

Romanian Minister of Energy Virgil Popescu said that he doubts that the windfall revenue tax paid by energy producers for a limited period of time (until March 2022) could have a major impact on the volume of long-term investments in the energy sector.

Last month, Italian Enel said it had planned to invest 2 billion euros in its operations in Romania, but now it is reconsidering the plans after the Government decided to cap energy prices and levy a windfall revenue tax, including in the segment of renewable energy generation.

Minister Popescu stressed that legislation that applies for five months cannot have any effect on investments until 2027.

Romania's Government enacted a set of measures to be enforced over this winter (until March 2022) with the aim of helping households weather the high energy prices. Thus, an 80 % windfall tax is levied on the revenues derived by electricity producers that sell their output at prices above 91 euros/MWh. The money collected this way will be used to pay subsidies to households with small consumption and compensate the suppliers that purchase electricity at the market price that may be higher than the capped prices charged to households.