

# Romanian Renewable Energy Tender

## Information Note to Bidders

### 1. Context and background

---

The objective of the CfD scheme is to help Romania to achieve its decarbonisation targets whilst maintaining security of its electricity supply. This is in line with Romania's milestones identified in its Recovery and Resilience Plan (**RRP**), namely, to sign contracts for the first round of tender procedure for the allocation of Contracts for Difference to promote the production of electricity production from renewable sources in Q4 2023.

To meet its 2030 EU targets, the Government of Romania, through the Ministry of Energy, is implementing a Contract for Difference (**CfD**) support scheme to encourage priority investments in low-carbon generation technologies that are needed for the Romanian energy sector.

Contracts for difference will be offered to eligible generators through a competitive auction process, run by Transelectrica SA (**Transelectrica**). CfDs will be issued by the Romanian Electricity and Gas Market Operator "Operatorul Pieței de Energie Electrică SA" (**OPCOM**) as the counterparty to the contracts (**CfD Counterparty**).

This document (**Information Note to Bidders**) provides a high-level summary of the auction process, including key dates, funding, expected eligibility criteria, and an indicative timeline.

### 2. Legal and regulatory framework

---

The framework for the CfD scheme is conditional upon adoption the following legal framework:

- The Government of Romania's Decision on the approval of the general legal framework for the implementation and functioning of the Contracts for Difference support mechanism for low carbon technologies (the "Government Decision").
- The Ministry of Energy Order regarding the approval of a CfD scheme for the production of electricity from renewable sources of onshore wind and solar photovoltaic energy.
- The Auction Initiation Order containing the tender rules, and officially launches the auction procedure.
- The CfD template applicable to all awarded projects under the auction and annexed to the Government Decision.
- The pre-notification to the European Commission under the Temporary Crisis and Transition Framework ("TCTF") for State Aid clearance of the CfD scheme as submitted to the European Commission. Approval by the European Union of the CfD Scheme is a condition precedent to the award of CfD contracts.
- Funding of the CfD scheme is expected to come from Modernisation Fund resources, subject to approval and/or a CfD levy on the consumers.

### 3. Roles and responsibilities

---

Below are the following roles and responsibilities of stakeholders involved in the CfD scheme:

- Ministry of Energy, overall responsibility over the legal framework, and ensuring sufficient funds to finance the CfD scheme.
- Operatorul Pieței de Energie Electrică și de Gaze Naturale S.A. (OPCOM), CfD Support Counterparty (signatory of the CfD Contracts).
- Transelectrica, transmission system operator, and CfD administrator.

- ANRE, independent energy regulator.
- Romanian Competition Council, national entity responsible for approving national state aid schemes.

#### 4. Auction process

The CfD scheme will involve two rounds of auctions, each with separate tenders for onshore wind and solar photovoltaic eligible generation technologies, and with a total capacity of 5,000 megawatts of new renewables across the two rounds of auctions with two separate tenders for each technology each.

The total indicative capacities targeted are:

- 1,000 megawatts installed capacity for the production of electricity from onshore wind and 1,000 megawatts installed capacity for the production of electricity from solar photovoltaic sources, both as a result of a first round of auctions to be held by the end of 2023 (“2023 CfD auction”); and
- 1,500 megawatts installed capacity for the production of electricity from onshore wind and 1,500 megawatts installed capacity for the production of electricity from solar photovoltaic sources, both as a result of a second round of auctions to be held in the first half of 2025.

In addition to this Information to Bidders, the draft Government Decision has also been published for public consultation. In the coming weeks, the Auction Initiation Order will be released including the detailed tender rules as well as the draft Ministry Order and the draft CfD template.

#### 5. Key milestones and timeline for 2023 CfD auction

The table below provides the key milestones and timeline for the 2023 CfD auction, including the submission, evaluation and selection process. Exact dates will be confirmed once the Auction Initiation Order is issued.

Milestone	Date
<b>Submission process</b>	
Information to Bidders release	August 2023
Auction Initiation Order release	2-4 weeks after Information to Bidders is published
Deadline for first round of bidder’s clarification questions	September, 2023
Bidders’ conference	end of September 2023/ beginning of October 2023
Response to first round of bidder’s clarifications	week of September 25, 2023
Deadline for second round of bidder’s clarification questions	week of October 23, 2023
Response to second round of bidder’s clarifications	week of October 30, 2023
Deadline for submission of proposals	Week of November 13, 2023
<b>Evaluation and selection process</b>	
Opening of Technical Offers	week of November 18, 2023
Notification of qualified and unqualified bidders Opening of Financial Offers (for qualified bidders only)	week of December 11, 2023
Notification of awarded bidders	week of December 18, 2023
Anticipated signing date for CfD	week of December 25, 2023

## 6. Key contractual dates

---

The **target commissioning date** is the date submitted in the technical offer as part of the relevant auction by which the plant will commence commercial operations. For the first auction, the target commissioning can be no later than 36 months from the date of the CfD (December 2023).

If the solar farm or wind farm is not commissioned by the longstop date, the term of the CfD is reduced by the time elapsed until commissioning takes place.

The **longstop date** is the latest date that the CfD beneficiary can become eligible for CfD difference payments (and is 24 months after the target commissioning date), if the project is not commissioned by the longstop date, CfD Counterparty may execute the performance bond, and terminate the contract.

The **payment start date** is the date by which all requirements have been satisfied to be eligible for the receipt of CfD payments. Expected requirements are:

- The generator has obtained the commercial operating license.
- The generator has secured a written confirmation from the grid operator that the supported capacity has dedicated metering equipment.
- The generator confirms that the commissioned capacity is at least 80% of the capacity awarded.
- The generator has entered into a balancing agreement.
- The generator has secured the necessary environmental permits and authorisations.
- The generator has secured the grid connection certificate.

It is expected that the generator has met all necessary permitting requirements to be able to operate the plant.

## 7. Key terms of the CfD scheme

---

Below are key terms of the CfD scheme:

- The term of the CfD will be for a maximum of 15 years from payment start date.
- Generators will be able to market their output as per their commercial arrangements. When the reference price of electricity is below the strike price, generators will receive a top-up payment for the difference. Where the reference price is greater than the strike price, the generator pays the difference to the CfD Counterparty.
- Bids will have to indicate a strike price (EUR/MWh), generation capacity to be installed, and a target commissioning date.
- CfD payments will be made for every MWh of electricity generated and delivered to the grid metered through the dedicated meter for the CfD awarded capacity.
- Reference prices will be the monthly weighted average of the day ahead market price. The price will be weighted by the same generation technology subject to CfD support.
- Difference payments will be calculated in euros and converted to Romanian Leu prior to the payment to be made in Romanian Leu, using the monthly average of all daily Leu/Euro exchange rates that have been published by the National Bank of Romania.
- The strike price will be indexed on an annual basis in line with the Eurozone Consumer Price Index.

## 8. Funding for the CfD scheme

---

The financing of the CfD scheme is expected to be ensured by funds secured by the Ministry of Energy from the European Union Modernisation Fund and transferred to the CfD Liquidity Fund. OPCOM, as the CfD counterparty, will be responsible for managing CfD payments to and from the Liquidity Fund. The Ministry of Energy, as per the Government Decision has an obligation to ensure the Liquidity Fund

is properly resourced at all times. The Liquidity Fund can be further supplemented with amounts received through a specific CfD levy to be imposed on retail customers.

## **9. Expected eligibility requirements**

---

Below are the key bidder and project requirements, as well as bid submission requirements. Further details will be provided in the Auction Initiation Order.

### **Bidder requirements**

The Bidder is required to satisfy the following requirements:

- The Applicant must be a legally constituted entity in accordance with the legislation of Romania, where it is established.
- The Applicant must have, as a primary or secondary activity, as registered in the company's statute, the production of electricity, corresponding to division 35: "Production and supply of electric and thermal energy, gas, hot water and air conditioning" CAEN 3511 – electricity production.

### **Project requirements**

The project is required to satisfy the following requirements:

- The project must be implemented in the territory of Romania.
- The project's proposed installed capacity must entirely comprise new electricity generation capacity and utilise only onshore wind or solar photovoltaic eligible generation technologies in order to produce and inject the generated electricity into the national power system, as the same may be further detailed in the CfD Auction Initiation Order. For the avoidance of doubt, the CfD scheme does not extend to projects replacing, extending or repowering existing installed capacities. Bidders may sign EPC contracts or any other binding supply contracts, as long as such contracts have been signed post July 2022.
- The project's proposed installed capacity is equal to or greater than 5MW.
- The project must have secured, at a minimum, a grid connection permit to the national grid network (Acord Tehnic de Racordare – "ATR") and the target commissioning date must not exceed 36 months from the anticipated date of signing of the CfD (i.e., December 2023).

### **Bid submission requirements**

The Applicant will be expected to demonstrate the viability of the proposed project by providing the following pieces of evidence in the proposal ("Funding Request").

Legal submission requirements:

- An organisation chart showing the names and details of the direct and indirect shareholders, owners and controllers that have an interest in the applicant and/or the project.
- Neither the bidder, its direct or indirect shareholders, controllers, parent undertakings, subsidiaries nor its legal representative, including any of their respective directors, officers, employees or agents, is or has been subject to any international sanctions imposed by the United Nations, the European Union, or any other authority with jurisdiction over them; or is in a country that is blacklisted by the European Union.
- The bidder and any shareholders should not be listed as an entity which cannot carry out commercial activity in Romania or EU Member States.
- Confirmation that such direct and indirect shareholders, owners and controllers are not:
  - persons, entities or bodies specifically named in the legal acts imposing those sanctions;
  - undertakings owned or controlled by persons, entities or bodies targeted by sanctions adopted by the European Union; or
  - undertakings active in industries targeted by sanctions adopted by the European Union.

Financial submission requirements:

- Confirmation that the project and its proposed installed capacity does not benefit from financing from public funds, other support mechanism, or state aid funding.
- For the participation in the CfD auction, a bid bond in the form of an irrevocable, unconditional, and first-demand guarantee issued by a recognised credit institution will be required.
- For the execution of the CfD (if awarded), a performance bond in the form of an irrevocable, unconditional, and first-demand guarantee issued by a recognised credit institution will be required.

Technical submission requirements:

- Bidders may be required to provide evidence that the proposed site is suitable for the project in terms of location (not prohibited by law), appropriate rights secured, availability of land for the generation plant and the easements (including the access to the site, right of way for the construction of the connection line that will connect the project to the grid, etc.).
- In case the CfD funding is requested only for part of a project installed capacity, the partial capacity subject to the CfD scheme must, until the term of the CfD, remain separately metered from any other installed capacity (which will not be subject to the CfD).
- A report prepared by the bidder may be required to demonstrate project maturity, which may include:
  - general description of the site including the proposed access roads, a map (topographic and satellite), coordinates of its boundaries, substations and overhead lines, as required.
  - a report presenting the technical characteristics of the project's proposed installed capacity and including the bidder's estimate for the quantity of electricity that the project will generate and inject into the national power system annually over the term of the CfD (if awarded).
  - information on the purchase of equipment and services, as well as information on the personnel to operate the proposed installed capacity.
  - the calendar for the purchase of materials, equipment and services, together with an indication of the purchasing method.
  - the detailed timeline of the project, specifying the stages (including financing, engineering, permitting and authorisations, construction activities, grid connection aspects, testing and commissioning) and the relevant anticipated dates.

Additional technical, financial, environmental, and social eligibility criteria may be specified in the CfD Auction Initiation Order.

## **10. Evaluation process**

---

The auction evaluation process will be carried out in two stages, as follows:

- First-stage, an evaluation of the Technical Offer (on a pass or fail basis compared to the eligibility criteria set in the Auction Initiation Order); and
- Second-stage, an evaluation of the Financial Offer (ascending order of the strike price for the qualified bidders).

Only Bidders that pass the Technical Offer will proceed to the second stage. More than one bidder can be awarded capacities for a specific round of auctions. A maximum capacity limit per sponsor may be considered in the auction process.

## **11. Disclaimer**

---

This Information Note to Bidders was compiled by the Government of Romania, through the Ministry of Energy (MO) in relation to the implementation of a CfD scheme.

The purpose of this Information Note to Bidders is to provide prospective bidders with necessary information regarding the CfD scheme.

The content, information and conditions of this Information Note to Bidders may be subject to further modifications in regard to the provisions of the state aid scheme subject to the ongoing prenotification with the European Commission and formal notification. Any and all provisions of the CfD State aid scheme may be consider final and bindding only after having obtained the authorisation decision of the European Commission by which it shall conclude that the CfD State aid scheme is compatible with the internal market.