

Romanian natural gas producer Romgaz has finally terminated the contract concluded with a consortium of Spanish Duro Felguera and local Romelectro for the construction of a gas unit at thermal power plant Iernut.

The termination comes two and a half months after Romgaz initially announced the imminent termination of the contract signed in 2016 with the consortium of Duro Felguera (Spain) and Romelectro (Romania). In the meantime, the Romanian Government obtained from the European Commission the permit to prolong the project until the end of June 2022. This approval was necessary because the Government is extending 64 million euros worth state aid for the project. Romgaz said that it could complete the project on its own and will not seek new contractors.

In late 2020, Romgaz said that it would not grant an extension of the deadline for the completion of the construction of a gas-fired unit at the existing TPP Iernut, which was proposed by project's contractors - Spanish Duro Felguera and local Romelectro. The agreed deadline for the completion of the project expired on 26 December. The statement from Romgaz said that it will identify the necessary solutions to complete and commission the combined cycle unit at Iernut and will inform of its decision at a later date. In November 2016, Romgaz has concluded an agreement worth 268 million euros (without VAT) with a consortium of Spanish company Duro Felguera and Romanian Romelectro for a turnkey project for the construction of new 430 MW gas-fired power plant within its Iernut thermal power plant. The deadline for the completion of the new combined cycle power plant is 36 months from the effective date of the contract, which shall be within 5 working days from the date the NIP financing is approved. Romgaz took over Iernut thermal power plant in 2013 from Bucharest-based thermal energy producer ELCEN in exchange for deleting a 145 million euros debt. Initially, the plant was supposed to be commissioned in early 2020, but delays have arisen, both as a result of disagreements between partners regarding the provisions of GEO 114/2018 and regarding the increase in construction costs.