

Romania cuts down the green kwh from electricity bills, incentives system on the fall

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The co-generation tax, which is currently included on all electricity bills in Romania, will be taken out, but it is yet unclear whether it will be paid via another way, or if it will be canceled completely. The Romanian Prime Minister announced that the tax, which is meant to support renewable energy in Romania, will be taken out the electricity bill. The co-generation tax was introduced in 2011 and amounts to RON 0.0185/kWh, plus VAT. For every 100 kWh used, a co-generation tax of RON 2.29 – or EUR 0.5 is due.

The decision is part of a series of measures aimed at decreasing support for the renewable energy industry. A first step was a cut in the number of green certificates given as an incentive to renewable energy producers. The country's energy authority ANRE believes investors are being overcompensated in Romania by the green certificates scheme for renewable energy projects.

ANRE is charged with ensuring that the rates of return from energy projects are maintained at constant levels. But the energy authority's review found that returns are significantly higher than the reference level and as a result has recommended a reduction in the incentive given.

New wind installations currently receive two green certificates per installed MW/h, but ANRE recommends that the rate should be reduced to 1.5 certificates. New small hydro plants (less than or equal to 10MW) would get 2.3 certificates under the new proposal, down from three green certificates, while the biggest cut is proposed for solar energy – down to three certificates from the current six awarded per MW/h. If adopted, the cuts would apply to all new projects.

The extremely favorable investment climate for renewable energy has brought a huge surge in projects, with wind capacity doubling and doubling again over the last two years. However, the incentive scheme has been criticized for being excessively generous, although the original plans did receive European Commission approval.

Source;Serbia Energy See desk/Anre Romania