

Romania's energy market regulator ANRE announced on June 30 that electricity suppliers should buy tradable green certificates from green energy producers equal to 8.3% of the electricity they supply to final consumers in 2017.

The decision prompted protests from investors in green energy capacity, who said closing down their plants could be an option. A very small number of them have reportedly already dismantled their installations and moved them to other countries, and the decline of the installed capacity supports such speculations. This marks the end of Romania's green energy boom, stimulated by the most generous subsidy scheme in Europe.

The quota proposed for 2017, according to a note endorsed on June 30 and submitted for approval to the government, is down from the 12.15% quota this year. Adjusted for the waiver provided to large industrial consumers, the impact on end-users will remain constant at RON43 per MWh.

Under the New Renewable Energy Action Plan drafted before the recession based on optimistic macroeconomic scenarios, the quota was envisaged to rise from 17% this year to 18% in 2017.

Under the law 220/2008, which has been repeatedly revised, the government decided that end-users should pay some €19.5bn in subsidies to green energy producers. However, the burden was too heavy, particularly during the economic recession, and the government had to scale down the subsidies by amending the regulations. Green energy investors say that they have already poured €8bn in Romania.

Not only will suppliers have to buy fewer certificates next year, but the number of certificates given to generators will also rise sharply in 2017, when ANRE will start distributing the certificates suspended since 2013. Amid pressure for lower surcharges on end-users, ANRE suspended in 2013 some of the tradable certificates owed to green energy producers. Those certificates will be given to producers from April 2017 and this will increase the supply on the free market for certificates.

In 2013 and 2014, Romania exceeded the green energy targets set for the total energy consumed in the respective years, ANRE explained. In fact, with shares of 25.13% in 2013 and 26.27% in 2014, Romania exceeded the 24% target set for 2020.

However, investors, disappointed by the scaling back of the subsidy scheme, are considering shutting down generation capacities.

The lower quota set by ANRE for 2017 means lower demand for tradable green certificates and lower revenues for the investors in renewable generation – mainly wind farms, but also photovoltaic plants, micro-hydropower plants and biomass plants. Green energy producers, which receive tradable certificates proportionally to their output, will be able to find buyers

for only one third of their certificates, according to estimates by Martin Moise, first vice-president of the green energy investors' association PATRES, quoted by economica.net. Some of the tradable green certificates given to generators this year will be cancelled and their number will increase in 2017, Sorin Elisei, partner at Energy Friends & Advisors told economica.net. The subsidy scheme is no longer functional and needs to be urgently re-designed, he concluded. In the short term, investors could suspend loss-making operations. Under current circumstances, more investments in wind farms or photovoltaic plants are unlikely. In fact, the installed capacity of green energy producers decreased by 9.5% ytd to 4.653MW at the end of April according to economica.net. ANRE expects capacity to hit 5,292MW at the end of this year - 3% up y/y. Capacity commissioned after the end of this year will not receive any tradable green certificates.

The capacity expected by ANRE for the end of this year lags seriously behind the 7,378MW envisaged under NREAP. Specifically, the installed capacity of the wind farms lags behind, while a much larger number of photovoltaic farms have been developed. The 2,932MW installed power of wind farms at the end of April was well below the 3,200MW scheduled for the end of last year. By 2020, their capacity was envisaged to hit 4,000MW.

By contrast, the installed capacity of photovoltaic farms was 1,305MW at the end of April - versus 148MW scheduled for the end of last year and 260MW envisaged for the end of 2020. The 103MW installed capacity of biomass plants lags well behind schedule and this market segment is seen as still attractive. There were also micro-hydropower plants with installed capacity of 313MW at the end of April, more than three times above the end-2015 target and nearly double the end-2020 target.

source: intellinews.com