

## Romania: Lowering of cogeneration tax

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The cogeneration tax will be reduced, following the finding of its inefficiency, but for now it is not known by how much it will be decreased, said Romanian Prime Minister Ludovic Orban.

PM Orban explained that the cogeneration tax was instituted to generate money needed for investments in cogeneration plants, but, although almost 2 billion euros have been raised since its establishment and so far, no money has been invested.

He said that reducing or completely eliminating the cogeneration tax will reduce the cost of electricity for consumers – who currently pay more than 2.7 euros/MWh. He added that the Government is considering the establishment of a new support system, possibly similar to green certificates, but this decision will be taken following public consultations.

Minister of Economy and Energy Virgil Popescu said that the new subsidies for large energy consumers will be allotted starting with July. The state aid scheme adopted by the Romanian Government and approved by the European Commission will be put into practice in July. For example, ALRO plant will benefit from state aid, as a large consumer of electricity, the price of which has practically been reduced by 16 % of the cost of CO2 certificates. PM Orban added that payments for 2019 will be made in July.

In May, the European Commission (EC) has approved Romania's plans to partially compensate large energy-consuming companies for higher electricity prices resulting from the costs of CO2 emissions. The aid will be directed to industrial companies that purchase electricity from coal-fired power plants and therefore must pay for the CO2 certificates. For example, Steel pipe producer TMK Artrom Slatina will receive compensations worth about 7.4 % of its electricity bill, while TMK Resita steel mill will have 6 % of its electricity bill covered. The electricity bill accounts for 40 % of the production costs incurred by aluminium producers and 18 % of the costs incurred by steel producers. Over one third of the electricity bill represents the indirect cost of CO2 certificates passed to industrial end-users. The list of state aid recipients includes steel, aluminum or chemical manufacturers such as Liberty (Sidex) Galati, Tenaris Silcotub Zalau, TMK Artrom, Doosan IMGB, Ciech Soda, as well as clothing or paper and cardboard manufacturers such as Pehart Tec Dej, Ambro Suceava, Manifatture Italiane Craiova and Shireen Fashion Timisoara.