



# Recognising potentials

**E|N**Ews



Renewable Energies: Global Trends and Experiences

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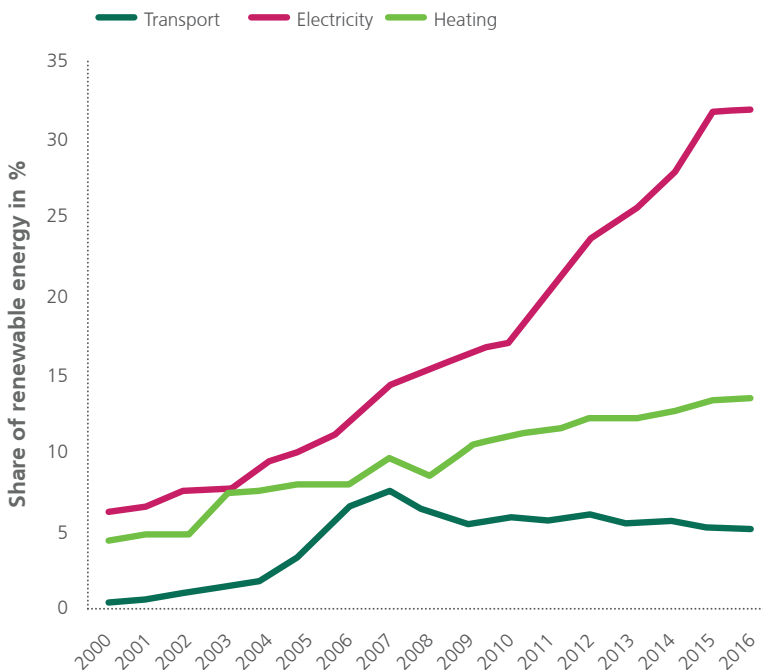


## Around the world

### > Who owns the wind?

By Kai Imolauer

The lowering of the expansion goal, and thus the reduction in the annual market volume, for ground-based wind turbines to 2.8 GW between 2017 and 2019 and to 2.9 GW for 2020 (§§ 4 and 28 (1)) will affect the entire wind power market. The changes on the electricity market will be enormous even if only part of these plans are implemented. Furthermore, all things considered, the most important question is: if not from wind (and PV), where should the huge electricity volumes come from if we want to advance the decarbonisation in Germany, also in the country's transport and heating sectors, or even accomplish 100% of the goal (which, in the end, should be an objective of a pro-active climate policy)?



Source: bmwi

The regulatory framework in the area of public law will effectively have to be developed so as to ensure that significantly more areas are available for installing wind turbines. But, sadly, the latest developments suggest rather an opposite trend. According to the CDU/FDP Coalition Agreement for North-Rhine Westphalia, a rule should be introduced where wind turbines should be built 1,500 metres away from residential housing. The potential area where wind turbines could be installed would thus shrink by 80%. If we extrapolated this trend to the whole of Germany (in Bavaria there is already the 10H rule in place), this would mean the end of wind power and probably of the climate protection. Policy makers will always claim that this should protect citizens from the negative impacts. Oddly, in municipalities where many citizens participate in wind farms (also financially), hardly any objections were noted. This begs the question: where does the capital financing the German energy transition come from?



The last years' developments show that the majority of wind turbines are not in the citizens' hands, but are owned by institutional investors, i.e. banks, insurance companies, investment funds etc., who - especially in recent years - have acquired them from project developers. True cases where power plants are owned by citizens - mainly by locals - have become very rare and this waning trend will intensify given the discontinuation of power auction privileges (starting from 2018). Typically, wind farms are sold in a bidding procedure not necessarily to local citizens' cooperatives but to the above-mentioned types of investors who place the best bids. The investment pressures (alongside the current interest rates) lead to a situation where a capital investment in a wind farm with 20 years of a statutorily guaranteed rate of return in a best rating federal state is extremely attractive. But besides the specific source of capital of the operator, discussed should be the situation of local citizens, who in the end are indeed negatively affected by wind turbines (and I do not mean here the farmers leasing the land), but do not receive any compensation for it.

From a bit more abstract perspective, the question arises as to what the mutual relations between participants in a project are. In the end, operators receive the remuneration from the electricity market, pay lease to land owners. But citizens of a specific district participate in the profits from energy supply only very indirectly (meaning slightly higher business tax revenue), but rather not financially. An exception are wind farms which are operated directly by municipalities (e.g. the city of Pegnitz with 7 wind turbines) or wind farms owned by utilities whose 100% of shares are owned by municipalities.

### But how could the problem be solved?

In the end, wind could be regarded as common property made available to a wind farm operator against a concession and for a definite period. If the concession fee flew directly to the pocket of the relevant municipality, this would enable an appropriate reconciliation of interests on both ends. This probably seems strange at the first glance, but is not unusual. For deep geothermal energy, being a resource governed by national mining law, a concession fee is required based on regulations of mining law. Currently, concessions are awarded in a two-tier procedure (exploration license and permit) on a first-come-first-served basis. The objective clearly defined in mining law is to optimally use the resource. The concession fee is low, but it is very likely to be raised when it comes to the exploitation of the energy stored in the Earth. In Switzerland, appropriate concession fees are also charged for the exploitation of hydropower. To answer the question asked in the title of this article, it seems not that odd to charge a fee also for „the wind“, a fee which would then flow to the public pocket, because, in the end, wind should be regarded as common property.

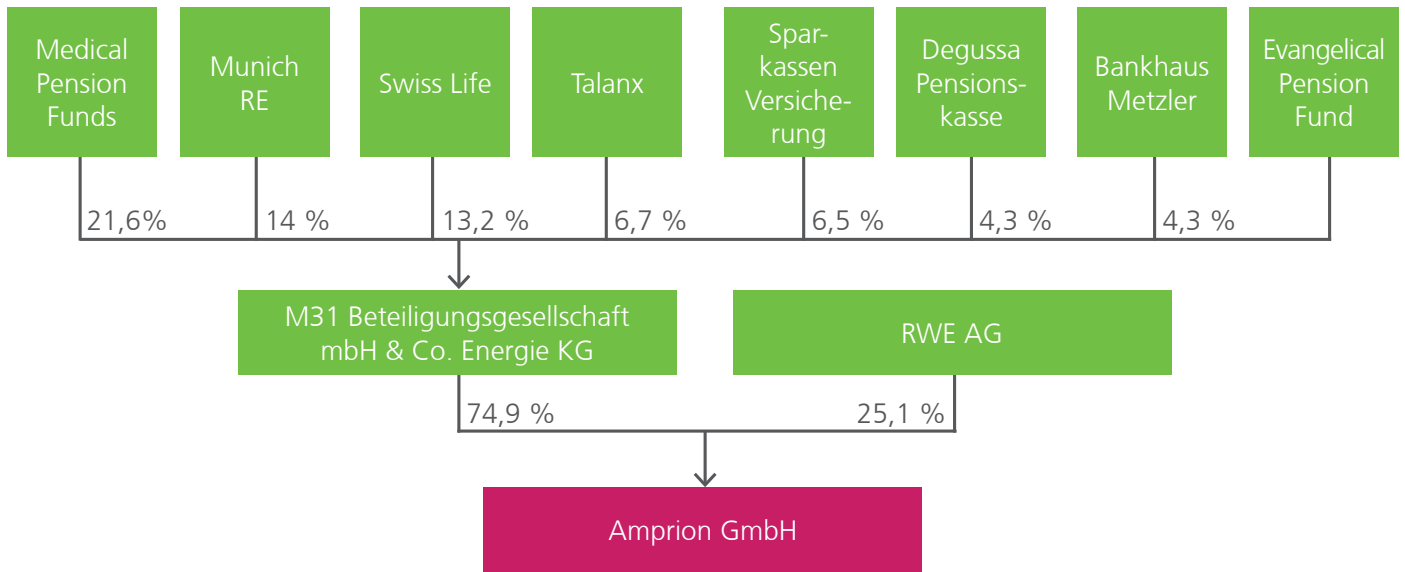
After all, it's all about the „internalisation of external costs“, a concept which plays an important role in helping avoid misallocations of resources. To ensure that the allocation function of the price, a concept famous in socio-liberal market economies,

is effective also when it comes to exploiting natural resources, natural ecosystems should not be burdened or depleted free of cost in the future. In addition to such production factors as labour and capital, also natural resources should get a price tag, which on one hand leads us to the already debated CO2 tax. By extension, it should be thus logical to appropriately remunerate regions and municipalities with favourable wind conditions also for the wind understood as being a municipality's public asset. Thus, in the case of wind projects, not only the owner of the land would have a share of the profit but also municipalities acting as administrators of the wind being an environmental resource and public property deployed in such projects.

In the end, wind can be seen also as fuel which, due to differentiated wind conditions, significantly determines the profitability of projects. It is thus hardly acceptable for residents living close to wind farms to see that wind farm project developers reap 100% of the profits using this fuel for free, while all the detriment caused by the operation of the power plant (shadowing, negative visual impacts etc.) falls on the shoulders of the residents.

In addition to these considerations, which are certainly of a rather abstract nature, there should be a [specific] political debate as to whose capital the energy transition should actually promote. It is a non-debatable fact that wind farms in citizen ownership or owned by state-owned enterprises (utilities) enjoy a significantly higher level of acceptance than a wind farm owned by an investment fund. In the light of the challenges posed by the expected insufficient degree of expansion [of renewables] as discussed above, this should certainly be an aspect to address by the regulator. This could be achieved simply through incentives to be offered under regional marketing models, which would obligate local utilities to a greater extent to generate energy to be consumed in their areas of supply also by themselves in a decentralised manner, as far as possible. Sadly, the developments suggest an opposite trend. Mainly small and medium sized utilities (owned by municipalities with up to 75,000 residents) are very reluctant to launch or even develop projects by themselves. The auction model (where privileges for public utilities would not apply) involves too much risk.

Finally, the issue of transmission networks should be briefly discussed. In the last decade, many municipalities have repurchased their transmission networks from private-sector entities and begun to act as network operators again (albeit using Private Public Partnership models). This is indeed advantageous in terms of the decentralised structures to be developed. Especially issues such as load management in the distribution network should be also dealt with ideally through local partnership - whether this is done in association with others or ultimately as a regional network operator is certainly conditional upon locality. German transmission networks, however, (which also offer operators hefty returns through German network charges) are partly in foreign ownership. For example, 90% of Tennet's shares are owned by the Dutch government; the ownership structure of Amprion is shown below.



Source: <http://www.bpb.de/politik/wirtschaft/energiepolitik/152918/amprion>

This begs the question of whether it wouldn't be easier (and fairer) to build the network structures if the regions concerned participated directly also here and the network charges (constituting highly secure returns) did not ultimately flow to the pockets of extraneous shareholders, as is currently the case, e.g. the Medical Pension Fund.

It should be emphasised that the necessary expansion of renewable energies in Germany will be only able to function if the ownership structure issue is openly questioned and debated. A strongly decentralised structure of supply should ideally build on decentralised ownership structures and the central infrastructure should also ideally be in public ownership. The idea of wind concessions, which alone seems to be abstract, should be allowed and would immensely advance the energy transition in Germany, increase social acceptance, and help broaden sources of municipal financing.

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## Around the world

> Singapore plans to introduce carbon tax –  
does this mean more RE for the city-state in the future?

By Dr. Paul Weingarten

In 2015, Singapore joined the Paris Climate Agreement under which 196 states undertook to reduce greenhouse gas emissions. By 2030, the city-state intends to reduce greenhouse gas emissions by 36% on 2005. To approach this goal, a plan to introduce a carbon tax (CO<sub>2</sub> tax) was announced by the Finance Minister in this year's budget speech. This tax should apply from 2019 and should level at SGD 10-20 per tonne of CO<sub>2</sub> emissions. According to experts, CO<sub>2</sub> tax would be paid by 30 to 40 large emitters and could indirectly contribute to boosting the production of energy from renewable energy sources.

With a share of more than 96 percent, liquid natural gas is Singapore's primary energy source, which is mainly due to the geographical and climate conditions prevailing there. Therefore, Singapore is first of all focusing on promoting the development of clean and sustainable energy production technologies and the related research activities rather than on applying them. In this area, there are numerous incentive programmes and showcase projects, such as the project conducted on Semakau Island, a small island off the coast of Singapore. Here, Engie SA in collaboration with Nanyang Technological University Singapore and Schneider Electric SE is installing a micro grid (independent power grid) based on integrated energy production from wind, solar, tides and a hydrogen storage system. Such island-based solutions are expected to have high potential in South-East Asia where there are about 1000 inhabited islands with no connection to a traditional energy supply network.

In Singapore, only solar energy can be actually regarded as a feasible alternative to fossil fuels that can be used for domestic energy production. PV installations are mounted on rooftops and facades and installed in form of swimming islands in water reserves. By 2020, the city-state aims to meet at least 5 percent of the power demand using solar energy; this would correspond to a capacity of 350 MWp. Apart from funding programmes for technology development also the contemplated CO<sub>2</sub> tax could contribute to making power from renewable energy more attractive in Singapore.

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## Around the world

### > Development of renewable energies in Poland – Overview of 2017 and prospects for 2018

By Piotr Mrowiec

2017 has been marked by further uncertainty on the RE market. Early 2017 saw a huge fuss caused by a problem-fraught first auction round that took place in late December 2016. At the end of September 2017, a controversial amendment to the Polish RE Law was enacted, which will lead to a further deterioration of the financial situation of many RE plant operators. Moreover, at the end of September, two auction rounds already announced for October 2018 were cancelled at short notice. At the same time, however, the market is by no means at a standstill and numerous projects are being developed. In this article, we summarise the most important events in the energy industry in 2017 and venture an outlook for 2018.

#### Auctions in 2017

When the Energy Ministry announced the first auction round for the supply of electricity from RES in Poland, it justified the small energy volumes available for purchase at that time by stating that the first auction round was a trial auction only and that auctions for all technology baskets with a much larger volume would take place in 2017. The plans providing for large auctions in 2017 were implemented to a modest extent only. It is true that auctions were organised and contracts were awarded to 352 projects for plants of up to 1 MW (mostly PV installations) at the end of June 2017. But no more auction rounds will be organised in 2017.

Two further auction rounds had been scheduled for the beginning of October – one for biomass and hydro power plants with a capacity of over 1 MW and one for small and large agricultural biogas plants. Both were unexpectedly cancelled. The total value of the aid to be awarded to the winners of the cancelled auction should have reached PLN 23 billion within 15 years. The government even annulled the regulations already in force. This abnormal fact results from the lack of communication between the government and the Polish Energy Regulatory Authority during negotiations with Brussels. The auctions were launched when the notification procedure with the European Commission was not yet finished. The plans of URE [the Polish Energy Regulatory Authority] to announce 8 further auctions in this year were put on ice.



### Additional obstacles for the operators of the existing energy plants

Existing plants are not to be envied – many of them have lost profitability due to extremely low prices for green certificates. The deterioration in prices is significant and is posing a threat to the existence of RE plants. From the peak value of over PLN 300 per MWh some years ago, the price for certificates dropped to the historic low of PLN 22 per MWh at the end of June. During the next months the price picked up a bit – the value of green certificates rose by nearly 160% (up to PLN 58) – only to drop again later. And for most of the wind farms to remain profitable, the price of green certificates must be at least PLN 100-150.

A knockout for RE plant operators could be the recently enacted amendment of the RE Law which links the amount of the substitution fee – payable by energy suppliers if they cannot prove [the purchase of] a certain share of green Renewable Energy Certificates – to the price for Renewable Energy Certificates. The substitution fee is PLN 300.03 per MWh and the inevitable outcome is that utilities supplying electricity to end consumers purchase green certificates at the energy exchange where they are much cheaper. After the amendment, the substitution fee will exceed last year's market price for Renewable Energy Certificates only by 25%. Thus, the substitution fee will drop from to PLN 300 to PLN 92. Starting from January 2018, the price could be PLN 40 only. As a result, the price for certificates at the exchange will not recover anymore, which will permanently disrupt the financial situation of the operators of the existing plants. What is more, 70% of the wind farms posted losses amounting to about PLN 3 billion already in 2016, when the prices for Renewable Energy Certificates were higher.

A small consolation is that the recently adopted regulation of the Energy Minister obliges energy suppliers to purchase 17.5% of green certificates next year instead of this year's 15.4% (or to pay a substitution fee).

### Prospects for 2018

Poland is still far behind the EU's 2020 climate goal. If Poland misses the climate goal, it will have to pay penalties or import green energy from other countries by way of so-called statistic transfers. Both options would be expensive. Therefore, it can be expected that in 2018 the government will finally organise auctions of much larger volumes than it has done so far. This at least would be a rational decision.

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## Around the world

### > The Czech government has established framework conditions for the review mechanism required by the EU Commission

By Olaf Naatz

The Czech government has issued a document addressing the mechanism for the review of RE plants in terms of possible overcompensation. According to that document, overcompensation would be considered to exist if an internal interest rate of 10.6% (for fuel-operated installations) and/or 8.4% (for the remaining RE sources) was achieved. The review should in the first place be carried out based on representative exemplary installations. If the review reveals overcompensation, a plant operator can either accept the general measures for recouping overcompensation or have an individual review conducted in his installation. The government document is very generally worded as regards the measures themselves. Therefore, the detailed measures will not be known before the amendment is announced by the Ministry of Industry and Trade.

In the notification procedure regarding the support scheme provided for in Act No. 180/2005 Coll. on Support of the Production of Electricity from Renewable Energy Sources, of which we informed you last time in the May issue of this newsletter, the Czech Republic was obliged to introduce a review mechanism in order to identify possible overcompensation.

In its session on 21 August 2017, the Czech government determined the framework conditions for and the bodies involved in this review mechanism.

Regarding the bodies involved, the government document includes the information that the Ministry of Industry and Trade has been tasked with elaborating an amendment to the RE Promotion Act No. 165/2012 Coll. and the relevant implementing regulation. The amendment will define the legal foundations and the rights and obligations of the involved bodies. The implementing regulation will define the review method and parameters.

According to the government document, the review will be carried out by the State Energy Inspection. The market operator OTE will ensure data collection from the power producers. The Energy Regulatory Authority will, in turn, implement measures aimed at eliminating identified overcompensation.

With regard to the identification of possible overcompensation, it has been explained once more that overcompensation may result from a cumulation of several aid incentives on the one hand, but may also be caused by an overvaluation of the cost factors based on which the incentives were calculated.

The threshold value indicating possible overcompensation has been set at an internal interest rate (IRR) of 10.6% for fuel-operated plants and an internal interest rate of 8.4% for all remaining plants such as wind power, photovoltaic and hydro plants. These values are based on the values listed in the decision of the EU Commission and still regarded as acceptable.

It is worth noting that the method adopted by the Energy Regulatory Authority for determining the feed-in tariffs (FIT) in the years from 2006 to 2012 assumed an internal interest rate from 6.3% to 7% and, according to the EU Commission, the available data show that in the Czech Republic this value is exceeded only for PV (up to 8.4%), biomass (up to 9.5%) and biogas (up to 10.6%).

Regardless of whether there was a cumulation of aid or not, no installations falling within the scope of the de minimis regulation will be subject to the review. Thus, exempt from the review will be installations that received funding of a maximum of EUR 200,000 per enterprise within the previous three years.

Installations receiving aid under several support schemes will be subject to an individual review in terms of possible overcompensation. First, a simplified review will be conducted, as it is argued that it should ensure the effectiveness of the review. It consists of the selection and review of representative installations (at least 10 per group). The division into groups is based on general criteria (year of commissioning, installed capacity, energy source), on the one hand, and also on the type of further aid provided to those installations apart from the aid via feed-in tariff or Green Bonus, on the other.

If the simplified review shows that the aid received by an installation apart from the feed-in tariff or Green Bonus has an interest rate of more than 0.1%, that installation will be subject to an individual review. In such a case, the plant operator will have the possibility to decide whether an individual review should actually take place or whether he voluntarily accepts the general measures determined for the group of installations to which his installation belongs.

If this individual review reveals overcompensation, a measure will be adopted to recoup it.





If there is no cumulation of aid, a review to check any possible overcompensation should be carried out in a representative number of relevant installations (at least five) selected according to the aforementioned general criteria. Such a review of selected installations will be focused on the accrued and future costs, including investment and operating costs.

If the review of a group of representative installations discovers a risk of overcompensation, the plant operator belonging to that group will have the choice to either accept the general measures for recouping the overcompensation or to have an individual review conducted in his installation to find out if it has been overcompensated.

This could lead to a preferential treatment of less efficient installations. Therefore, in the upcoming legislative process it will be important to observe how the amendment and the implementing regulation will address the issue of what operating and investment costs should be recognised. Otherwise, such treatment could pose a risk of malpractice.

Unfortunately, the government document does not indicate the form in which to recoup overcompensation; it only generally repeats all conceivable options in this regard, such as the reduction of aid in the future, shortening of the aid period, or the reclaiming of overcompensation. The key tool, however, might be the price decision of the Energy Regulatory Authority. In the case of aid cumulation, it has also been stipulated that the payment of aid will be suspended in the future or the aid amount will be deducted from the feed-in tariff or the Green Bonus. In this context, also an aid repayment system similar to the solar levy was mentioned as an example.

The amendment to the RE Promotion Act and the implementing regulation might bring more clarity also with regard to this issue.

The draft amendment should be completed by the end of this year and should be presented to Parliament early next year for the legal foundations of the review of installations to be in place in due time. The review will be carried out 10 years after the

commissioning of an installation. Regarding the review of the installations commissioned in the years from 2006 to 2008, the EU Commission has set the Czech Republic a time limit until 2019. However, due to the upcoming parliamentary elections, it does not seem realistic to expect that the draft amendment will be completed this year.

We will keep you posted on the progress in the legislation process in the further issues of this newsletter.

### **The Czech Regulatory Authority has published the price decision for 2018**

Thanks to the decision of the EU Commission regarding the support for renewable energy sources, the Czech Energy Regulatory Authority made and announced the price decision on the amount of support for renewable energy sources for the coming year. This was the first time in two years that the Czech government issued the decision without delay. The price decision is available from the website of the Energy Regulatory Authority [http://www.eru.cz/documents/10540/2887244/ERV5\\_2017\\_titul\\_u.pdf/1fd6e2b7-5238-4696-ada9-2c9ca52e739b](http://www.eru.cz/documents/10540/2887244/ERV5_2017_titul_u.pdf/1fd6e2b7-5238-4696-ada9-2c9ca52e739b). With regard to the existing installations to which an adjustment to the industry price index applies (all installations except for biogas and biomass installations), the feed-in tariffs were increased by 2%. The increase in electricity prices would lead to an increase in the difference between the feed-in tariff and the Green Bonus.

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## Around the world

### > Solar levy in the Czech Republic – First investment protection proceedings completed

Lawsuit against the Czech Republic dismissed

By Olaf Naatz

On 11 October 2017, the arbitration court in Geneva was the first arbitration court to issue an award in the lawsuits brought by foreign investors against the Czech Republic for the implementation of the solar levy.

Adopted in 2010 initially for the period until the end of 2013, the solar levy provision stipulated that operators of photovoltaic installations with an installed capacity of more than 30 kWp and commissioned in 2009 and 2010 had to pay 26% of their revenue from feed-in tariffs (FIT) or 28% of their revenue from the Green Bonus to the state budget. Since 2014, the solar levy has applied only to the revenue of photovoltaic installations commissioned in 2010. Since then, the levy has been set at 10% of the revenue from feed-in tariffs or 11% of the revenue from the Green Bonus throughout the funding period. The reason given for implementing the solar levy was the necessity to recoup the overcompensation that arose because the applicable law did not allow to reduce the feed-in tariff quickly enough to match the rate of decline in technology prices.

Already in 2012, as part of judicial review proceedings regarding the compliance of legal provisions with superior law [Normenkontrollverfahren] the Constitutional Court of the Czech Republic had ruled that the solar levy adopted in 2010 did not violate the discrimination ban or the ownership rights and had denied any retrospective-like effect of the levy – an approach we cannot really understand. In the opinion of the court, the changes that the legislator retrospectively introduced to the funding system in order to restore the investment-income balance were rather legitimate.

Thus, most of the claims raised by domestic investors against the Czech State were refused.

Foreign investors, in turn, had still the possibility to sue the Czech Republic based on investment treaties signed by the Czech Republic, and the Energy Charter Treaty.



In the proceedings now completed, the German claimants referred to the investment treaty concluded between the Federal Republic of Germany and the Czech Republic on 2 October 1990 and argued in particular that not only the implementation of the solar levy in 2010, but also the abolishment of corporation tax exemption and the prolongation of depreciation periods for installations constituted state interventions comparable to expropriation. According to the investment treaty, such interventions are admissible only if appropriate compensation is paid. In the proceedings concerned, a claim was raised for damages and lost profits of CZK 500 million (about EUR 19 million).

According to a press release of the Czech Ministry of Finance, the arbitration court dismissed the claim as unfounded because the recovery of the initial investment is still guaranteed after the implementation of the solar levy.

It seems that also the arbitration court in Geneva decided to approach the case from the economic rather than the legal point of view. Just like the Czech Constitutional Court, the arbitration court might have mainly invoked one of the guarantees included in Act No. 180/2005 Coll. on Support of the Production of Electricity from Renewable Energy Sources. The above guarantee stipulates the obligation of the Czech Energy Regulatory Authority to ensure the recovery of initial investment within 15 years [from commissioning] when determining the incentive amount on an annual basis. But the arbitration court seems to neglect that, apart from that, the amount of income should not be reduced over the same period, but rather adjusted in line with the development of prices of industrial products. It is particularly this guarantee that might have been violated by the implementation of the solar levy leading indirectly and retrospectively to a reduction in revenues by 26% (FIT) or 28% (Green Bonus).

But we will be able to comprehensively evaluate the arbitral award only if and when it is published.

The Czech Ministry of Finance wishes that this arbitral award were a precedent for the decisions in the six further arbitration proceedings pending. However, we point to the fact that arbitral awards do not have binding effect and not all of the arbitration proceedings have been instituted at the same arbitration court. Thus, the aforementioned arbitral award can be seen only as a partial success of the Czech Republic.

It will be interesting to see if the arbitration courts will take a similar standpoint in the remaining proceedings. Should this be the case, then, according to the opinion represented by the courts, no state intervention comparable to expropriation would exist also in situations where the legislator retrospectively intervenes in the legal positions of an investor and significantly devaluates them in order to restore the investment-income balance provided for by the legislator. In this respect, investments would always be burdened with the risk that during the investment recovery period the legislator will conduct a revaluation of the investment parameters set by itself. In this case, the legislator would act as an institution vested with the right to conduct a general evaluation of the profits which an investor "is entitled to" and, therefore, to recoup those profits of an enterprise that are excessive in the legislator's view (whereas this view can change, of course, depending on current events, such as elections or government formation). This would give room to a state redistribution mentality, which would be hardly reconcilable with the idea of legal certainty.

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## Around the world

### > Romania: Latest update on renewable energy legislation in Romania

By Petre Lungu

After renewable energy transactions proved to be hardly predictable in Romania in 2016, and following an unexpectedly strong increase in the energy price on the Romanian energy exchange in early 2017, the Romanian Energy Regulatory Authority has made efforts to establish more balance on the energy and GC market. In response to investors' claims regarding the sale of GCs, the above-mentioned increase in the energy price, and a number of violations by energy suppliers of contracts with energy producers, the Romanian government resolved to amend Law No. 220/2008 as regards renewable energy. The amendment, proposed by the Romanian Energy Regulatory Authority, has implemented a change in the incentive mechanism, in particular by appropriately adjusting the price and transaction framework applicable to GC trading.

Emergency ordinance No. 24/2017 has implemented, among others, the following important changes to the existing funding system:

#### **The issue of green certificates has been further postponed**

The issuing of GCs for solar energy, postponed in 2013 until 2017, was further postponed until 31/12/2024; the postponed certificates will be issued to energy producers proportionately in the period from 01/01/2025 to 31/12/2030. The postponed GCs for wind and hydro energy will be issued from 01/01/2018 to 31/12/2025.

#### **Changed criteria for determining the annual quota of GCs to be purchased by grid operators**

A so-called "Fixed Quota" has been determined in order to improve the allocation of costs between producers and end consumers. The annual Fixed Quota is determined by dividing the number of GCs estimated to be issued in the period 2017–2031 (including postponed GCs) by the number of years until the end of the state aid mechanism. This Fixed Quota will be revised and, if need be, modified by the Energy Regulation Authority every 2 years, taking into consideration the number of GCs actually issued in a given period.

<sup>1</sup> GC – Green certificates.



### Fixed Quota March–December 2017

The Energy Regulation Authority has set the Fixed Quota at 11,233,667 GCs. Consequently, the mandatory purchase quota in the abovementioned period is 0.358 GZ/MWh.

### Limiting cost impact on end consumers

The average impact on the amounts invoiced by grid operators to end consumers has been limited to EUR 11.1/MWh. If the Energy Regulatory Authority finds out that the impact exceeds the above threshold, the mandatory GC purchase quota will be recalculated by way of reduction.

### GC validity period

The currently applicable GC validity period of 12 months has been changed so that all GCs issued after 01/04/2017 will be valid until 21/03/2032.

### Valuation of GCs

All GCs issued after 01/04/2017 are to be recognised as energy producers' assets after their sale and not, as before, at the date of issue.

### Expansion of the market for GCs

Two new markets: the "Centralised Anonymous Market for GCs" and the "Centralised Market for Energy from Renewable Energy Sources supported by GCs" have been made available since 01/09/2017. At the same time it has been forbidden to further extend the existing bilateral contracts for the sale of GCs or to increase the number of GCs for sale under the existing contracts.

Only one GC transaction is allowed between the producer (seller) and the operator (purchaser), except for cases where the purchaser has not met its purchase quota. In such a case, the producer may purchase the required GCs on the market.

### What is to be expected next?

The following further changes or the expansion of the green certificate funding mechanism are planned:

- > Extending the funding mechanism for an additional period if producers install storage capacities in the existing power plants;
- > New legislation on incentives for the production of energy from biomass and biogas or for highly efficient production of heat and power in combined heat and power plants with a capacity of up to 2 MW;
- > Expanding the funding mechanism to support the modernisation of the existing plants up to a national threshold of 4400 MW.

Furthermore, the Energy Regulatory Authority has recognised the issue of bilateral contracts on the public market OPCOM, so the option of granting qualified approvals for the conclusion of simple bilateral power supply contracts is being currently examined.

Finally, the government has budgeted a total of about EUR 20 million of state subsidies for the erection of CHP plants with an annual capacity of max. 8 MW.

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## Neuigkeiten zu internationalen EE-Förderprogrammen

### > Scaling Solar – Current auction rounds in Ethiopia and Madagascar

Both countries have launched their first auction rounds for photovoltaic installations. In a first step, a so-called “Request for Pre-Qualification” is to be submitted, in a second step, successful bidders receive a “Request for Proposals”. For Madagascar, a 25 MWp installation near the capital city of Antananarivo has been put for auction; its specific feature is that, for the first time, also a battery storage station is auctioned as part of the Scaling Solar Programme. In Ethiopia, 2 photovoltaic installations of 125 MWp each are being auctioned.

The documents for the auction in Ethiopia can be obtained for a fee of ETB 1,000 (EUR 30) from the contract award department of Ethiopian Electric Power Company. As for Madagascar, the auction documents can be requested for a fee of EUR 100 from the Secretary of the Ministry of Energy and Mining.

In Ethiopia, the deadline for submitting a Request for Pre-Qualification is 21 November 2017, in Madagascar the request can be submitted by 10 January 2018.

### > Geothermal Risk Mitigation Facility for Eastern Africa – the 5th auction launched

With a kick-off workshop held on 10 October 2017, the “GRMF” incentive programme organised by the African Union started the 5th auction round. Applications are filed in a two-step procedure. At first, an “Expression of Interest” is to be submitted. In a second step, a full application must be submitted for every project that has achieved a score of at least 70 out of 100. Funding is in the form of direct grants and can be obtained for the following eligible projects:

- > Surface surveys with a funding rate of up to 80% of approved eligible investment costs
- > Drillings with a funding rate of up to 40 % of approved eligible investment costs
- > Infrastructure measures with a funding rate of up to 20 % of approved eligible investment costs

The deadline for submitting “Expressions of Interest” is 12 December 2017. Rödl & Partner is a technical consultant of the African Union and is thus responsible for funds management. For further information and the auction documents please go to [www.grmf-eastafrika.org](http://www.grmf-eastafrika.org).

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### Recognising potentials

„At times you recognise something's quality only if you open your eyes consciously. Identifying potential is one of our core competences.“

Rödl & Partner

„Experienced 'Casteller' realise pretty soon if it is worth to pursue the idea of a new formation.“

Castellers de Barcelona



„Each and every person counts“ – to the Castellers and to us.

Human towers symbolise in a unique way the Rödl & Partner corporate culture. They personify our philosophy of solidarity, balance, courage and team spirit. They stand for the growth that is based on own resources, the growth which has made Rödl & Partner the company we are today.

„Força, Equilibri, Valor i Seny“ (strength, equilibrium, valour and common sense) is the Catalan motto of all Castellers, describing their fundamental values very accurately. It is to our liking and also reflects our mentality. Therefore Rödl & Partner embarked on a collaborative journey with the representatives of this long-standing tradition of human towers – Castellers de Barcelona – in May 2011. The association from Barcelona stands, among many other things, for this intangible cultural heritage.

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