



EUROPE ROMANIA

Romania is integrated into the Green Deal effort for energy transition towards a climate neutral impact and generally faces the same issues as the other EU countries. However, its geostrategic position and the challenges and changes induced by the pandemic raise some specific issues. The following factors: the pandemic, commodity price volatility, doubts over the process of liberalisation, and international political crisis, all continues to have a significant impact on Romanian energy sector. The speed of change raises an additional challenge to two of energy trilemma dimensions: security of supply and affordability. It's clear why critical uncertainties include **commodity prices and affordability**. Taking into account the security crisis in the region proved that last year's main concern, but geopolitics has not been mentioned directly this year, probably because the survey was taken before the situation deteriorated in last few months. In this context and in the process of deploying digitalisation of the energy sector, energy leaders realised the importance and challenge of **cyber risk** for this strategic sector.

The other two uncertainties (**climate change management and renewables**) are related. These concerns represent a continuation of those identified in the previous year and are also connected to the uncertain status of the energy sector's investment environment. Unfortunately, this is still unclear in the current environment of the pandemic, and volatility in commodities prices, and the existing legal and regulatory framework, especially concerning the off-shore investments.

Concerning the top 5 action priorities for Romania, two of them are the same as last year: **energy efficiency** and **nuclear**. Energy efficiency is a key issue everywhere, and its importance appeared to be higher in the context of National Integrated Plan Energy and during the recent challenges: new prices, unbalanced energy markets, and transition requirements. **Nuclear** is also important for Romania and it is perceived as a tool for GHG emissions reduction. The leaders of this subsector will face challenges in the coming years because one of the reactors of Cernavoda Power Plant will be shut down for modernisation, however, there will be actions for preparing implementation of small modular reactors in Romania.

A new issue appeared to be **land and water availability**. The reason is the length of approval process for some energy investments because of bureaucracy, but also the difficulties of using land for energy projects, especially for PhV. Decisions were made in 2022 to unlock a number of hydro projects that have were started long time ago, but were stopped for administrative reasons.

In the context of efforts made by local authorities to transform their localities in smart and/or green ones, a new issue appeared to be of high importance: **urban design**. That is related to energy and transport management in the city, waste recycling, and the creation of green areas. Communal energy leaders are interested developing more friendly services with focus on centralised district heating using cogeneration. Based on mandatory energy strategies for towns and municipalities, these systems have to be improved and better monitored and backed by a National Plan for buildings' rehabilitation already approved. Buildings' rehabilitation is a good opportunity to extend use of renewables in the urban environment and to involve active consumers for a smooth transition.

One of the tools for solving energy crises is regional cooperation, that is why sector specialists considered that **cross-border trade** is important and is one of the action priorities. Romania extended its interconnections both for electricity and gas, but there is room for more development. Gas pipes have been built to connect with South and Western countries (project BRUA) and with East (with Republic of Moldova), and the target for electricity interconnection rate will probably exceed the target for 2030 (15%).

A number of measures have been already taken in order to transform some of uncertainties into priority actions. Among them: improvement of the legislative and regulatory framework (amended law for electricity and gas, amended law for thermal energy), short term measures for capping the energy prices and reducing the bills, long term measures for promoting investments in the sector (introducing long term contracts and promotion of green investments, better monitoring of the energy markets, measures for mitigation of energy poverty), preparation of mandatory energy strategies for urban localities. TESTING PERSPECTIVES WITH

TESTING PERSPECTIVES WITH THE WEC ROMANIA MEMBER COMMUNITY

The results of the World Energy Issues Survey were discussed with WEC Romania members in February 2022. During the discussion, the key findings regarding Action Priorities and Critical Uncertainties were confirmed and the following three theses were highlighted:

1. The rapid changing renewable energy landscape and a shifted focus to the ESG

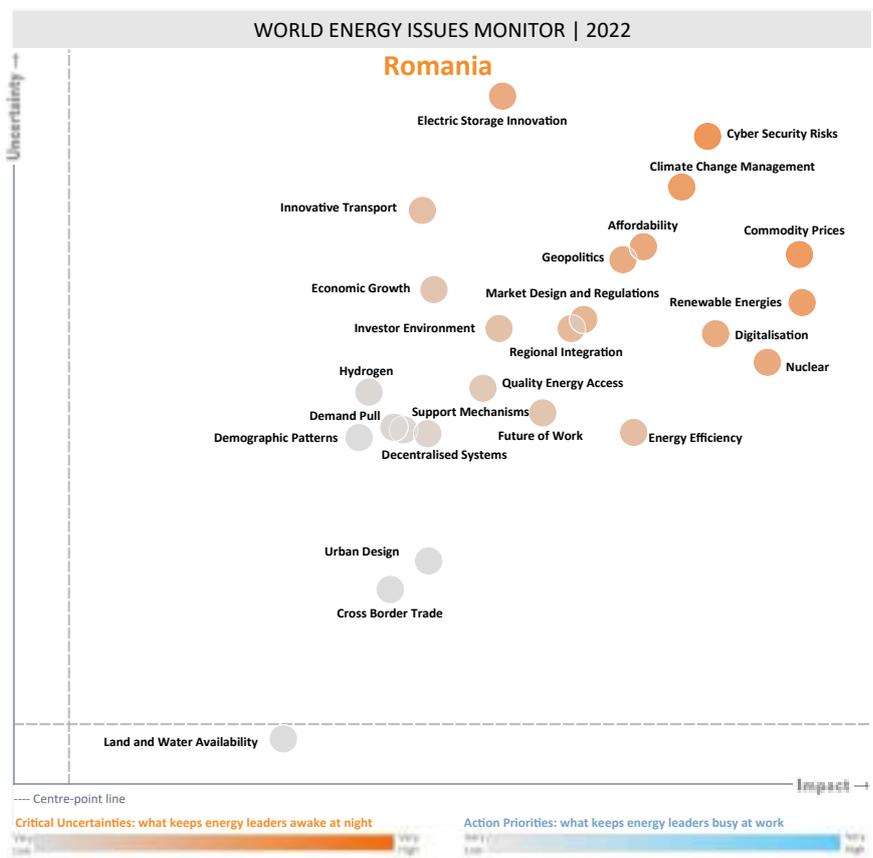
2. Energy sector has to be re-considered as an essential lever in Romania's sustainable development

3. The pandemic could become an opportunity for Romania to have an accelerate transition

The pandemic has had an impact; however it seems that there are also some other problems and related solutions: a better monitoring of the markets, a clearer legal and regulatory environment, more courage in applying, 'energy efficiency first' principle, higher involvement of active consumers.

During and after the transformation into a market economy, Romania was able to become a net exporter of electricity and had a high degree of independence for fossil fuels. A number of important nuclear and hydro projects have been stopped while the power consumption increased year by year. However, in the last decade, few energy projects have been implemented. As a consequence, Romania became a net importer of energy in the region and more sensitive to price fluctuation. The solution could be to promote a more attractive environment for new investments, particularly green investments. Therefore 2022 becomes critical for promoting a clear legislation for off-shore gas and wind projects.

The pandemic could be a turning point because - in many cases - generates a lower energy consumption, however the change of focus from energy to health problems is detrimental for energy sector. It is not only attention to specific issues, but also the money involved. Romania's power generation sector is dominated by state owned companies and the owner uses their profit for medical purposes, obviously more urgent, the result is delay of energy investments. The solution is to promote a clearer environment for green investment and to use the tools that can be developed by the EU Just Transition Initiative



WORLD ENERGY COUNCIL

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