energy networks will decrease, including through the adoption of autonomous solutions (off-grid), which will become more accessible economically.'

The same document indicates that 'distribution operators will have to develop smart grids which are able to interact in real time with prosumers and support dynamic business models. Romania has a strategy for the development of smart grids, but its implementation is facing delays.'²³

5.1. What is the inter-connection configuration used for each type of residential prosumer?

Answer:

There is no specific inter-connection configuration for residential prosumers as of now. The national network is structured like below:



5.2. Does the competence to determine the inter-connection configuration lie at State level or at a regional/lander level?

Answer:

The competence to determine the inter-connection configuration lies mainly at State level but it is implemented and supervised through regional offices.

²³ See also answer to question 1.

5.3. Are there any rules to ensure that prosumers are inter-connected to the distribution network/the grid?

Answer:

The plant operators are contractually entitled against the grid operator to the connection of renewable energy plants to the grid. The grid operator in charge has the statutory obligation to conclude such contracts without discriminating against certain plant operators. The costs for connecting a plant to the grid are borne by the plant operator.

Plant operators are entitled by law to priority transmission of electricity from renewable sources by the grid operator.

The Strategy 2016-2030 under adoption indicates that “distribution operators **will have to develop smart grids which are able to interact in real time with prosumers** and support dynamic business models. Romania has a strategy for the development of smart grids, but its implementation is facing delays.

5.4. What are the grid access and grid use principles and rules for the energy generated by each type of residential prosumer?

Answer:

The grid access and the grid use principles and rules for the energy generated by each type of residential prosumers are expected to be included in the modifications of law 220/2008 and/or ANRE consequent orders.

5.5. What are the network costs and charges for each type of residential prosumer?

Answer:

Since *prosumers* is not regulated yet in the Romanian legislation, such provisions are lacking at the moment.

Currently, the Methodology for establishing the regulated pricing sales and marketing arrangements for the electricity produced from sources renewable energy in power stations with installed capacity of less than 500 kw per unit, has a set of rules and calculations establishing the costs and charges as provided in Articles 13 to 26.²⁴

6. What are the incentives (e.g through taxes or tariffs) for each type of residential prosumer?

Currently, there are no dedicated incentives for *prosumers*. As mentioned above, a draft for the methodology providing that all operators of small plants up to 1MW who sell their electricity to suppliers at a fixed price have priority access to the grid, including propositions for different tariffs, has been forwarded to the European Commission for approval in December 2013, but the methodology was not enacted so far.

According to ANRE, the proposed feed-in tariffs for operators of small plants will vary between €69.4 per MWh and €167 per MWh depending on the type of technology.

The main financial support scheme for the production of electricity from renewable energy sources has been organised in Romania according to a quota system. The quota support scheme has been

²⁴ <http://www.anre.ro/download.php?f=ga1%2F&t=wOutwdHbn8%2BcmLPfvrrV5ps%3D>

available for new installations until 31 December 2016. Since 2017 there is no longer a comprehensive RES-E support scheme in place. The quota system is still valid for the installations commissioned before 2017 and will be in place until 2031. However, the prosumers were not taken into consideration for the application of Green Certificates scheme, as their capacity of production is low.

Under the quota system, electricity suppliers and producers are obliged to present a certain number of Green Certificates, which are issued for electricity from renewable sources. While Law No 122/2015 foresees the introduction of a feed-in tariff for installations smaller than 500 kW, the methodology for the application of this mechanism has not been developed yet.

While the quota system is not available anymore for new installations, farmers and agricultural cooperatives can still obtain a subsidy through the National Rural Development Programme: Measure 4 “Investment in physical assets”, financed by European Agricultural Fund for Rural Development (EAFRD) and carried out under the authority of the Ministry of Agriculture and Rural Development. The National Rural Development Programme’s new financing period operates from 2014 to 2020. The programme targets are to promote the use of renewable energy sources for the farm’s own consumption. The following sources are eligible: wind energy, solar energy, geothermal energy, biogas and biomass.

Natural persons living on Romanian territory and owning or co-owning real estate for which a project should be implemented as provided by Order no. 1817/2016 of 20 September 2016. Based on the type of financing received under the implementation of the above Order, there are three types of installations that could be used:

- a) unpressurized solar panels;
- b) pressurized solar panels;
- c) heat pumps, exclusively air to air heat pumps²⁵.

The Law 122/2015 and its Methodology (Methodology for establishing the regulated pricing sales and marketing arrangements for the electricity produced from sources renewable energy in power stations with installed capacity of less than 500 kw per unit) it is an incentive in terms of benefitting of regulated tariffs.

Heating and cooling using renewable energy sources is supported in Romania by two subsidy systems:

- a) Subsidy related to measure 4 of the (‘Investments in physical assets’) National Rural Development Programme for the farmers’ own consumption.
- b) Subsidy ‘Program for the installation of heating systems using renewable energy, including replacing or supplementing traditional heating systems’ for natural persons for the installation of heating systems using renewable energy sources.

6.1. Does your country apply specific tariffs to prosumers

- to charge them for the electricity they draw from the grid for consumption?
- or to compensate them for the electricity they feed back into the grid?

No regulations on tariffs to *prosumers* are available at the moment, we can only make reference to the Methodology for establishing the regulated pricing sales and marketing arrangements for the electricity produced from sources renewable energy in power stations with installed capacity of less than 500 kw per unit, settles also the calculation tariffs for the private or legal persons who are producing electric energy from renewable sources with an installed power smaller than 100kw.

²⁵ Order no. 1817/2016 of September 20, 2016 approving financing Programme Guide on the installation of heating systems using renewable energy, including replacing or supplementing traditional heating systems, individual payee.

6.2. Does your country

- tax prosumers in a specific way?
- allocate to them a certain part of the cost to upgrade the grid to accommodate the extra generation they feed into the grid?

Answer:

No specific taxes are established of the prosumers as of now.

7. A. What are the conditions that may encourage residential prosumers (to entry into activity or during functioning)?

There are around 50 people in Romania who are producing energy at the moment and not even 10 of them are injecting energy back into the grid, and they are very unpleased. This is due to all the challenges that one who wants to become a prosumer (that is both a producer and a consumer) – has to face, but the number of Romanians who want to become prosumers is growing rapidly²⁶.

The biggest obstacle for Romania to have more prosumers is the lack of the smart grids since the infrastructure is rather old. For example, if house owners want to install photovoltaic cells (PVs) on their house, they need to get the authorisation to do so. The permitting process often takes over 450 days: a total of 14 permits from 10 different institutions are needed. Furthermore, at the moment, there is no legislative solution to inject the electricity into the grid.

B. What are the conditions that may act as barriers for residential prosumers (to entry into activity or during functioning)?

As mentioned above, the concept of prosumers in Romania is subject only to incipient measures, which follow to be enacted and therefore, specific conditions are not available at the moment. However, the lack of one-stop-shop institution and instead the existence of a large number of public authorities which need to be consulted and get approval as well as the large number of documents to be prepared, are anticipated as potential barriers for the residential prosumers to start and function properly.

7.1. What are the metering systems for each type of residential prosumer? Do these systems provide adequate conditions for prosumers integration in the market?

Answer:

There are no specific metering systems determined for residential prosumers on the Romanian market.

7.2. What are the billing conditions for each type of residential prosumer?

Answer:

No specific billing conditions are currently applying for residential prosumers on the Romanian energy market.

²⁶ <http://balkangreenenergynews.com/efden-solar-house-status-prosumers-romania/> .

- 7.3. Are there measures to encourage the creation of energy communities at municipal level, or other schemes to encourage inclusive development of the market?

No specific measures are in place to **encourage the creation of energy communities.**

- 7.4. Are there rules facilitating the creation of energy cooperatives to provide a legal entity to energy communities? Are there measures facilitating other type of schemes and if so which ones?

There are no rules, regulations for energy cooperatives creation on the Romanian market.

- 7.5. What are the procedures/provisions for establishing cooperatives for prosumers? Are they more simple/less costly than those for other schemes?

No procedures and or initiatives for establishing cooperatives for prosumers exist in Romania.

8. Other questions on the regulatory framework

- 8.1. What are the procedures/provisions for establishing what is the complaint handling procedures for each type of residential prosumer?

There are no specific provisions regarding the mechanism of settlement of the prosumers' complaints. The general provisions of Law no. 123/2012 are applied, which stipulate that the consumers have the right to benefit from transparent, simple and cost effective procedures for the settlement of complaints. The extra-judicial settlement of the dispute provided for the prompt and fair settlement of the disputes within 90 days and for a system of reimbursement/compensation of the due amounts in accordance with the principles set forth by the EC Recommendation 98/257/CE/ 30 March 1998. The details and standard forms of the complaints against the suppliers are provided by the relevant Order no.16/2015 issued by ANRE.

- 8.2. Are there any specific redress procedures available only to residential prosumers?

There are no redress procedures available only to residential prosumers.

Country fiche (Summary and ranking)

The **country fiche** below summarises the information from the report and ranks the **level of favourable impact** of measures in relation to its favourable impact to the take up of residential prosumers.

Country fiche	Ranking Low/Medium/High
General Description of the national regulatory framework - Types of residential prosumers <i>Prosumers</i> are not regulated yet in the Romania legislation. The activity of prosumers is partially regulated by the regulations applicable to small producers and is expected to be soon 2) will soon be regulated by Law 220/2008. - Institutional framework The institutions in charge with the electricity, especially RES are the Ministry of Energy which defines the strategy and policy in the sector, the Romanian Energy Regulatory Authority (ANRE), which is the energy regulator in charge of permitting, licenses and monitoring of compliance, the local municipalities and county mayors for the land and construction permitting for RES projects and, finally the Ministry of Agriculture and Rural Development and the Ministry of Environment, Water and Forests,/ Environment Fund Administration, for the subsidy programs which encourage the of RES. - Applicable legislation, plans and objectives There is no particular applicable legislation specifically to <i>prosumers</i> but every producer must comply with the provisions of Law No. 220/2008 establishing a System for the Promotion of Electricity Generation from Renewable Sources and the ANRE orders. The Strategy for 2016-2020 with an outlook for 2050 envisages the '<i>prosumers</i>', therefore it is expected that in 2017, the concept of '<i>prosumers</i>' along with the regulations, procedures, permitting and tariffs will be introduced and adopted by the Romanian legislator. - Definition of residential prosumers The document mentioning officially the definition of 'prosumer' Romania's Energy Strategy 2016-2030, with an outlook to 2050. This strategy has not been approved by the Government yet. According to this document, the prosumer is an active consumer. The prosumer is not a simple energy consumer, but is also an energy producer that is able to optimize the time of consumption, injecting energy from its production into the network in accordance with the instant price of energy, which can alter the load curve flattening the tips and filling the gaps. The prosumer may contribute to the NES integration of intermittent production from RES, reducing balancing costs. The recently adopted Government Emergency Ordinance no. 24/2017, published on 31 March 2017 refers to natural persons or public authorities holding facilities for production of electricity from renewable resources with	Low

installed capacity below 100 kW per place of consumption.	
Specific Questions on the regulatory framework for residential prosumers	
Permitting requirements for each type of residential prosumer There are no particular permitting provisions for prosumers, since prosumers are not introduced yet in the Romanian energy market. However, energy producers have to comply with Law 200/2008 and ANRE orders 12/2015, 29/2013 and 48/2014.	Low
Rules applicable to the access to the grid According to the current legislation regulating access to the grid with emphasis on Law No. 220/2008 establishing a system for the promotion of electricity generation from renewable sources), Cap. X, art.25, the plant operators are contractually entitled to connect renewable energy plants to the grid. The grid operator in charge has the statutory obligation to conclude such contracts without discriminating against certain plant operators. The costs for connecting a plant to the grid are borne by the plant operator. Plant operators are entitled by law to priority transmission of electricity from renewable sources by the grid operator. In general, grid operators are obliged to develop their grids on the request of a plant operator, if the connection of a plant to the grid requires the grid to be developed. Depending on which part of the grid is to be developed (extension to/from the connection point), the grid operator, the plant operator or both of them will have to bear the costs.	Low
Incentives (e.g taxes and tariffs) for each type of residential prosumers Currently, there are no dedicated incentives for <i>prosumers</i> . The main financial support scheme for the production of electricity from renewable energy sources has been organised in Romania according to a quota system, but since 2017 there is no longer a comprehensive RES-E support scheme in place. The prosumers were not taken into consideration for the application of Green Certificates scheme, as their capacity of production is low. Electricity generated by small-scale installations may be sold to the electricity suppliers for a guaranteed price, but the support mechanism has not been adopted so far ²⁷ . The programs under Call for Proposals – Measure 4 (farmers and agricultural cooperatives) and Order no. 1817/2016 of 20 September 2016 (individuals) are particular initiatives which encourage farmers and private persons to install renewable energy systems for their own energy consumption and which can be considered as tools for the prosumers.	Low
Conditions encouraging residential prosumers	
Conditions acting as barriers for residential prosumers The biggest obstacle for Romania to have more prosumers is the lack of the	Low

²⁷ Art. 14 par. 2 Law No. 220/2008 as referred to in art. 1 par. 16 Emergency Ordinance No. 88/2011 and in art. 1 par. 9 Law No. 134/2012

smart grids since the infrastructure is rather old. For example if house owners want to install photovoltaic cells (PVs) on house, they need to get the authorisation to do so. The permitting process often takes over 450 days: a total of 14 permits from 10 different institutions are needed. Furthermore, at the moment, there is no legislative solution to inject the electricity into the grid.	
Other questions on the regulatory framework • What are the complaint handling procedures for residential prosumer? • What are the redress procedures available only to residential prosumers? The complaint handling procedures and redress procedures available only to residential prosumers are expected to be included in the modifications of the law 220/2008.	Low

Executive Summary

This report constitutes part of a study concerning the legal and regulatory framework for residential prosumers in the Energy Union. The aim of the report is to review this issue for the country of Romania. Electricity generation from renewable sources is based on a quota system consisting of quota obligations, tradeable certificates, and minimum and maximum prices.

As of now, there is no definition for the term “prosumer” in the Romanian legislation, however the concept is mentioned in the working documents for the Energy Strategy of Romania 2016-2030 – with an outlook to 2050 (the ‘Strategy’). However, the Strategy has not been adopted yet. The Law No. 220/2008 for establishing of a system for the promotion of electricity generation from renewable sources (the “RES Law”), was modified by Government Emergency Ordinance no. 24/2017, as of 31 March 2017 and refers to natural persons or public authorities holding facilities for production of electricity from renewable resources with installed capacity below 100 kW per place of consumption.

The current Renewables National Action Plan does not have specific objectives for residential prosumers. Furthermore, there are not any specific rules regarding the authorization of prosumers in Romania. The general framework includes acts issued either by country or local public administration authority or by the operator of the electric grid to which the installation is connected. Prosumers, in order to be granted the right to produce their own energy, they must meet some requirements and guarantee that the energy produced shall be used only for their own consumption. Regarding the general rules applicable to the access to the grid, even though the Romanian legislation does not give general priority to renewable energy when connecting to the grid, renewable energy plants are guaranteed priority access as long as the national energy system is not at risk.

Currently, there are no dedicated incentives for prosumers. The main financial support scheme for the production of electricity from renewable energy sources has been founded on a **quota system** under which electricity suppliers and producers are obliged to present a certain number of Green Certificates. Although the quota system is no longer available for new installations, a **subsidy** can be obtained through the National Rural Development Programme that operates for the period 2014-2020 and its main objective is the promotion of the use of renewable energy sources for the farm’s own consumption.

Neither regulations on tariffs to prosumers are available, nor specific taxes are established as of now. Even though the number of those who wish to become prosumers is increasing rapidly, the bureaucratic obstacles coupled by a huge legal vacuum in relation to issues of utmost importance, constitute the main barriers for the integration of the residential prosumers scheme.