

Solar incentives romania

Romania's Ministry of Energy has approved the Contracts for Difference (CfD) scheme which seeks to attract 5GW of solar PV and wind capacity by the end of 2025.

Originally expected to be launched last year, the first round of the CfD will instead happen later this year, while the second round will take place in the third quarter of 2025.

The capacity proposed to be installed comprises entirely of new solar PV or wind projects. However projects which started construction on or before 9 March 2023, from 20 July 2022, could be eligible under the CfD scheme - subject to certain conditions - to the extent that these investments were eligible under the previous Temporary Crisis Framework.

Total budget for the two rounds of CfD for solar PV and onshore wind is estimated at EUR3 billion (US\$3.3 billion). The funding comes from Europe's Modernisation Fund which seeks to help ten member states - among which Romania - modernise their energy systems.

Projects awarded on either round of the scheme will be entitled to receive a CfD payment for a duration of 15 years. Further details regarding the tenders, including the maximum bidding prices and the exact date for the first auction, will be provided at a later date.

The launch of the CfD has been expected for a while now, ascovered in a PV Tech Premium article in 2022that looked at the Romanian's market emerging solar PV interest in anticipation of the scheme and further expanded last year with a closer look at the Romanian market that issetting itself as an attractive market in Europe.

The European Commission has approved EUR3 billion (\$3.9 billion) for solar and onshore wind projects in Romania, with two-way contracts-for-difference through competitive bidding procedures.

It will grant the aid through competitive bidding procedures, in the form of two-way contracts-for-difference (CfD). Future projects involving the construction and operation of new PV and onshore wind installations will be eligible.

Under the terms of the CfD, the strike price will be determined through competitive bidding procedures, while the reference price will be calculated as a monthly output-weighted average of the market price of electricity in the day ahead markets.

The European Commission stipulates that when the reference price is below the strike price, the beneficiary will be entitled to receive payments equal to the difference between the two prices. When the reference price is

above the strike price, the beneficiary will have to pay the difference to the Romanian authorities.

"The scheme therefore guarantees a minimum level of return to the beneficiaries, while at the same time ensuring that the beneficiaries will not be overcompensated for periods when the reference price is higher than the strike price," a statement from the Commission explains.

The aid package was approved under the Commission's State aid Temporary Crisis and Transition Framework, designed to support measures in sectors which are key to accelerating a nations's green transition while reducing fuel dependencies. A statement from the European Commission says the scheme will foster Romania's transition to a net-zero economy.

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Web: <https://hollanddutch tours.nl/contact-us/>

Email: energystorage2000@gmail.com

WhatsApp: 8613816583346

