

Romanian state-owned coal-based electricity producer Energy Complex (EC) Oltenia said that it has recorded a net loss in the amount of some 180 million euros in 2020, with its revenues decreasing by 32 % to around 400 million euros.

According to insolvency lawyer Gheorghe Piperea, EC Oltenia will be able to provide only 1.5 billion euros of its 3.5 billion euros restructuring plan, with the remaining 2 billion expected from the state. He estimates that the European Commission could “only in theory” approve the company’s restructuring program.

He also noted that minority shareholder – private investment fund Fondul Proprietatea, which owns 21.5 % stake in the company, has expressed opposition to the Government’s restructuring plan. The company’s management is, however, thrilled about the 3.5 billion euros project. It has already sent letters to banks seeking loans and is looing to sign long-term electricity sale contracts.

The main argument of EC Oltenia is its size: it is just too big to fail as it currently provides about 20 % of Romania’s electricity. However, in 2017 it accounted for 30 % of the Romania’s electricity, which means that the company is not indispensable for the national electricity system.

According to recently adopted National Recovery and Resilience Plan, Romania plans to phase-out coal-based electricity generation by 2032, replacing it with wind farms, solar power plants and gas-fired power plants, which is also provided in EC Oltenia’s restructuring program.