

In order to resolve issues regarding the proposed restructuring plan of state-owned coal-based electricity producer Energy Complex (EC) Oltenia, Romanian Minister of Energy Virgil Popescu is expected to meet with the representatives of the European Commission (EC). Minister Popescu expressed hope that the EC will approve the plan by the end of April, in time for EC Oltenia to use the funds for the purchase of emission certificates for last year's electricity production. In the meantime, EC Oltenia approached its minority shareholder Fondul Proprietatea and European banking institutions in order to secure financing for the restructuring plan.

Last week, the EC initiated an in-depth investigation into the restructuring plan of EC Oltenia expressing doubts about the process. The plan should meet the principal conditions of the 2014 Guidelines on State aid for rescuing and restructuring non-financial undertakings in difficulty to be declared compatible with the internal market regulations. The EC asked Romania to submit its comments and provide all the information that may help it assess the restructuring aid within one month. The objection noted by the European Commission are quite significant and hard to address, particularly upon such short notice. The Commission claims that EC Oltenia is not ready to contribute to financing the restructuring plan, and the stakeholders are not prepared to share the burden. The Commission preliminarily concluded that the sources of financing as proposed by Romania do not constitute a significant, real and actual, free of aid own contribution of at least 50 %. The plans also does not restore long-term viability of the company, while the compensatory measures aimed at mitigating the risks of the aid on competition are insufficient. At the same time, there is no adequate burden-sharing by the existing shareholders and creditors foreseen in the restructuring plan. Therefore, the Commission considers that the restructuring plan as it currently stands does not correspond to the basic requirements of the R&R Guidelines regarding the own contribution and burden-sharing.