

Summary report: Energy Stakeholders' Dialogue in Romania, 5 May 2022

On 5 May 2022, the European Commission Representation in Romania (EC REP), in cooperation with the Directorate General for Energy of the European Commission (DG ENER), hosted an online dialogue with stakeholders in the energy field from the public, private and civil society sectors in Romania. Main topics included the Fit for 55 package/ decarbonisation, just transition and security of supply issues.

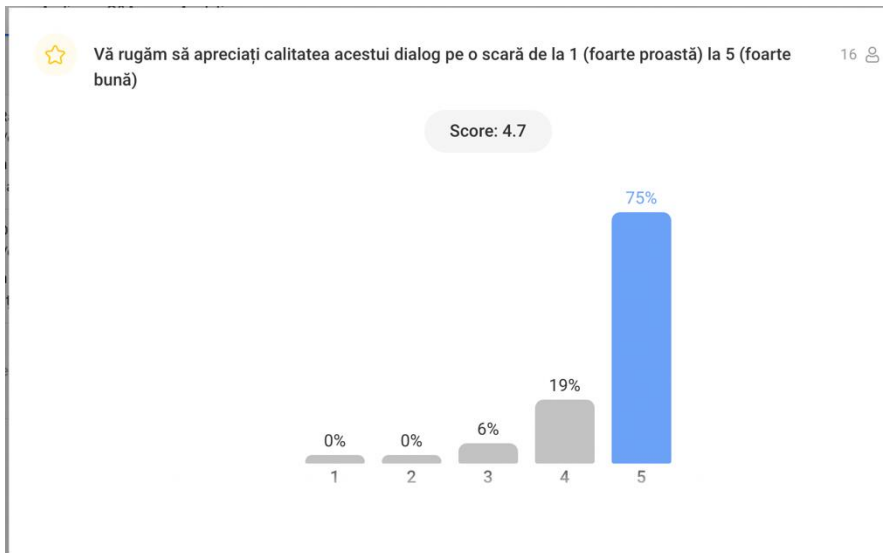
The dialogue opened with a short welcome speech by Ramona CHIRIAC, Head of EC Representation in Romania, followed by presentations from DG ENER colleagues and a lively Q&A session with the participants. The event was moderated by Otilia NUȚU, expert on energy policies with ExpertForum, a well-known Romanian think-tank.

DG ENER colleagues presented the following topics:

- European Green Deal, RePowerEU and just transition by Tudor CONSTANTINESCU;
- State aid and energy prices by Diana BARGLAZAN;
- Infrastructure and security of supply by Carmen OPREA.

Approximately 40 participants joined the meeting, representing various public authorities, companies, stakeholders and civil society with an interest in the energy sector.

Around half of the participants provided their feedback on the quality of the debate, which registered a very high score (4.7 of 5).



Summary of main points raised in the presentations:

- 41% of funds under the Romanian NPRR are allocated to the green transition (buildings' rehabilitation & energy efficiency, renewables and hydrogen deployment);
- Romania should deal, in an integrated manner, with opportunities created by Fit for 55 and RePowerEU initiatives, including as regards tapping into the offshore wind potential;

- Maritime and river transport in Romania offer major opportunities for low-carbon economic development and decarbonisation;
- The transition plan for Valea Jiului, CE Oltenia and Hunedoara needs to be finalised in the shortest delays in order to use the dedicated 1.9 bil. Euro under the JTF;
- There are many other EU funds available to Romania that, combined with private funds, could promote economic modernisation and growth through investments;
- Wholesale electricity prices have increased in Romania (400% up), but less than EU average. Retail electricity prices increased much less, but the impact on retail markets is felt with some delay, and we can expect the upward trend to continue; wholesale gas prices have also increased much less in Romania compared to the EU average. If towards the end of 2021 Romania had among the highest retail price increases for both electricity and gas, this is no longer the case now.
- Energy projects with Romanian participation (BRUA, Southern Corridor, interconnectors with Hungary and Bulgaria) are key of supply security. Major legislation, such as the offshore law, needs to be speedily adopted and implemented to support the objective of phasing out dependence on Russian imports, both at national and European levels;
- Current energy crisis will be taken into account in the revision of the NECPs and possibly of the national plans for resilience and recovery, if only in very limited way;
- Under RePowerEU, Romania could develop its potential in the following fields: biomass, solar and wind energy, offshore resources, hydrogen, as well as related economic supply chain and services;
- Romania has not (yet) considered changing its deadline for coal phase-out, which is sustainable and achievable as it stands.

In the ensuing discussion participants raised following issues:

- The importance of the additional taxonomy DA that lists gas and nuclear as sustainable sectors. This would allow Romania achieving energy independence and security of supply and becoming a generator of energy security in its region. The need to improve the image of nuclear which provided low carbon electricity, while being safe (*nuclear stakeholder*).
- The possibility of changing the NECP and RRP considering the ongoing crisis of high energy prices.
- Which are the sectors in which Romania could speed up transition among those mentioned in the Repower EU Plan? How could Romania make best use of this opportunity?
- Coal phase- out in Europe and progress in other Member States. The effects of the just transition/ coal phase out causing an increased use of gas in Romania and the available options to avoid this.
- Development of renewables in Romania, prosumers. How could the Commission encourage Romania to do more?

- Energy prices and the Commission toolbox offering Member States avenues to address the crisis. The need for the Commission to promote more transparency on the elements composing the fuel price.

In their reactions DG ENER representatives highlighted that

- Taxonomy is not a policy per se, but a measure aiming to ensure transparency and allowing investors and stakeholders to make informed choices as regards sustainable economic activities. Certain nuclear energy and gas activities have both been included in taxonomy, as transitional activities for their potential to accelerate the transition to clean energy. Moreover, they have to fulfil very strict criteria in order to be considered sustainable sources. As such, their status as sustainable energy sources, and the criteria attached, are revised every 3 years.
- RePowerEU provided avenues to tackle the ongoing energy crisis and to cut dependence on Russian fossil fuels, notably by accelerating the energy transition and reduce dependence on fossil fuels in general. In the short-term, solutions to diversify the gas supply have been considered. This might entail targeted revision of the national plans for resilience and recovery too.
- It is important for Member States to develop production capacities according to their potential. Romania could develop new capacities and use existing resources in fields such as biomass or biogas, solar and wind energy, offshore sources, hydrogen, as well as production of dedicated equipment or construction of dedicated facilities. Romania could make best use of the opportunities entailed by Repower EU by fostering a permanent dialogue between authorities and stakeholders. The Commission could provide support, if needed.
- The aim of the Just Transition Fund is to support Member States' transition path to clean energy, encouraging them to go well beyond the simple switch between coal and gas. Investments in natural gas projects are not eligible in the Just Transition Fund. Moreover, they depend on implementation partners, one of them being EIB which has very strict criteria for such projects.
- The Commission is focused on promoting renewables, including hydrogen, and energy efficiency. Natural gas and nuclear energy can support and accelerate the transition away from fossil fuels.. Natural gas is expected to still play an important role during this decade, but much less in the perspective of climate neutrality by 2050. Member States should not consider the intermediate steps taken towards meeting the climate targets (like replacing coal by gas) as their endgame, but simply as progressive stages in the fulfilling of a long-term goal.