



**European Commission**  
**Directorate General Energy (DG ENER)**  
**Date: 19.12.2023**

## **Comments on the revised Romanian NECP, draft version 3 November**

### **Transparency**

The revised NECP project of Romania, transmitted directly to the Commission on November 3rd 2023, lacked public consultations with civil society during the revision process. Moreover, the transmission of this document is experiencing significant delays, surpassing the originally set deadline at the end of June 2023. According to official statements, consultations will only be held during the Strategic Environmental Assessment (SEA) procedure, for which there is no concrete timeline yet.

The NECP document does not align with the requirements stipulated in the EU Governance Regulation and in the Aarhus Convention, particularly concerning public participation and consultation. The EU Governance Regulation emphasises the necessity for the public to be provided with an "early and effective opportunity" to "express their opinion." Member States are also required to establish "a multilevel climate and energy dialogue [...] in which local authorities, civil society organisations, the business community, investors and other relevant stakeholders and the general public are able actively to engage and discuss the different scenarios envisaged for energy and climate policies, including for the long term, and review progress". In 2019, the Aarhus Convention Compliance Committee issued an Advice to the European Union, which reiterated that public consultation processes should ensure that (amongst other things): arrangements are transparent and fair; the necessary information is provided to the public; there are reasonable timeframes for consultation; and due account is taken of the outcomes of public participation. However, our analysis indicates that the revised NECP falls short of meeting these crucial criteria.

### **General comment regarding the content**

The policies and measures identified to achieve all energy and climate objectives are better organised in tables that include sections on specific deadlines, financing needs and available sources, implementing entities and indicators for measuring progress. This is a different setup than the previous version, but nevertheless, this overview of policies and measures is still incomplete because many of these tables are missing important information.

However, thanks to developing the Long Term Strategy, which was approved by Government Decision no. 1.215/2023 on December 7 this year<sup>1</sup>, authorities were able to set better targets and model a 2050

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<http://www.mmediu.ro/app/webroot/uploads/files/Hot%C4%83r%C3%A2rea%20Guvernului%20nr.%2012152023%20privind%20aprobarea%20Strategiei%20pe%20termen%20lung%20a%20Rom%C3%A2niei%20pentru%20reducerea%20emisiilor%20de%20gaze%20cu%20efect%20de%20ser%C4%83%20%E2%80%93%20Rom%C3%A2nia%20Neutr%C4%83%20%C3%AEEn%202050.pdf>



neutrality scenario: the objective of reducing greenhouse gas emissions now includes sectoral targets; Romania has higher ambition on decarbonising the electricity sector by establishing a coal phase-out and setting higher targets for renewable energy, despite relying on environmentally harmful technologies (hydro) .

Decarbonisation data presented in a misleading way, calculating percentage reached of targeted percentage. We could just say that Romania reached a 61.5% GHG reduction in 2019 compared to 1990, and will achieve 73% reduction by 2025. At the same time, it is stated that *“the long-term goal is to achieve a near-complete emission reduction of around 100% by 2050”*, but the graph shows a 98.5% GHG reduction (LULUCF included), which is not complete neutrality.

### **Electricity generation**

Romania plans to increase capacity to 30.4 GW, >70% from the current installed capacity of 18 GW (as of June 2023, with prosumers). This is an increase of 5 GW compared to previous NECP. However, this planned increase is not justified by the energy consumption growth, estimated at around 21% in 2031 by Transelectrica<sup>2</sup>, the national transmission system operator. This data should be correlated, and the target should be reanalysed to fit expected growth.

### **Renewable energy**

The new renewable target is not clear enough, the graph on page 18 shows 36.2% and the text says at least 34%. Even though there is an increase, from the previous share of 30.7%, this target should be put in the context of the new fit for 55% which set a target of at least 42.5% of renewable energy at EU level. The Commission shall evaluate if the new target set by Romania is enough to meet the EU target. In addition, there is the question if taking into account heat pumps as renewable energy is fair, as usually heat pumps use energy from the grid, which is not 100% renewable (currently 44% of the final power consumption in Romanian is renewable).

### **Fossil fuels**

Compared to the previous version of the NECP, the revised draft now mentions the coal phase-out date set for 2032, detailing the net installed lignite capacity to be decommissioned. No information is included on the actual timetable for the closure of the lignite mines or the installation of the photovoltaic parks planned under the decarbonisation and restructuring plan of the lignite power complex operator. This information should be added in PAM 1 Phasing out coal TPP, as it is part of the decarbonisation law.

Moreover, most coal capacity is planned to be replaced by CCGT fossil gas units. According to planned projects (PAM 3), 1325 MW will be installed at CE Oltenia, replacing 1620 MW of lignite, and an 1700 MW gas power plant will replace hard coal plant Mintia which used to have 1000 MW, but had been closed

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<sup>2</sup> See page 37

<https://www.transelectrica.ro/documents/10179/14441468/Planul+de+Dezvoltare+a+RET+perioada+2022-2031+aprobat.pdf/dd6c9e5c-067c-4d97-ab15-596c9ff8dd70>



since 2021. So there will be in total at least 3 GW of gas only from these projects, vs 2.6 GW set out in NECP. This will lead to a huge increase in gas consumption and gas dependency, while these sources might not actually be needed to fulfil the domestic demand. More co-generation capacity from fossil gas of 947 MW or 1102 MW (PAM 4) will also be put in place. While co-generation is highly efficient, it seems that Romania does not go beyond classical resources for heating and is not proposing much change in this respect. PAM 1, 3 and 4 also lack information about GHG savings which are actually publicly available.

Thus, most of the Black Sea deposits promised will be used internally, in these new gas power plants. The EU Commission should not support the development of new gas fields and gas-intensive infrastructure if it is to align with Paris Agreement pledges. Doing the transition from one fossil fuel to another is not aligned with the most recent pledge to “drive the transition away from fossil fuels in energy systems, in a just, orderly and equitable manner”, which is in any way not enough to limit 1.5C. We believe that the installation of new fossil gas-based capacity should be limited and only used to balance renewable energy during peak loads, or when production is low and not be supported by public funding.

### **Hydrogen**

It is estimated that these new gas capacities will transition to renewable hydrogen from 2036 (PAM 2). By 2050 Romania will have a significant share of hydrogen in the H&C sector (around 50% of RES) and also will produce 20.7 TWh in hydrogen power plants. We believe this kind of transition will lead to an unnecessary increase in renewable energy production capacities and power consumption - which is not clearly reflected in the installed capacity. In the case of CCGT plants, if electricity from renewable sources is converted into hydrogen, 60% of the energy is lost through the conversion<sup>3</sup>. Thus, through these successive conversions, only 0.32 MWh is produced from 1 MWh of renewable energy initially produced by burning hydrogen. This is not in line with EU’s principle - energy efficiency first, and will make the power system more expensive and energy intensive. At the same time, while fuel switch in industry is mentioned in PAM 39, there are no concrete PAMs for hydrogen production and volumes needed for industry. This should be aligned with the Hydrogen strategy, which incorporated this data.

### **Biomass**

In the draft revised NECP text, the Romanian Government acknowledges the need to reduce biomass consumption, a renewable energy resource that, however, emits significant pollutants, negatively affecting the environment and the LULUCF sector. In this regard, it proposes contradictory measures, aiming to reduce biomass consumption in the heating and cooling (H&C) sector from 97% in 2020 to 64% in 2030, replacing it with heat pumps that, optimistically, would reach a share of 25% of RESources in 2030. On the other hand, it suggests tripling the percentage of electricity and heat produced from biomass, from 4% in 2019 to 12% in 2030 (PAM 27), thereby nullifying the reduction of biomass in the heating and cooling sector. Furthermore, although in the draft text, the measure to reduce biomass use



in the heating sector is included (PAM 37 Increased share of heat pumps), there are no detailed steps as to the actions needed to get there or indicators for monitoring progress. There is a critical need for public financing schemes, as current funding supports heat pumps to a small extent under energy efficiency programmes and data about heat pump installation is not available.

Therefore, the statements made as to the need to reduce biomass consumption are not followed by clear measures and steps for decreasing its use in the H&C sector and halting its use for electricity generation. This is further ignored in the chapter assessing the correlation with the LULUCF targets as well as the impact of the proposed biomass on the LULUCF target, which fails to make a correlation between the two aspects - the estimated trajectory of bioenergy demand and the estimated trajectory of sinks in forestry sector from LULUCF.

In terms of biomass supply, the revision of the NECP should incorporate a dedicated measure for the implementation of the cascading use of wood principle<sup>4</sup>. As well, it should stimulate, for instance through financial incentives, the utilisation of low-moisture wood. Embracing the cascading principle allows for the optimal use of this resource. Additionally, consumer awareness campaigns should be initiated to educate the public on the importance of low-carbon biomass practices. Alternative options to the use of forest biomass use can include switching to other renewable energy technologies and, where it is proved that such options are not feasible, the sustainable production of local biomass sources as agricultural residues.

In terms of biomass legislative recommendations at the national level, there is a lack of clear statistics concerning the actual biomass use and potential, and the national legislative framework in this area leads to uncertainties regarding the categorization of certain resources, such as firewood, which is extensively used, especially in rural areas, under the biomass category. We believe that a solution for this aspect can be unifying the terminology. For instance, Ordinance No. 1534/2016 uses both "assortment" and "biomass category," leading to divergent interpretations. It is recommended to exclusively use the term "biomass category."

Specific electricity labelling indicates only general categories of the origin of the electricity sold, i.e., the primary energy source types (e.g., coal, nuclear, natural gas, oil, other conventional sources, hydropower, wind, biomass, solar, or, as appropriate, other renewable sources), without distinguishing between the types of biomass (e.g., first biomass or other type of feedstock) used as a primary energy source. This is also an aspect we recommend be taken into consideration in future legislative improvements as well as in the planning integrated in the revised NECP.

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<sup>4</sup> "When developing support schemes for bioenergy, Member States should therefore take into consideration the available sustainable supply of biomass for energy and non-energy uses and the maintenance of the national forest carbon sinks and ecosystems as well as the principles of the circular economy and the biomass cascading use, and the waste hierarchy established in Directive 2008/98/EC of the European Parliament and of the Council. In line with the cascading principle, woody biomass should be used according to its highest economic and environmental added value in the following order of priorities: 1) wood-based products, 2) extending their service life, 3) re-use, 4) recycling, 5) bio-energy and 6) disposal. Where no other use for woody biomass is economically viable or environmentally appropriate, energy recovery helps to reduce energy generation from non-renewable sources"



## Unsustainable solutions

The revised version of the NECP includes the construction of new small hydropower plants to increase domestic generation capacity from renewable energy sources (PAM 24). An additional 304 MW of installed capacity is expected to be commissioned by 2030. These hydropower projects are the same ones that the Government has tried to revive, declaring them of being of overriding public interest in order to justify the breach of EU legislation and legalise them over the last two years through successive amendments to current environmental protection legislation, as the original framework that transposed the Natura 2000 and Water Framework Directives would not allow such investments to be completed. They are controversial not only in terms of their significant environmental impact, but also in terms of their insignificant contribution to the energy system. Many of these projects were started in the 1980s or 1990s and their technical and economic analyses have not been updated since then, while some of them have been declared illegal by the Romanian courts. Instead of investing in hydropower that breaches the DNSH principle, and EU environmental legislation, Romania should evaluate its hydropower retrofitting potential and invest in improved technologies that could also improve electricity production and storage, while being nature positive.

- Bumbesti Livezeni HPP investment (65 MW) affects the entire Jiu Gorge National Park and the Natura 2000 ROSCI0063 Jiu Gorge site with which it overlaps, violating the nature conservation legislation in Romania and Europe, a fact confirmed by the cancellation of the construction permits back in 2017 (because Hidroelectrica had continued the works for 12 years, without revising the environmental agreement obtained in 1993). Also, on 15.12.2020, the Bucharest Court of Appeal by Decision no. 140214 cancelled GD no. 1032/2018 regarding the approval of the location and the initiation of the procedures for the expropriation of the privately owned buildings related to the power line for the connection to the energy system of this hydropower development. If this project is continued, it would irreversibly change over 30 km in the whole area of the Gorge, reducing the flow of the river by up to 85%, with a major negative impact on species and habitats dependent on flows and connectivity. In this sense, even the appropriate assessment study for Romania's Energy Strategy 2019-2030<sup>5</sup>, with the perspective of 2050, confirms the fact that the construction of the hydroelectric plant on the Jiu River has a very high degree of sensitivity in terms of the impact on the Natura 2000 site ROSCI0063 Jiu Gorge.
- AHE Pascani Siret (12MW) is a project started in 1985, now abandoned, which involves the complete destruction of a portion of the Siret Valley, violating the Water Framework Directive (significant damage to a body of water, a sector of the Siret River). In addition, it is publicly known that the project involves very high costs per MW, thus being unprofitable.<sup>6</sup>
- AHE Cornetu - Avrig - Caineni and Lotrioara (55 MW) is in fact a single project for which a significant number of citizens have mobilised to stop and which, if completed, would lead to the complete destruction of the Olt River in the area of Turnu Rosu, a reference area for the natural framework of Romania and Europe. These are river sectors for the protection of which the Natura 2000 site 'Oltul Mediociu - Cibin - Hârtibaciu' has been designated. In the case of this project,

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<sup>5</sup> Revised version 5 July 2019, prepared by KVB Consulting & Engineering - Table 14 Analysis of impacts on Natura 2000 sites intersected with strategy's objectives, based on sensitivity and magnitude classes

<sup>6</sup><https://www.ziaruldeiasi.ro/stiri/ping-pong-intre-giganti-cu-cea-mai-mare-investitie-din-judet-facuta-din-fonduri-publice--164016.html>



- even the study on the impact on the water body (SEICA) concluded a significant impact on the water body.
- AHE Surduc Siriu (55 MW) is a project that will lead to the drying up of the Bâsca Mare river, a project that the international community has requested to stop in previous years and whose legality is currently being disputed in the court (the environmental agreement being issued without an adequate evaluation despite the fact that some catchments are located in the Natura 2000 site).
  - AHE Rastolita (35 MW) is a project started 30 years ago, which provides for minimum flows only for human use, not for ecosystems, after the water usage in HPP. At the moment, the project's environmental permit is no longer valid since 2018. If this investment is completed, it would negatively affect the ecological status of at least 10 water bodies, of which 8 will be seriously damaged and thus violate the principle of non-deterioration established by the Water Framework Directive. This is confirmed by several specialised studies, and most recently by the appropriate assessment study for the Energy Strategy of Romania 2019-2030, with the perspective of the year 2050, which confirms the fact that the construction of the Rastolita hydroelectric plant has a high degree of sensitivity in regarding the impact on the Natura 2000 site ROSPA0133 Calimani Mountains and very large on the Natura 2000 site ROSCI0019 Calimani Gurghiu.
  - AHE Izbiceni Dunare, Islaz (29 MW) involves significant impact to several Natura sites 2000. The project was discussed at the 2012 Ramsar Conference in Bucharest because it involved the destruction of the Ramsar site "Confluența Olt Dunăre". The National Agency for Environmental Protection rejected the project by Decision 4/2015.
  - AHE Cerna Belareca (15MW) project involves diverting the flow of the Belareca river, one of the most valuable rivers in the country, into the Cerna. It therefore violates not only the Water Framework Directive but also the European Landscape Convention. It has a cumulative impact with the Ramna hydropower project, for which infringement proceedings have been opened in case INFR(2015)4036.
  - AHE Siret Cosmesti - Movileni (38 MW) involves the destruction of a sector of the Natura 2000 site "Lunca Siretului Inferior". The Environmental Protection Agency of Galati issued the rejection decision no. 603/2016.

We would also like to remind you that Romania is already in the infringement procedure for the systemic violation of EU legislation since 2015, for the development of micro hydropower plants (MHC). Moreover, in November 2023, the European Commission sent an additional letter to Romania. The Commission's letter confirms the fact that the approval procedures for hydroelectric facilities are done in a superficial way, and allow the destruction of Romania's mountain rivers by providing insignificant amounts of electricity.

Another unsustainable practice is the development of additional nuclear capacities for which authorities failed to present convincing forecasts that these additional capacities are feasible: two new nuclear reactors at the Cernavodă Nuclear Power Plant, with an installed capacity of 1400 MW by 2031 and another 462 MW installed capacity through small modular reactor facilities by 2029.

### **Transport Network and demand response**

While Romania provisions several projects for transport and distribution of power, these developments are not necessarily connected to the plans to develop prosumers to 2.5 GW and additional RES power of





10 GW. Romania should have a concrete mapping where the potential to develop this new installed capacity is, from the natural potential and network availability. Prosumers already have issues with distributors accepting to take their power in the network, as they argue they create congestion and imbalance the network<sup>7</sup>. To avoid this in the future, more attention should be put into planning the new capacities, together with transport and distribution operators.

Regarding storage, although Romania has an ambition to install 240 MW by 2025 (PAM 61), no public call has been finalised by now for such technology - the call from RRF was launched then cancelled, so at this point there are no projects started. We are afraid that this will be significantly delayed. At the moment 7 MW of storage are available in the system, which have been installed with private funding<sup>8</sup>.

More specific data/targets on smart meters are needed.

Financing sources presented in PAMs for electricity transport should also be reflected in chapter 5.3., as they are significant: at least EUR 1103 M for distribution and at least EUR 2744 M for transmission. In addition, PAM 55, 56, 57, 58 do not contain financial estimates.

### Transport

Sectoral emissions in the transport sector are projected to increase by 41% in 2030 compared to the base year, with about 30% of the energy coming from transport electrification. The draft states that most of the increase in renewable energy consumption will come from transport electrification, with 73% of renewable energy used in transport coming from renewable electricity and 19% from the use of compliant biofuels. If these projections for renewable energy use in transport materialise, this is an encouraging development, given that in 2021, according to the plan, 91% of renewable energy use in transport will come from the use of conventional biofuels and only 9% from the use of renewable electricity. However, it is unclear whether the 41% increase in emissions, which is a significant increase, results from the implementation of the measures listed in the plan or is the result of modelling carried out in the long-term strategy, where the assumptions are not clearly defined, and does not result from measures to mitigate this increase.

The Plan lists a number of measures (PAM 28, PAM 41 - PAM 47) through which the Romanian State intends to contribute to decarbonisation and increase the share of renewable energy in the sector, but

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<sup>7</sup> <https://economie.hotnews.ro/stiri-energie-26620707-191-prosumatori-sunt-racordati-zilnic-companiile-din-energie-spun-nu-pot-dezvolta-reteaua-din-cauza-restrictiilor-impuse-autoritati-racordarea-gratuita-este-prostie-nimic-nu-gratis.htm>

<https://adevarul.ro/economie/anre-numarul-mare-de-prosumatori-pune-presiune-pe-2303226.html>

<sup>8</sup> <https://www.investenergy.ro/prima-instalatie-de-stocare-din-romania-cu-o-putere-de-7-mw-este-in-operare-comerciala-gerhard-lipkovich-lsg-group-suntem-in-teste-cu-transelectrica-pentru-ca-de-luna-viitoare-sa-participam-efe/>



the tables are incomplete and therefore do not provide a clear picture of the trajectory, steps, stage of implementation, required funding or concrete results in terms of the contribution of each measure to the dimensions of the Plan. Many of the measures do not include clear targets for 2030. In addition, the few existing supporting measures and their contribution to the plan's dimensions, such as the RABLA Plus, scrappage schemes or standard charging points, are not mentioned by name.

In the earlier version of the plan, measures to remove Euro 3 and 4 vehicles from the road and instruments to charge vehicles according to the polluter-pays principle were dropped, although some of these were not clearly specified at the time. This comes at a time when Romania has one of the oldest and most polluting car fleets in the EU, with an average age of 15.1 years in 2021, 3 years older than the European average, according to data collected by ACEA. The situation is not much different for passenger and freight transport, where Romania also ranks among the lowest in Europe. Romania currently has time-based vignettes for freight transport, but has committed to move to distance-based charging as part of its post-pandemic recovery programme, which is not mentioned in the plan, although it is a necessary measure and helps to reduce emissions from road freight transport. In addition, Romania will import up to 450,000 used cars per year on average from 2018. As a result, by 2022, more than a third of the car fleet - 2.43 million cars - will be more than 20 years old, and the trend is rising.

Romania needs fiscal policies that discourage unnecessary car use and encourage modal shift through consistent investment in supporting the development of clean public transport, intermodality and the development of alternative transport to encourage travel by modes with lower climate and health impacts. Currently, Romania is one of the EU countries with the fewest/lowest taxes on car pollution, but with some of the most generous support schemes for the purchase of electric or less polluting cars, even though these remain expensive for the purchasing power of most Romanians. Without linking fiscal measures to support schemes for fleet renewal, while sufficient and efficient intermodality public transport as well as accessible parking will be available for all, the average age of the Romanian car fleet will continue to rise and the lack of taxation or stricter access rules in urban areas will continue to encourage private car use, leading to congestion, low quality of life, premature deaths and high health costs. The final version of the plan must therefore include measures to renew the car fleet, over and above the existing measures, which have proved inadequate.

The measures listed should also be developed and linked to the framework policy for sustainable urban mobility - Law 155/2023 - and backed up by support schemes. For example, it is not clear whether the plan has taken into account the fact that 13 municipalities will have to implement the so-called Low Emission Zones (LEZ) and that the state could support these schemes with a national policy that would harmonise the car identification system according to the pollution standard, in order to facilitate the implementation of LEZs in each city at a national level. In short, the measures presented in the plan are not sufficient or detailed enough to contribute to Romania's potential in this respect with a view to 2030. In conclusion, Romania needs coherent and effective policies and measures at national level, linked to measures at local level, for the transition to low-emission mobility.

Overview:





- Fossil gas (CNG or LNG) is not promoted in the decarbonisation of transport, which is welcome as it does not reduce emissions and creates dependency;
- Limiting first-generation biofuels, which can contribute to the renewable energy target in transport, to current levels is also positive as they have undesirable environmental and social impacts. However, there is a lack of information on the type of biofuels used, the raw materials from which they are made and their origin, including for advanced biofuels. This information should be included in the final version of the plan;
- There is no information on measures for trucks, vans, commercial fleets or aviation. The plan only mentions that Romania will increase the share of trucks using alternative fuels by 2050, but does not specify the measures to be taken to achieve the stated shares;
- The modernisation of the public transport fleet is mentioned, but the plan does not provide any measures or steps to achieve this, except for the development of a new metro line in Bucharest - 12.7 km by 2026; if citizens would have efficient, fast and accessible public transportation and parking options, the use of unsustainable personal transportation would be significantly reduced.
- The plan proposes to increase the share of alternative fuels for trucks, trains and buses, but without a clear target and measures for 2030;
- The plan mentions the development of rail, metro, sea and air transport, with dedicated funding for each mode by 2030, and estimates that up to 2851 km of rail will be upgraded by 2026. However, there is a lack of information on funding programmes or policies to support the development of these modes.

### **Energy efficiency**

Increased ambition is provisioned in the energy efficiency sector, setting a 46% reduction target in primary energy consumption and a corresponding 45% reduction in final energy consumption, compared to the previous NECP version that established only a 45% reduction target in primary energy consumption and 40.4% in final energy consumption. The ambition in the buildings sector of 2% reduction in GHG emissions is however low and can be improved. Even though Romania has one of the lowest energy consumption per household in EU (1 toe/year, lower than average of 1.3 toe/year in EU)<sup>9</sup>, the space heating is one of the most inefficient in EU - at 14.5 koe/m<sup>2</sup>, while EU average is at 9.4 koe/m<sup>2</sup><sup>10</sup>. This can not be necessarily attributed to climate conditions, as countries with harsher climate conditions have better heating yields. Heating conditions can be improved through deep renovation programmes which should also include modernisation of the heating system and improvements of district heating, where used, especially by targeting the vulnerable households. An increased share of RES in district heating would significantly improve this target. For now, only a 2% increase is foreseen, only by adding biogas. More ambitious programmes to incentivise renewable DH are needed, for example encouraging the adoption

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<sup>9</sup> <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/average-energy-consumption-dwelling.html>

<sup>10</sup> <https://www.odyssee-mure.eu/publications/efficiency-by-sector/households/heating-consumption-per-m2.html>



of industrial heat pumps which are not used in Romania at the moment, and usage of geothermal potential, which may lead to a decreased use of fossil fuels. PAM 27 could include these provisions.

### **Energy poverty**

Energy poverty is another crucial element of the energy transition process, insufficiently addressed in the revised NECP. In this case, the authorities' sole objective is to establish a more fair and efficient computerised system for granting energy subsidies by local public administration authorities. Unfortunately, even for this insufficient measure, detailed information regarding a concrete timeline or progress indicators is not available. While the former NECP superficially mentioned plans to design energy efficiency programmes in residential buildings targeting vulnerable consumers, this new version completely misses the opportunity to engage in such programmes that would also help alleviate fuel poverty.

There is no concrete and measurable target set to reduce energy poverty. As far as we know, there is no programme in place for energy efficiency or renewable energy dedicated to the vulnerable consumer. By now, all of them required upfront costs paid by the household and did not cover 100% of eligible costs. Lower-income Romanians are in desperate need of governmental programmes to directly improve their dwellings and decrease energy consumption. According to a study<sup>11</sup>, energy poverty in Romania has increased since 2019, before the Covid-19 pandemic with 10 pp, reaching 37%, despite direct subsidies offered by the government. To improve this, PAM 31 could include measures dedicated to vulnerable consumers and also indicate specific targets for residential renovation. No PAM is proposed for such schemes.

It is important that the revised NECP puts forward a definition for energy poverty, being that for vulnerable consumers, in line with the definition from the Energy Efficiency Directive. Following the formulation of a clear definition and of criteria for identifying those living in energy poverty, structural measures are needed to address the multi-faced dimensions of energy poverty nationally, including supporting vulnerable people through full compensation to engage in the energy transition through measures such as: improving home energy efficiency, improving access to smart grids and mini-grids, reforming the distribution network to allow for the embedding of more decentralised renewable based energy sources etc.

At the same time, PAM 63, which refers to the implementation of the just transition process, has no target set and no financial needs identified, although these are mentioned in chapter 3.5. This should be aligned to the Just Transition Territorial Plans, but also linked to smart specialisations and entrepreneurship measures.

### **Energy communities**

While the draft revised NECP occasionally mentions energy communities, it fails to address core barriers to their establishment and operation. Overall, while an enabling framework is seen as an outcome in national legislation, the details of the enabling framework, and support for energy communities, must still

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<sup>11</sup> <https://saracie-energetica.ro/orse-saracia-energetica-afecteaza-jumatate-dintre-gospodariile-din-romania/>



emerge through concrete policies and measures. The national legislation states that competent central public administration authorities, local public administration authorities under the conditions of articles 8 and 9 of the Law on the public service of thermal energy supply no. 325/2006 (with subsequent amendments and additions) as well as ANRE have the obligation to contribute, in accordance with the specific field of activity, to ensuring a favourable framework for the promotion and facilitation of the development of renewable energy communities.

Energy communities work towards the development of a decentralised, renewable, clean and efficient energy system with citizens at its core. As such, these communities have great potential in supporting the phase-out of fossil fuels, whilst simultaneously enhancing resilience against energy price spikes and import dependence, contributing to local efforts for renewable energy and energy savings as well as supporting local economic development. An important barrier slowing the development of energy communities in Romania, is the lack of accessible, targeted and consistent funding and financing. The revised NECP can envisage programmes and instruments providing grant support, allowing for a functioning business model, in the early stages of setting up and developing energy communities. Additionally, grant funding and financing options (e.g. social loans) at the project level are necessary to get citizens on board. Romania should make use of the variety of EU funding streams to put such measures in place.

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