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EFET calls on the Romanian government to suspend the enforcement of the turnover tax for the electricity sector introduced through the Emergency Government Ordinance no.114/2018 of 29 December 2018 as a matter of urgency.

The European Federation of Energy Traders (EFET)¹ believes that the Emergency Government Ordinance no. 114/2018 (hereafter the Ordinance), entered into force on 29 December 2018, needs to be suspended as a matter of urgency. It will bring adverse consequences for the electricity market functioning in Romania, the Romanian consumers, as well as the country's social welfare.

The Ordinance, implemented without any prior stakeholder consultation or impact assessment, leads to an unprecedented increase in turnover fees (by no less than by 2000%) for companies holding licenses in the electricity sector. According to the information available, the Ordinance adopts a principle, whereby the fee to be paid in 2020 by the businesses affected is calculated retroactively on revenues from 2019, which, in turn, are mainly based on the transactions concluded in 2018.

The effects of the measures set out in the Ordinance, unless urgently suspended, will be devastating. More specifically, these measures will constitute a serious barrier to market entry, jeopardising liquidity and competition, leading to an increase in both wholesale and end-consumer electricity prices, and ultimately, reducing the overall social welfare in the country.

We reiterate the urgency to suspend the Ordinance and remain open for dialogue with the Romanian government and the Romanian Energy Regulatory Authority.

¹ The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent, sustainable and liquid wholesale markets, unhindered by national borders or other undue obstacles. We currently represent more than 100 energy trading companies, active in over 28 European countries. For more information, visit our website at www.efet.org.