

**GOVERNMENT OF ROMANIA**  
**MINISTRY OF ECONOMIC AFFAIRS**  
**DEPARTMENT OF ENERGY**

**Letter addressed to: Permanent Representation of Romania to the European Union**

**Ref: Implementation of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency**

In order to fulfil the requirements of Article 7(9) of Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC, and Part 4 of Annex 5 thereto, the Romanian Department of Energy hereby provides the following information on the policy measures it intends to adopt to set up the national energy efficiency obligation scheme, and the proposed methodology for operation of this scheme.

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## **1. Introduction**

Improving energy efficiency is a key priority of national energy policy, due to the increased importance of achieving security of supply of energy, sustainable development and competitiveness, saving primary energy resources and reducing greenhouse gas emissions.

In the context of the objectives undertaken at EU level to reduce primary energy consumption by 20 % by 2020, Romania set itself a primary energy consumption target of 43 million toe by 2020, which is a 19 % reduction on the consumption forecast in 2007.

An average primary energy consumption of 35 105 million toe was achieved in the period 2010-2012, compared to 39 799 million toe in 2008. Industry, as the main sector affected by the economic crisis which began in 2009, was responsible for this decrease.

## 2. Establishment of 2020 target and interim target

Romania set itself an indicative national energy efficiency target to achieve primary energy savings of 10 million toe by 2020.

According to analyses/estimates, achieving this target means that by 2020:

- primary energy consumption will be around 43 million toe;
- final energy consumption will be around 30 million toe.

In its first National Energy Efficiency Action Plan (NEEAP 1), Romania set itself a national target of **reducing primary energy consumption by 19 % by 2020**.

Based on the available data, we can confirm that Romania is on track to meet its primary energy consumption target of 43 million toe.

Romania also undertook in NEEAP 1 to reduce **final energy consumption** in the sectors falling within the scope of the Energy Services Directive (ESD) by 1.5 % per year during the period 2008-2016, compared to the average recorded during the period 2001-2005. This will result in final energy savings of 2.8 million toe by 2016.

The second NEEAP includes a separate chapter on primary energy saving measures in the energy sector (electricity generation and heat production, power transmission and distribution, promotion of renewable energy sources) in order to meet the planned target for 2020.

Romania has therefore proposed an interim target for the end of 2016 so that it can introduce new energy efficiency measures, depending on primary energy savings and economic growth.

### 3. Choice of options

Analysis carried out within the interinstitutional working group consisting of bodies responsible for implementing energy efficiency measures revealed that it would not be appropriate at this stage to introduce an obligation scheme in accordance with Article 7(1) of Directive 2012/27/EU.

An obligation scheme is not being considered in Romania, at least not during the initial 2014-2016 period, due to the following considerations:

- an obligation scheme would require an increase in energy prices for final consumers as a result of increasing the distribution tariff, which would exceed the population's level of affordability, given that around 40.3 % of the Romanian population is at risk of poverty (according to Eurostat, December 2013); in this situation, the same percentage of the population would find themselves in energy poverty. All the investments made by electricity distributors and/or suppliers will lead directly to increases in tariffs and prices, which will come on top of the increases in electricity and natural gas prices already scheduled in the coming years, and the two taxes already included in energy bills, which relate to the cogeneration bonus and the cost of the green certificate.

- the moderate pace of economic growth taken into account in the estimate of primary energy consumption for 2020 shows that Romania is within the target set.

An obligation scheme might be considered on the basis of an analysis of the annual results following implementation of alternative policy measures, by the end of the initial period proposed (1 January 2014 - 31 December 2016).

Regarding the policy measures to set up the energy efficiency obligation scheme, **Romania has opted for a range of alternative policy measures achieved through specific energy efficiency programmes and the establishment of an Energy Efficiency Investment Fund (EEIF) or the development of the existing Energy Efficiency Fund (REEF).**

### **Alternative policy measures:**

Given the need for an integrated approach to realise the full potential of energy savings across all sectors, from the energy supply sector to end users, we propose the following measures:

#### **- Establishment of an energy efficiency investment fund**

This fund would be able to tap into private funds, structural funds, auctioning revenues under EU ETS provisions and possibly the state budget.

#### **- Conducting energy audits**

We plan to carry out systematic energy audits conducted by internal experts or energy auditors, and to carry out quality assessments on these audits.

#### **- Training of energy auditors**

We are encouraging energy auditor training programmes in order to ensure that there are sufficient experts.

#### **- Consumer awareness-raising and advice campaigns**

We plan to develop programmes to raise awareness among households of the benefits of energy audits through energy advisory services, which will result in the adoption of energy efficient technology or techniques and consequently reduce end users' energy consumption.

#### **- Regulations or voluntary agreements**

These regulations will also result in the adoption of energy efficient technology or techniques.

#### **- Supporting the development of ECSOs**

At present, the ECSO market in Romania is in its infancy; some Energy Service Companies exist, although they are few in number compared to in other EU Member States.

ESCO-style companies can ensure that energy costs are reduced by drawing up and implementing energy-efficiency projects for various customers, with the end result being that savings will cover the entire cost of financing the project.

ESCO-style companies can guarantee the performance of energy projects and their implementation within the beneficiary's annual operating budget, as well as flexible financing options, so that the benefits are consistent with the performance of the programmes implemented.

The regulatory framework for the establishment and operation of ESCOs will be developed by 2016, in parallel with development of the market for these energy service companies and promotion of energy performance contracts. The following priorities have been identified with regard to sectoral energy efficiency programmes:

- **Energy system**
  - efficiency in energy transformation/generation;
  - high efficiency in cogeneration;
  - reduction of losses in the electricity transmission and distribution networks;
  - improving the efficiency of heat supply systems;
  - assessment of the results and extension of the 'District heating 2006-2015 - heat and comfort' programme until 2020.
  
- **Residential sector**
  - renovation of residential buildings;
  - conducting systematic energy audits;
  - renovation of buildings;
  - renovation of district heating.
  
- **Industrial sector**
  - energy management based on systematic energy audits;
  - analysis of the potential for introducing energy efficient equipment, both in heavy industry and within SMEs.
  
- **Service sector and municipal sector**
  - energy efficiency in public and private buildings;
  - energy efficiency in public lighting.
  
- **Transport**
  - energy efficiency in all means of transport: private, commercial, urban public, rail.

#### **4. Responsible institutions**

##### **Ministry of Economic Affairs - Department of Energy**

The Department of Energy develops energy efficiency policies, coordinates interinstitutional cooperation in this area, develops National Energy Efficiency Action Plans (NEEAPs) and drafts the associated reports.

##### **Ministry of Regional Development and Public Administration (MDRAP)**

MDRAP is responsible for:

- implementing energy efficiency programmes and measures in the buildings sector and heat supply sector;
- monitoring and reporting the energy savings achieved through the programmes mentioned above;
- developing energy efficiency programmes at household level, through building insulation programmes;
- launching energy programmes at local authority level, aiming to develop local energy strategies, implement energy efficiency measures in public buildings (schools, hospitals, nursing homes, etc.) and in particular in low income households.

##### **Ministry of Economic Affairs (ME)**

ME has the following responsibilities in this area:

- developing and implementing energy efficiency programmes in the industrial sector;
- developing ESCO-style companies (use of energy performance contract).

##### **Ministry of Agriculture and Rural Development (MADR),**

MADR can develop programmes to encourage the use of biomass in order to generate energy from high efficiency cogeneration and stimulate cultivation of energy crops.



## **Ministry of the Environment and Climate Change (MMSC)**

MMSC is responsible for developing programmes/instruments to finance reductions in greenhouse gas emissions through energy efficiency measures.

## **National Energy Regulatory Authority (ANRE)**

Pursuant to Law No 160/2012 approving Government Emergency Order No 33/2007 amending Law No 13/2007 (the Electricity Act) and Law No 351/2004 (the Gas Act), ANRE has the following responsibilities:

- Setting up and managing a national database, which it requires to carry out its business and to provide information to other authorities with a view to formulating a development strategy for the electricity sector;
- Approving regulations on promotion of electricity generation from renewable energy sources, promotion of high efficiency cogeneration and promotion of energy efficiency for end users, and monitoring the way in which operators in the electricity sector implement these regulations, and the efficiency of promotion systems in meeting the proposed objectives, in accordance with the relevant legislation.
- Implementing smart metering pilot projects on the basis of ANRE assessments.

## **Other competent bodies/organisations**

Efficient use of energy (including funding programmes/projects) is a complex action. A number of national and local bodies/organisations are involved in the measures developed.

European funds play an important role in financing energy efficiency projects/programmes. The management authorities and intermediate bodies set up to manage the sector operational programmes are the bodies responsible at national level for implementing and monitoring the implementation of energy efficiency projects

The Environment Fund implements programmes to reduce greenhouse gas emissions by implementing energy efficiency measures in various sectors.