

NEW AID SCHEME FOR ENERGY BASED ON BIOMASS, BIOGAS, AND GEOTHERMAL SOURCE

THE RELEVANT NUMBERS

The Romanian Government approved (effective as of 14 April of this year) a State aid scheme which is aimed at stimulating investments in an area which both government officials and market players view as insufficiently developed – the production of energy (power and/or heat) from biomass, biogas, and geothermal sources.

Below we offer a presentation of the scheme in terms of its eight (8) most relevant numbers.

60MW is the amount by which the State targets to increase the existing installed energy production capacity from those sources upon which the scheme is based. The Government estimates that approximately **40 investors** would benefit from the newly adopted scheme.

4 years (2017-2020) is the period of time within which the scheme will be applicable.

The overall budget allocated to the scheme is of **EUR 100,630,588**. The largest share has been reserved for 2018 (approx. EUR 30 million) and 2019 (approx. EUR 40 million) with the remaining portion having been divided between the starting year (approx. EUR 20 million for 2017) and the ending year (approx. EUR 10 million for 2020).

EUR 15,000,000 is the maximum aid amount that may be accessed by each investment project. However, the actual grant will be determined on a case-by-case basis such that the actual aid intensity could not exceed **45%** of the total eligible costs. The balance of funds would need to be contributed by the investor.

3 bonuses (extension opportunities) may be available to investors, subject to specific requirements, in order to improve the actual aid intensity threshold:

- +20% for aid requested by small-sized undertakings; or
- +10% for aid requested by medium-sized undertakings; and / or
- +15% for investments located in assisted areas (detailed in the National Chart for Regional State Aid 2014-2020);

Additional information on this Chart can be found at http://www.renascce.eu/documente/Decizie%20doc%20unic_847ro.pdf

Hence, the maximum actual aid intensity (in the form of standard threshold plus available bonuses for investments made by small-sized undertakings in assisted areas) could go as high as **80%** of the eligible costs.

THE RELEVANT LIMITATIONS

The scheme does exclude a number of projects. Among these, we would highlight:

- projects initiated before a request for support has been submitted to, and approved by, the relevant authorities;
- projects related to investments that have benefited from financing from public sources (except for financing of preliminary studies) within the latest five (5) years before the request for support is submitted to the relevant authorities;
- projects intended to be developed in the area of Bucharest – Ilfov;
- projects in relation to which the request for support is submitted by an undertaking in "difficulty", as this concept is defined by the criteria provided in the relevant EU legislation.

This list only covers those limitations which are most relevant for purposes of this Alert and is not exhaustive. Additional limitations may arise within the context of the specific requirements and obligations with which the investors and their projects must comply in order to become eligible for the scheme as provided for in the legislation.

Should you have questions in relation to the scheme presented in this Alert, please contact us. We may provide further details as you request.

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