CMS | Romania removes double taxation of stored electricity from the legal framework

On 21 November 2024, the Romanian government approved a new Government Emergency Ordinance (GEO 134/2024) promoting the elimination of double charging and stimulating the development of energy storage technologies to ensure the transition to a low-carbon economy by amending Electricity Law 123/2012 and Law no 220/2008 for the promotion of renewable energy production.

This new GEO responds to the significant challenges faced by the National Electricity System due to the lack of storage solutions. In the context of the European Ecological Pact and the commitments under PNIESC (1,200 MW installed in batteries until 2030), Romania must accelerate the installation of renewable power plants and storage solutions to meet decarbonisation targets and avoid economic sanctions.

One of the most important legislative changes addressed by GEO 134/2024 is the elimination of double taxation of stored energy. Until the enactment of the new GEO, stored energy was subject to taxes both at the time of storage and when it was reintroduced into the National Energy System. More precisely, when importing or exporting electricity from transmission and/or distribution networks, storage operators were liable for the transmission network tariff, the distribution network tariff, and system services costs.

Importantly, network use-of-system charges are recovered differently:

- The transmission tariff is split into two components: the extraction tariff, levied on users when they import electricity from transmission and distribution networks; and the injection tariff, levied on users when they export into the transmission and distribution networks.
- The distribution tariff is recovered based on the amount of electricity imported from the distribution network with prices varying by the connection voltage level. Unlike transmission charges, the distribution tariff is not levied on exported electricity.
- The system services tariff is also recovered solely on the basis of the amount of electricity imported from transmission and distribution networks.

This double charging represented a significant obstacle to the development of electricity storage capacities, and seriously affected investment in energy-storage infrastructure and the viability of energy-storage projects.

GEO 134/2024 brings incentives for storage operators. which include standalone and co-located storage assets, exempting them from:

- the transmission service tariff – the extraction tariff component, the distribution tariff and the system services

tariff or their components;
- the green certificates contribution; and
- the cogeneration contribution.

Regarding green certificates, GEO 134/2024 amends law 220/2008 (governing the green certificate scheme) by expressly excluding storage operators from the definition of “final electricity consumer”.

In addition, the energy imported from transmission/distribution networks for reintroduction into the network is expressly excluded from the definition of “final gross electricity consumption”.

As a result, storage operators are exempt from the obligation to acquire green certificates for volumes of electricity imported from transmission/distribution networks if this electricity is stored for the purpose of exporting it back into the network.

Whether ANRE’s revised secondary regulations, which must be issued within 90 days from the date of GEO 134/2024, also exempts storage operators from the transmission injection tariff for electricity exported into transmission/distribution networks remains to be seen.

For more information on this GEO and how it could affect your Romania-based business, contact your CMS client partner or these CMS experts: **Varinia Radu** and **Ramona Dulamea**.

*Thia article was co-authored by **Ada Romanti**.*