

The new offshore hydrocarbon law will keep the windfall tax, but will increase the threshold over which this tax will apply, said State Secretary at the Romanian Ministry of Economy and Energy Niculae Havrilet.

According to the offshore hydrocarbon law currently in force, natural gas producers are taxed on the income calculated as the realized revenues above the benchmark revenues calculated based on the regulated gas price as of 2012, namely 9 euros/MWh. Havrilet explained that this benchmark level would increase, leading to a lower tax base. The windfall tax rate is not constant, but rises progressively from 15 to 70 %.

Earlier this month, the Government said that it will submit the new offshore hydrocarbon law to the Parliament in December, with the aim of first natural gas deliveries from the Neptun Deep offshore field, the largest in the Romanian Black Sea, before 2025.

Government officials explained earlier that a new offshore hydrocarbon law, requested by the investors in order to adopt final investment decisions for their gas projects, would be unveiled before the elections scheduled for 6 December. Still, the draft law will be sent to Parliament for debate and approval only after the elections - when the Government expects to form a stable majority. The new law could be passed before March next year. Out of the offshore natural gas projects in the Black Sea, the one operated by Black Sea Oil and Gas (BSOG) is the most advanced and could start production in the second half of next year. But the investor, which already started construction works before production, said that it expected the new offshore law before starting to pump gas into the pipelines. The other project, currently operated by ExxonMobil with OMV Petrom, is in limbo as the investors expect regulatory clarity. At the same time, ExxonMobil is looking to sell its stake, and the Romanian state is interested in buying it through state-owned gas producer Romgaz.