

CMS | Romania launches second CfD auction



On 12 May, the Romanian Ministry of Energy launched the auction initiation order for the second CfD ("Contracts for Difference") auction of 2025. The deadline for submitting clarifications is 30 May and the deadline for submitting applications is 11 July.

Successful applicants will be announced on 14 August and new CfD contracts will be signed before 9 September.

The total capacities in the auction are as follows:

- ◆ 2,000 MW for onshore wind;
- ◆ 1,472 MW for solar PV.

The maximum cap prices have been set at the following:

- ◆ 80 Eur/MW for onshore wind;
- ◆ 73 Eur/MW for solar PV.

One major change from previous tender rules is that the 25% capacity threshold no longer applies.

Hence, bidders will be able to bid for any amount of capacity for one or multiple projects with the obligation to declare its participation in other projects.

CfD beneficiaries with a signed CfD contract are allowed to participate in this auction with other projects since the capacity from this auction won't be cumulated with the capacity auctioned in 2024.

As with the previous rules, applicants are allowed to bid with partial capacity.

The amount of the bonds have remained unchanged – 20 k EUR/MW for the bid bond and 75 k EUR/MW for the performance bond.

Several clarifications have been made with respect to the ATR submission. The ATR must be submitted within 6 months from the signing date of the CfD. However, if the applicant has an ATR by the time of applying for the CfD, it must submit a copy if it. Otherwise, the applicants must submit proof that the application for the ATR has been initiated or a valid grid connection contract. The ATR must provide at least the capacity offered for CFD, in terms of number of MW.

Eligibility criteria remain largely the same and are as follows:

Eligibility criteria for the applicant

- The applicant must be an legally established entity;
- The applicant must have as its principal or secondary activity, production of electricity from renewable energy resources; and
- The applicant must have experience in the development, construction or operation of comparable projects in Romania or globally, in any period within the last ten years. The applicant may submit its own projects as reference or those of any of its affiliates for consideration, with the condition of mentioning the respective affiliates in the organisational chart;
- The applicant cannot be:
 - insolvent or unable to pay its debts;
 - bankrupt or in liquidation
 - owing unpaid taxes, fees, and contributions;
 - in serious breach of the provisions of public procurement legislation;
 - convicted by a final judgment for fraud or corruption;
 - subject to a decision to recover state aid issued by the Competition Council of the European Commission;
 - in difficulty as an enterprise;
 - subject to any international sanctions imposed by the UN, EU or any other authority with jurisdiction over them.

Eligibility criteria for the project

- The project will be implemented on the territory of Romania.
- The project represents new onshore/solar PV capacity.
- The “start of works” must not have occurred prior to 20 July 2022 and the “start of works” may be identified by the occurrence of the first of the following events:
 - the conclusion of an EPC contract or an equivalent contract;
 - placing an order or signing a supply contract or any other legally binding commitment for the purchase of the main equipment necessary for the project, such as wind turbines, solar panels, inverters, etc.; or
 - the actual commencement of construction work at the project site.
- The project capacity must be greater than 5 MW ac.
- The project must have an ATR within six months from the signing of the CfD contract.
- The target commissioning date must not exceed 36 months from the signing of the CfD contract.

Further clarifications have been made regarding obligations to prove the financial standing of the applicant (previously included as part of clarifications for first round).

In this respect, the applicant must specify the total estimated cost of the project and provide reliable and verifiable evidence of financing covering the total value of the proposed project in the form of:

- A letter or letters of comfort regarding financial support issued by (i) a bank or banks in Romania, or (ii) an international financing institution with a minimum credit rating of BBB according to S&P (or the equivalent); and/or
- An authorisation from the applicant's Board of Directors or another high-level decision-making body of the applicant or consortium regarding the financing from own sources.

Specific details about the content of the comfort letter and the applicant's Board of Directors authorisation have

been provided.

While the rules regarding the submission and evaluation process have not been changed, one small amendment has been made about the marginal offer mechanism now at a 120% threshold (the previous mechanism allowed only 110% capacity to be granted).

The bid bond release process has been simplified by eliminating the release procedure and providing for the ineffectiveness of the bid bond upon expiry. Therefore, at the end of the validity period, the bid bond will become void.

In addition, the CfD scheme has been aligned with the general principle of “Do No Significant Harm” according to state aid EU regulations. In this respect, CfD beneficiaries (i.e. companies awarded a CfD contract) must submit within 30 days from receiving the CfD contract an affidavit confirming compliance with DNSH principle with a self-assessment questionnaire. For companies that have already signed a CfD contract from the previous auction, this obligation must be fulfilled within 30 days from the entry into force of this Order.

For more information on the rules governing this and other auctions, contact your CMS client partner or these CMS experts: **Varinia Radu, Ramona Dulamea and Ada Romanti.**