

Romania: Transgaz is planning a loan for two year period

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In order to finance the necessary working capital for the ongoing projects, Romanian natural gas transmission system operator Transgaz plans to borrow some 60 million euros for a period of two years.

In June 2018, Transgaz has started the construction of the first phase of BRHA gas pipeline. The first phase of the project will include the construction of Podisor-Recas gas pipeline. The total amount of funds estimated for the first phase is 478.6 million euros. Each of two stations will be equipped with two compressor units (one active and one redundant) and will have the technical capability to enable bidirectional gas flows. Some 40 % of the costs of the project are covered by the European Union, through a grant worth 179 million euros. Initial completion date of the first phase of BRHA gas pipeline was December 2019, but it was postponed for 2020-end. The pipeline will enable gas flows from Romania to Hungary and Bulgaria.

In related news, on 4 July Transgaz suspended gas deliveries to the Mintia power and heating plant, operated by EC Hunedoara, thus disrupting the warm water delivery to Deva municipality, due to a 3.3 million euros overdue debt for supplied natural gas. The company will resume gas supply on 6 July, conditioned on the payment of the overdue debt.

Transgaz recorded a net profit in the amount of 73 million euros in 2019, which is by 29 % lower compared to the previous year, mainly due to lower transmission fees. The company's operating revenues dropped by 2 % to 327.5 million euros, while operating costs increased by 13 % to 244 million euros in 2019, due to higher gas price for technological consumption, higher staff expenses and higher tax expenses (the introduction of additional 2 % tax for energy-related companies). The company invested over 210 million euros in 2019, mainly in further development and modernization of the national gas transmission system and the increase of share capital of Eurotransgaz, a subsidiary holds the company's Moldovan assets.