

The Association of Electricity and Gas Suppliers (AFEER) sent an open letter to the Government in which it proposes reducing or waiving VAT on electricity and gas and exempting upon payment of the excise duty.

According to a press release, AFEER states that during recent period, a significant increase in prices occurred, both on the European and on the domestic market. In addition to the increase in energy demand (electricity and natural gas), determined by the resumption of economic activity at levels similar to those before the pandemic period (a situation that led to economic growth in the European Union, as well as in Romania), there was an increase in prices where emission allowances are traded as a result of EU Member States' commitments to make the transition to clean and sustainable energy sources, which has led to a significant increase in electricity and gas prices.

AFEER reiterates that it is particularly important that this situation is properly explained, especially to the general public. Suppliers are not the cause of price increases, but, on the contrary, they are the most exposed, being the last link in front of the consumer. The suppliers are also the ones who try to support the customers, in order to protect them as much as possible in the face of the price increases on the wholesale energy market.

Market disturbances are found in most European countries, but in Romania, the effect of a supply below the level of demand is added, due to the deficit of investments in recent years in new energy production capacities.

AFEER stated that there are currently barriers to resuming investment in the energy sector: long delays in transposing European legislation, legislative changes on taxation or the market, long delays in implementing new public funding programs (such as the Modernization Fund), ambiguities in interpretation of the regulations adopted (such as those on long-term bilateral contracts, although these are not only allowed but encouraged by European legislation), ambiguities on the future of Black Sea gas resources (given that estimates are that in 10 years, Romania is depleting its natural gas reserves, and this year's imports have increased almost 3 times compared to 2020), ambiguities between the total volume of theoretically installed capacities and that of truly functional capacities (which implicitly determines the blocking of technical approvals connection due to non-functional units).

It should also be mentioned that many investment projects have solutions to connect with the mandatory strengthening of the network, which implies a significant increase in costs for investors, the consequences reaching the end of investments. In addition, there is a reluctance of the banking sector to finance projects that have not fully covered the risks, to which are added financing costs higher than those charged in other European countries. All this has led to a deficit of energy generation capacity, so that Romania has problems in ensuring its consumption from domestic production, which has made it, in recent years, from an exporter, to become a net importer of electricity.