

Romania has lost a lawsuit against utility Enel at the Arbitration Court in Paris in which it was requesting more than €900mn from the Italian company for alleged breaches of a privatisation contract, Enel announced on July 27.

The country has already lost international arbitration lawsuits against two other foreign investors which had bought Electrica branches, E.ON and CEZ, as well as against Enel. The case was launched by state-owned power distribution group Electrica in 2013 and was continued by the agency that manages state holdings in energy companies, SAPE, after Electrica was split up. SAPE took over all the rights and obligations of Electrica related to five of a total of eight regional power distribution networks, and was therefore assigned as Electrica's successor in the case.

The lawsuit was launched as a result of a control carried out by the Court of Accounts regarding the activity of Electrica, Enel said in a statement.

According to Agerpres news agency, Romania has asked Enel to pay damages worth €834.2mn and RON378.6mn for not meeting the commitments in the contract of the privatisation of former Electrica Muntenia Sud electricity distribution company.

"However, the Court of Accounts has not come with concrete proof to support its reports, so that the state lost, one by one, the suits with the companies which bought Electrica branches," unnamed sources from the energy sector told the news agency.

"Out of the 24 demands formulated in April 2013, 17 have been rejected and the rest have been prescribed or considered to be in the jurisdiction of other courts," the sources claimed. Romania will now have to pay court costs amounting to €1.5mn.

In November 2013, an arbitration court rejected Electrica's accusations that Enel had not complied with investment commitments in the privatisation of distribution networks Electrica Banat and Electrica Dobrogea. Electrica had asked for €44mn in compensation. According to Hotnews.ro, Romania has another arbitration suit with Enel. In this case, SAPE demanded €500mn from Enel for not respecting its obligation to buy 13.57% of the shares in Electrica Muntenia Sud.

Active on the Romanian market since 2005, Enel is currently the country's largest private investor in energy, with operations in power distribution and supply as well as renewable energy production. The company has more than 3,100 employees and provides services to 2.7mn customers in three key areas of the country: Muntenia Sud, Banat and Dobrogea, accounting for one third of Romania's electricity distribution .

source: intellinews.com