

During the state of emergency, which has recently been extended until mid-May, Romanian Government has blocked the sale of majority stakes in energy companies. According to adopted Military Ordinance 8/2020, during the state of emergency, the procedures for selling or buying majority shares of companies within the national energy system, regardless of the form of their ownership, are suspended. The resumption of the procedures will be done after the conclusion of the state of emergency with the corresponding delay of the deadlines stipulated in the previous calendar.

This means that Czech energy company CEZ will have to put on hold its plan to sell its Romanian assets. The first, non-binding round has already concluded and the company expected to respond to the bidders by the end of the month and conclude the sale in the second half of the year. This decision will also affect the prospective sale of minority stakes in electricity distribution companies owned by Italian Enel.

Last September, CEZ launched a market test for the sale of its assets in Romania. CEZ aims to sell all of its seven companies, in line with the new strategy previously approved by the parent company. CEZ included seven Romanian companies in the market testing (Oltenia Energy Distribution, Ovidiu Development, Tomis Team, MW Team Invest, CEZ Sale, TMK Hydroenergy Power and CEZ Romania). Potential investors can express their interest for the entire group of companies mentioned, as well as individually for any of the companies. Testing the market interest is made exclusively for CEZ by the investment bank Societe Generale. In late 2019, CEZ announced that over 30 potential buyers expressed interest in the purchase of the company's assets in Romania, adding that it will invite bids from selected candidates in December. The statement from the company said that after evaluation of the initial bids, binding offers are expected to be submitted in the second quarter of 2020, with the transaction expected to be completed in the first half of 2021. Reportedly, Romanian state-owned electricity producer Hidroelectrica has the best chance to get the assets it wants, namely the wind farms and the electricity supply business. Supplier and distributor Electrica is willing to obtain CEZ's electricity distribution business in the Oltenia region, but its preliminary financial offer is reportedly below expectations. On the other hand, German energy company E.ON has reportedly submitted the best bid for the electricity distribution business.