

Welcome!

Risks and perspectives
for the development of microhydro power projects

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Status

- Micro hydro (≤ 10 MW) qualifies as E-RES and benefits from RES support scheme
- 445 MW as of January 2014 / 477 MW as of January 2015
- Level of support

COD until 31 December 2013	COD from 1 January 2014
3 GCs/MW new*	2.3 GCs/MW new
2 GCs/MW refurbished	2 GCs/MW refurbished
* 1 GC blocked from trading until March 2017	

- Alternatively, feed-in tariff system for projects ≤ 500 kV, methodology to be finalized/approved by ANRE – WHEN?

Development Risks

∅ Related to real estate:

- conflict between Order 980/2011, requiring the lease of the riverbed for the purpose of the water management approval and Law 50/1991, requiring an in rem right for the purpose of the building permit

∅ Related to permitting and licensing

- typical challenges for permitting and licensing of E-RES projects (zoning plan?)
- plus specifics: water management endorsement and authorization issued by Romanian Waters Authority
- environmental risks: protocol between Ministry of Environment & WWF – restrictions for protected areas, definition of exclusion areas
- water management endorsement subject to financial guarantee
 - EUR 50,000 - 1MWh
 - EUR 45,000/MW 1MW - 5MW
 - EUR 37,500/MW 5MW - 10MW

which may be executed if construction works do not kick-off within defined timeframe.

Operational Risks

- Ø Related to the support scheme (similar for all E-RES):
 - uncertainty, lack of predictability/stability - eg reduction of the RES mandatory quota, recent initiative in the Parliament to eliminate the GCs legal minimum price
- Ø Related to trading of energy products:
 - ban on freely negotiated bilateral GCs trading in 2013 – trading on OPCOM only – reduced flexibility on existing platforms
 - Order 78/2014 - rigid rules for bilateral power trading on OPCOM, not compatible with E-RES
- Ø Related to tax aspects
 - 1% tax on special constructions (reduced from 1.5%)
 - OMFP 3055/2009 as amended by way of OMFP 2067/2013 – accounting treatment of GCs
 - water use tax

Perspectives

- Ø Feed-in tariff system for projects ≤ 500 kV, methodology to be finalized/approved by ANRE – alternative to the GC system
- Ø Opening of the Romanian RES support scheme to RES producers in other Member States – increased competition on the GCs offer side
- Ø Potential replacement of the current support scheme with market premium type scheme (eg CfD mechanism, similar to the UK system)

Thank you!

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