



EUROPEAN COMMISSION

Brussels 30.9.2022
C(2022) 7101 final

PUBLIC VERSION

This document is made available for
information purposes only.

**Subject: State Aid SA.102813.EV (2022/EV) – Romania
RRF – Evaluation Plan for the block exempted scheme “Support for
the installation of wind and solar electricity generation capacity”**

Excellency,

1. PROCEDURE

- (1) On 28 April 2022, Romania submitted summary information pursuant to Article 11(1)(a) of Commission Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty¹ (hereinafter “**GBER**”) on the aid scheme “Support for the installation of wind and solar electricity generation capacity” (hereinafter “**the scheme**”), registered under SA.102813.EV (2022/X).
- (2) The scheme has an estimated annual average budget of RON 2 963 149 800 approximately equivalent to EUR 595 010 000, of which EUR 460 000 000 will be funded with the Recovery and Resilience Facility funds. Pursuant to Article 1(2)(a) of the GBER, the GBER does not apply to aid schemes with an average annual budget exceeding EUR 150 million from six months after their entry into force. However, the Commission may decide that the GBER shall continue to

¹ OJ L 187, 26.6.2014, p. 1.

Bogdan Aurescu
Minister of Foreign Affairs
31, Alexandru Alley, District 1
011822 Bucharest
ROMANIA

apply for a longer period to such aid schemes following the assessment of an evaluation plan of the scheme to be notified by the Member State concerned.

- (3) The scheme allows the granting of aid in the form of direct grants to support investments in new capacity to produce electricity from renewable wind and solar energy sources, with or without integrated storage facilities.
- (4) The legal act on which the scheme was published in the website of the Romanian Ministry of Energy on 30 March 2022 and it entered into force on the same day. Funding is provided on the basis of the State aid provisions for investment aid for the promotion of energy from renewable sources (Article 41 of the GBER). Aid may be granted under the scheme until 31 December 2023.
- (5) In order to obtain the prolongation of the application of the GBER beyond the period set up in Article 1(2)(a) of the GBER, Romania notified an evaluation plan on 26 April 2022, registered by the Commission as SA.102813.EV (2022/X).
- (6) A telephone conference between Romania and the Commission services took place on 3 August 2022, following which Romania submitted revised versions of the evaluation plan on 2 September 2022 and on 9 September 2022.
- (7) Romania exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union (“TFEU”), in conjunction with Article 3 of Regulation 1/1958² and to have this decision adopted and notified in English.

2. DETAILED DESCRIPTION OF THE KEY ELEMENTS OF THE NOTIFIED EVALUATION PLAN

- (8) As required by Article 2(16) of the GBER and in line with best practices, the evaluation plan has to contain the description of the following main elements: (i) the objectives of the aid scheme to be evaluated, (ii) the evaluation questions, (iii) the result indicators, (iv) the envisaged methodology to conduct the evaluation, (v) the data collection requirements, (vi) the proposed timing of the evaluation (including the date for submission of the final evaluation report), (vii) the approach for the selection of the independent body conducting the evaluation, and (viii) the modalities for ensuring the publicity of the evaluation.
- (9) According to the Romanian authorities, the evaluation plan and the future evaluation will help to ensure that similar schemes will be more effective in the future and will create less distortion in the market. The evaluation will also improve the efficiency of similar schemes and, possibly, of future rules for granting State aid in this area.

2.1. Objectives of the aid scheme to be evaluated

- (10) The scheme aims at increasing the share of renewable energy sources in the Romanian energy mix, therefore increasing the adequacy of the national energy

² Regulation No 1 determining the languages to be used by the European Economic Community, OJ 17, 6.10.1958, p. 385.

system and reducing greenhouse gas emissions, in accordance with the Romanian Recovery and Resilience Plan (“RRP”).³

- (11) Eligible undertakings are existing or newly established undertakings of any size that have as an activity included in the company's statute the production of electricity.
- (12) With a total budget of approx. EUR 595 010 000, the scheme aims at supporting investments in renewable electricity generation from solar and wind power to be connected to the grid, with or without integrated storage facilities. The objective of the scheme is to contribute to the installation of approximately 950 MW of solar and wind power capacity.

2.2. Evaluation questions and result indicators

- (13) The notified evaluation plan identifies the issues to be addressed by the evaluation and provides a preliminary list of evaluation questions and result indicators, which will form the basis of the evaluation of the scheme.
- (14) The evaluation questions identified address the scheme's direct and indirect effects, in terms of both positive and negative externalities, the wider economic effects and the appropriateness and proportionality of the aid. The result indicators provided are linked to the evaluation questions and to the objectives of the scheme.
- (15) The direct effects of the aid on the beneficiaries will be addressed, among others, by evaluation questions on whether and to what extent the aid has led to: (1) an increase in electricity generation from wind and solar energy, (2) an increase in the installed capacity of storage, (3) an increase in investments in renewable energy sources.
- (16) The result indicators for the direct effects of the scheme include: (1) the level of electricity generation from wind and solar energy, (2) the level of storage capacity for wind and solar energy, (3) the number of renewable energy installations. Based on the availability of data, these indicators will be analysed comparatively for the group of aid beneficiaries and for a control group.
- (17) The evaluation will also address and examine the possible indirect effects of the scheme. The main indirect effects that are expected to be evaluated include, but are not limited to, the contribution of the scheme to: (1) the reduction in non-renewable energy consumption, (2) the reduction in CO₂ emissions, (3) the increase in jobs in the industries in the energy value chain. Other wider economic effects of the scheme, including the impact of the scheme on electricity prices and on competition in the electricity market, will be part of the evaluation.
- (18) The main result indicators identified by Romania to evaluate the indirect effects of the scheme include: (1) the level of energy consumption, (2) the level of CO₂ emissions, (3) the change in the market share held by different energy producers,

³ Annex to Proposal for a Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Romania, COM(2021)608, 27.09.2021, https://gov.ro/fisiere/stiri_fisiere/Annex_to_the_Proposal_for_a_Council_Implementig_Decision.pdf

- (4) the change in electricity prices, which can be attributed to the increase in renewable energy in the energy mix.
- (19) Finally, the evaluation will also assess the appropriateness and proportionality of the aid through, among others, questions on the profitability of supported plants.
- (20) Result indicators on appropriateness and proportionality of the aid include the average aid amount per MW of renewable energy capacity installed.
- (21) Romania committed to update the list of evaluation questions and result indicators in the context of the interim evaluation report.

2.3. Envisaged evaluation methodology

- (22) Romania identified the Difference-in-Difference (“DiD”, as described in the Commission Staff Working Document on Common methodology for State aid evaluation⁴) as the main methodology to assess the direct and indirect effects of the scheme. According to this methodology, the causal effect of the aid can be quantified comparing the difference in an outcome variable in the treatment and in the control group before and after the aid is granted.
- (23) The detailed features of the evaluation methodology will be discussed and agreed with the European Commission and described in the interim evaluation report.

2.4. Data collection requirements

- (24) Romania will employ surveys to collect information on the effects of the scheme on its beneficiaries and on potential aid applicants not selected through the competitive bidding procedures. Data collected in this way will be complemented with data from different sources, including national statistics.
- (25) Romania committed to describe in detail the data collection requirements for the evaluation in the first interim report, on the basis of the final list of result indicators identified.

2.5. Proposed timing of the evaluation, including the date of submission of the final evaluation report

- (26) The evaluation is planned to start upon the selection of the independent body to conduct the evaluation.
- (27) Following exchanges with the Commission services, Romania has committed to the following calendar: an interim evaluation report will be submitted to the Commission by 31 March 2023, a final evaluation report by 31 December 2023 and an additional evaluation report by 30 June 2026.
- (28) The interim evaluation report shall include descriptive statistics and a preliminary analysis of the available data. In addition, the interim evaluation report shall also provide an updated list of evaluation questions, the result indicators and the data that will form the basis of the evaluation of the scheme. Furthermore, the report

⁴ Commission Staff Working Document on Common methodology for State aid evaluation, pp. 22-25.

shall contain a detailed description of the methodologies that will be used for the evaluation. Romania commits to discuss the methodology for the evaluation with the European Commission prior to the submission of the interim evaluation report. Based on the agreed methodology and the revised questions, indicators and data, Romania will also draft a consolidated and updated version of the evaluation plan, which will be submitted as an annex to the interim report. This methodological document will serve as the basis for the evaluation plan of the eventual subsequent scheme.

- (29) The final evaluation report shall contain an evaluation of the results of the scheme until 2023. Depending on the availability of data, this evaluation may include data related to the previous similar schemes.
- (30) In addition, Romania committed to submit an additional evaluation report presenting the full results of the evaluation of the scheme by 30 June 2026.
- (31) Romania also committed to inform the Commission of any element that may affect the implementation of the evaluation plan.

2.6. Selection of an independent body to conduct the evaluation

- (32) The evaluation will be conducted by an external, independent evaluator, which will be selected through a public tender procedure, in line with national and EU public procurement rules procurement rules. Alternatively, the selection of the independent evaluator will be performed by the World Bank's Independent Financial Institutions (IFI) in line with their procurement procedure. For the purpose of ensuring the quality and reliability of the evaluation, the entity selected will be functionally independent from the granting authority and persons that have previously been involved in the design and implementation of the aid scheme will not be eligible to join the evaluating team.
- (33) Romania estimated that the tender specification for the selection of the independent evaluator will be finalised in October 2022 and committed that the contract with the selected evaluator will be signed before the end of December 2022.

2.7. Modalities for ensuring the publicity of the evaluation

- (34) The evaluation plan, the interim evaluation report, the final evaluation report, and the additional report will be published on the website of the Ministry of Energy unless predominant public or individual interests opposing the publication emerge in the course of the evaluation. Personal and/or confidential data will be dealt with according to the relevant regulations.
- (35) The evaluation results will be used by the granting authority and other bodies for the design of subsequent schemes pursuing the same objective. Data collected during the evaluation will be made accessible for further studies under conditions that preserve confidentiality.

3. ASSESSMENT OF THE NOTIFIED EVALUATION PLAN

- (36) The correct application of the GBER is the responsibility of the Member State. The present decision on the evaluation plan does not assess whether the aid scheme to be evaluated was put into effect by the Member State in full respect of all applicable provisions of the GBER. It does therefore neither create legitimate expectations regarding the lawfulness and compatibility of the scheme, nor does it prejudice the position the Commission might take regarding the conformity of the aid scheme with the GBER and its lawfulness and compatibility when monitoring it, or assessing complaints against individual aid granted under it.
- (37) Pursuant to Article 1(2)(a) of the GBER, certain aid schemes⁵ within the meaning of Article 2(15) of the GBER, with an average annual State aid budget exceeding EUR 150 million, are subject to evaluation. The Commission notes that the annual average budget of the aid scheme concerned (i.e. approx. EUR 595 million) exceeds the threshold of EUR 150 million laid down in Article 1(2)(a) of the GBER. Chapter I and section 7 (Articles 36, 37, 38, 40, 41, 45, 49) of Chapter III of the GBER constitute the legal basis for the aid scheme to benefit from the exemption from notification provided for in Article 108(3) of the TFEU. However, in the absence of a positive Commission decision on the notifiable evaluation plan, pursuant to Article 1(2)(b) of the GBER, the exemption expires six months after the entry into force of the measure, and may continue to apply for a longer period only if the Commission decides to authorise this explicitly by the present decision.
- (38) As explained in recital 8 of the GBER, the evaluation of large schemes is required "*[I]n view of the greater potential impact of large schemes on trade and competition*". The required "*[e]valuation should aim at verifying whether the assumptions and conditions underlying the compatibility of the scheme have been achieved, as well as the effectiveness of the aid measure in light of its general and specific objectives and should provide indications on the impact of the scheme on competition and trade.*" State aid evaluation should in particular allow the direct incentive effect of the aid on the beneficiary to be assessed (i.e. whether the aid has caused the beneficiary to take a different course of action, and how significant the impact of the aid has been). It should also provide an indication of the general positive and negative effects of the aid scheme on the attainment of the desired policy objective and on competition and trade, and it could examine the proportionality and appropriateness of the chosen aid instrument.⁶
- (39) In the light of these considerations, based on Article 2(16) of the GBER, an evaluation plan is a document containing at least the following minimum elements: the objectives of the aid scheme to be evaluated (see recitals (10) to (12)), the evaluation questions and result indicators (see recitals (13) to (21)), the envisaged methodology to conduct the evaluation (see recitals (22) and (23)), the

⁵ Schemes under Sections 1 (with the exception of Article 15), 2, 3, 4, 7 (with the exception of Article 44), and 10 of Chapter III of this Regulation (Article 1(2)(a) GBER). 'Aid scheme' means any act on the basis of which, without further implementing measures being required, individual aid awards may be made to undertakings defined within the act in a general and abstract manner and any act on the basis of which aid which is not linked to a specific project may be granted to one or several undertakings for an indefinite period of time and/or for an indefinite amount (Article 2(15) GBER).

⁶ See Staff Working Document referred to in footnote 4.

data collection requirements (see recitals (24) and (25)), the proposed timing of the evaluation including the date of submission of the final evaluation report (see recitals (26) to (31)), the description of the independent body conducting the evaluation (see recitals (32) and (33)) and the modalities for ensuring the publicity of the evaluation (see recitals (34) and (35)).⁷

- (40) The Commission considers that, as described in section 2 of this decision, the notified evaluation plan contains those minimum elements outlined in Article 2(16) of the GBER.
- (41) The evaluation plan gives a concise description of the key objectives of the scheme concerned. The scope of the evaluation is defined in an appropriate way (see recitals (10) to (12)).
- (42) The evaluation questions are designed in a way as to assess the direct effects of the scheme on the beneficiaries compared to non-beneficiaries, in order to measure the incentive effect of the scheme (see recital (15)). The evaluation questions addressing indirect effects are linked to the specificities of the aid scheme, both in terms of objectives and aid instruments (see recital (17)). The Commission notes that the evaluation plan also includes evaluation questions aimed at measuring the appropriateness and proportionality of the aid (see recital (19)).
- (43) The evaluation plan identifies and justifies result indicators that integrate the evaluation questions for the aid scheme concerned (see recitals (16), (18) and (20)), it explains the data collection requirements and availabilities necessary in this context and identifies the data sources to be used for the evaluation (see recitals (24) and (25)).
- (44) The evaluation plan sets out and explains the main methods that will be used in order to identify the effects of the scheme and outlines why these methods are likely to be appropriate for the scheme in question. The proposed evaluation methodology sufficiently allows the identification of the likely causal impact of the scheme (see recitals (22) and (23)).
- (45) The proposed timeline of the evaluation is reasonable in view of the characteristics of the scheme concerned (see recitals (26) to (31)).
- (46) The proposed criteria for the selection of the evaluation body meet the independence and skills criteria (see recitals (32) and (33)).
- (47) The proposed modalities for the publication of the evaluation results are appropriate and ensure transparency. In particular, the Commission takes note of the commitment of Romania to disseminate and make publicly available the evaluation plan, the interim evaluation report, the final evaluation report, and the additional evaluation report (see recitals (34) and (35)).
- (48) In view of the above, the Commission considers that the evaluation plan meets all of the requirements laid down in the GBER, is established in line with the

⁷ Further guidance is given in the Staff Working Document referred to in footnote 6.

common methodology proposed in the Staff Working Document, and is suitable given the specificities of the aid scheme to be evaluated.

- (49) The Commission notes the commitment made by Romania to conduct the evaluation according to the plan described in the present decision. The Commission also notes that Romania will submit interim evaluation report by 31 March 2023, a final evaluation report by 31 December 2023 and therefore before the end of the application of the current GBER (see recital (27)) and an additional evaluation report by 30 June 2026. Romania is invited to inform the Commission without delay of any element that might seriously compromise the full and timely implementation of the evaluation plan.
- (50) The Commission notes the commitment made by Romania to take into account the evaluation results for the design of any subsequent aid measure with a similar objective.
- (51) The Commission reminds that the application of the exempted scheme has to be suspended if the final evaluation report is not submitted in good time and sufficient quality.
- (52) Therefore, pursuant to Article 1(2)(a) of the GBER, the Commission decides that the GBER shall continue to apply to the aid scheme for which the evaluation plan was submitted, for a period exceeding the initial six months after the scheme at hand was applied for the first time, until 31 December 2023 and as from the date of the notification of this decision to Romania.
- (53) The Commission reminds that alterations to the evaluated scheme, other than modifications which cannot affect the compatibility of the scheme under the GBER or cannot significantly affect the content of the approved evaluation plan, are, pursuant to Article 1(2)(b) of the GBER, excluded from the scope of the GBER, and must therefore be notified to the Commission.

4. CONCLUSION

The Commission has accordingly decided:

- that the exemption of the aid scheme for which the evaluation plan was submitted shall continue to apply beyond the initial six-months period until six months after the final date of applicability of Commission Regulation 651/2014 of 17 June 2014, as amended, as laid down in its Article 59.
- to publish this decision on the Internet site of the Commission.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President