

How do investors, banks and authorities see Romania's second wave of renewable energy investments? Takeaways from a recent event organised by Schoenherr

On 13 May 2021, Schoenherr Romania organised a webinar on current trends in the Romanian renewable energy sector, where it also launched *renew Romania* – a guide for investors and developers active in this market.

The event was hosted by Schoenherr Romania partners **Monica Cojocaru** (corporate/M&A, energy) and **Simona Chirica**, PhD (real estate and constructions), who discussed what is happening in this market with their guest speakers **George Niculescu**, State Secretary, Ministry of Energy; **Cristina Ghimbovski**, Head of Project Finance & Financial Analysis, Banca Comerciala Româna; **Adrian Borotea**, Vice-President, Romania Wind Energy Association (RWEA); and **Martin Moise**, Vice-President, The Renewable Energy Power Plant Owners Association of Romania (PATRES).

"We have noticed growing interest in renewable energy in the market and among our clients in recent months. There is talk about a second wave of investments and developments in this sector, but the landscape is very different than it was 2008 – 2014. The challenges and concerns in the market are distinct, and we come upon new questions regarding transactions and greenfield investments." – said **Monica Cojocaru**, *partner at Schoenherr Romania*, specialised in corporate/M&A and regulatory/energy.

The topics of the event refer to projects the authorities are currently working on aimed at supporting the renewable energy sector (including the contracts for difference mechanism – CfD, the regulation of power purchase agreements PPAs, or drafting guidelines that will allow applicants to obtain financing from the Modernisation Fund), energy project bankability, investors' expectations and the challenges they face, as well as ways to align stakeholders' interests.

"We must learn from past lessons and it is important that we allow a stable and predictable framework for renewable energy investors," said **George Niculescu**, State Secretary, Ministry of Energy during the event. Regarding the status of drafting the legislative package that would make the implementation of a new support scheme possible, he mentioned that "a reasonable timeframe for the CfD mechanism to come into force is 24 months, but the Ministry aims for an accelerated schedule which would make the new support scheme possible in 16 – 18 months. The mechanism architecture is currently being designed by external consultants as well as in the Ministry's working group." Also, referring to the status of the adoption of the financing guidelines and priority criteria that would make possible applications for accessing the funds from the Modernisation Fund, Mr Niculescu mentioned that the Ministry of Energy hopes this will be ready in time for the call for applications round scheduled for December 2021.

"This is a good time for renewable energy," said **Adrian Borotea**, Vice-President, RWEA. "The political will exists both on a European and national level to spur up investments in this field and to continue to solve the practical issues it faces. Romania has genuine potential in this sector and investors are ready to tap into it. We believe it is important that the industry and the authorities work closely together to ensure the measures that would allow this potential to be achieved are implemented."

"Renewable energy investors need long-term predictability and stability," **Martin Moise**, Vice-President, PATRES pointed out. "It is essential that Romania restore investors' trust in the country's ability to ensure a clear, predictable and stable legislative framework. Introducing a new support scheme, as well as making PPAs possible, are some of the key elements to this end." Speaking about the CfD mechanism announced by the authorities, he mentioned that "it is important to run a case-by-case analysis when defining how the support scheme would work

for different technologies."

"In assessing the possibility of financing a renewable energy project, banks also consider the investor's experience in the sector, technological maturity, as well as the extent in which the project is financially self-sustainable," said **Cristina Ghimbovsi**, Head of Project Finance & Financial Analysis Corporate Products Division, Banca Comerciala Româna. "Until a new support scheme is introduced – which is essential to boost the development of the renewables sector – but also after that moment, the possibility to conclude PPAs is a critical factor that can increase the bankability of renewable projects."

"Things got more complicated than they used to be during Romania's first wave of renewable investments," **Simona Chirica**, PhD, partner at Schoenherr Romania, specialised in real estate and construction, remarked. "Besides the legal matters that are usually analysed when securing the land needed for developing renewable energy projects (which are quite numerous), a series of matters set forth by more recent legislative changes also need to be carefully considered, such as the new agriculture land sale procedure introduced last year, or the need to obtain a soil quality certificate."

At this event, the first edition of **Schoenherr's** annual publication *renew Romania* was launched. Produced by Schoenherr Romania, the guide also features content from the global renewable energy community REN21, major banks active in Romania (Banca Comerciala Romana, Banca Transilvania, ING Bank Romania, Raiffeisen Bank Romania), EU funding experts (Wise Finance Solutions), industry associations (PATRES, RWEA), as well as from energy lawyers in the Schoenherr offices throughout Central and Eastern Europe. The publication can be downloaded from the Schoenherr website at: <https://www.schoenherr.eu/content/renew-romania-2021/>.

"Renewable energy is a major pillar for our country to reach its targets in the energy transition. By taking a series of measures to improve its policy landscape, Romania could create the necessary framework to turn the interest we now see in the market into a success story for the renewables sector. To this end, it is important to keep the dialogue open between all relevant parties in this market, and *renew Romania* is aimed to facilitate just that", said **Monica Cojocaru** about the publication launched during the event.

***Schoenherr** is a leading regional full-service law firm. With 15 offices and four country desks, it has a firm footprint in Central and Eastern Europe. Schoenherr has been active in Romania for 25 years, providing legal advice to local and international companies on the full range of legal matters relevant to their business. Schoenherr Romania is ranked by all major international legal directories (Chambers and Partners, Legal500, IFLR1000).*