

Romanian Economy Minister Virgil Popescu confirmed that the aid granted to the Oltenia Energy Complex cannot be repaid and that a restructuring plan for the company will be adopted.

“Based on a well-defined plan, we will remove about 1,300 MW of coal-fired capacity by the end of 2026 and replace it with 1,450 MW of natural gas, plus photovoltaic. At the end of 2026, carbon dioxide emissions at the Oltenia Energy Complex will be reduced by 45%, “the minister said at a conference on the geo-strategic and economic importance of the Black Sea, organized by Financial Intelligence.

The minister acknowledged that for Romania, coal is a problem in the context of the European Green Deal, but added that capacities should not be closed without replacement. The Oltenia energy complex will receive € 251 million in aid under Regulation 12/2020, which was recently published in the Official Journal. The financial assistance will be granted, at the request of the company, from privatization funds, after Eximbank carries out a risk assessment of the company, in order to determine the interest rate that EC Oltenia has to pay. The company must provide credit guarantees in the amount of 120% of the loan value.

The repayment period is six months, with full interest. EC Oltenia is obliged to present a restructuring plan within three months, which should ensure long-term sustainability. In this case, the Government will inform the European Commission and the state aid will become restructuring aid, which the Commission should approve. If EC Oltenia does not repay the loan, or does not present a restructuring plan within three months, or the Government does not send the plan to Brussels within six months, the Government is obliged to elaborate a plan for EC Oltenia shutdown.

The company is the second largest electricity producer in Romania, with four coal-fired power plants and 11 lignite mines employing about 13,000 people.

Source: e-nergia.ro