

## Romania solar energy market

By the end of 2023 - as Romania became the 118th member of the International Solar Alliance group of tropical nations - the country had reached 2.9 GW of solar.

Romania is positioning itself to become a major player in European Union renewables. Trade body SolarPower Europe's latest European Union market outlook report ranked Romania among its top ten growth markets for the first time, alongside Germany, Spain, and the Netherlands.

Econergy identified Romania as an important European renewables player at the end of the 2010s and has become a leading developer and investor in Romanian PV. We have learned where Romania's bold commitments create opportunity, where growth is delayed, and how Romania is weathering current international challenges.

Legislation has been introduced, since 2021, to ease solar deployment. For example, 2022 brought a legal amendment easing the use of agricultural land for PV until 2026, likely to maximize absorption of European Union funds during the bloc's 2021-27 budget.

There are hurdles, however. Projects bigger than 50 hectares are not accelerating at the same pace, in part because of a Ministry of Agriculture ban on renewables sites of such scale on agricultural land. The Romanian Industry Association, investors, foreign industry, and the Romanian Wind Association want the ban lifted.

The International Energy Agency (IEA) estimates at least 3 TW of global clean energy projects are waiting in grid connection queues, with half of them at an advanced stage of development. That is five times the amount of solar and wind installed in 2022 and Romania is not immune to such challenges.

Econergy's first Romanian projects faced no grid connection hold-ups. Today the queue is around 50 GW, even if applicants lose their place if projects are not contracted within 12 months.

With the IEA estimating global grid investment needs to almost double by 2030, to more than \$600 billion per year, Bucharest's Grid Development Plan has dedicated more than EUR1 billion (\$1.09 billion) to upgrading the network and adding interconnectors with neighbouring countries. Romania also stands to benefit from a European Union-wide EUR584 billion grid overhaul and has allocated more than EUR25 billion from its European Union, post-Covid Recovery and Resilience Fund (RRF) cash for businesses to invest in energy transmission.

The Romanian government, like many of its peers, capped energy prices after the inflation driven by Russia's invasion of Ukraine. This has hit renewables investment even though the government pays part of the subsidy and legislators have promised new power projects will be exempt from the cap. The European Union has

recommended removal of the price limit.

Despite that obstacle, industrial activity in Romania is growing, with international manufacturers who had left the nation to operate in Ukraine and Russia returning. The 2023 World Investment Report estimated foreign direct investment in Romania hit a record \$11.3 billion in 2022.

Some 63% of respondents to a Romania attractiveness survey conducted by accountant Ernst & Young in 2023, said they planned to establish or expand operations in the country, up from 53% in 2022. Utility supply was cited as one of three top factors to drive Romanian economic growth. An end to the energy price cap, in 2025, will further boost confidence.

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