



# 10 YEARS

## 2021 Annual Report

*July 2022*



# About us and vision

Bankwatch Romania is an environmental non-governmental organisation set-up in 2012, whose purpose is to prevent the negative environmental and social impact of public and private projects and to promote alternatives for a just and sustainable energy transition.

We started working on the issue of coal pollution and supporting affected communities by coal mines. We unfolded successful campaigns to prevent the construction of new coal-fired capacities, the illegal operation of coal-fired power plants and the expansion of lignite mines, in order to defend the right to a healthy environment of communities in mining regions.

Since 2017, we are also focusing on public policies and the promotion of alternative energy sources. Through our activities, we support the transition from coal to renewable energy by 2030, parallel with the economic diversification of mining regions and the protection of the most vulnerable in this process.

**Bankwatch Romania's vision is a sustainable and fair transformation of the system by phasing out fossil fuels and replacing them with renewable energy and energy efficiency measures. We believe that this transition must be just to the most affected communities and participatory, to reflect the needs of all stakeholders.**

# Team in 2021

**Ioana Ciută**

President of Bankwatch Romania and  
Coordinator of Balkan Coal Campaign

**Cătălina Rădulescu**

Lawyer and member the Board

**Gabriela Stătescu**

Office administrator, financial & legal assistant

**Raluca Petcu**

Communication Coordinator

**Vlad Popescu**

Project Manager

**Laura Nazare**

Energy Transition Campaign Coordinator

**Dan Dobre**

Just Transition Campaign Coordinator

**Alexandra Doroftei**

Coal Campaign Coordinator

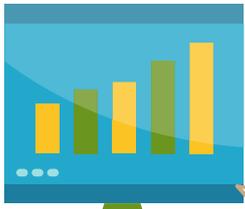
**Nicoleta Petrică**

Fossil Gas Campaign Coordinator

The **Board members** are Ioana Ciută, Cătălina Rădulescu (lawyer), Crisanta Lungu, Mihai Stoica (2Celsius) and CEE Bankwatch Network (represented by Petr Hlobil).



# 10 highlights in 10 year of Bankwatch Romania



In **2021**, we set up the legal clinic for environmental law, the first of its kind organized by civil society, which brings together lawyers and law students interested in environmental protection. The aim is to train a new generation of professionals and increase interest in this subject.

From **2021** we are for the first time member in the Monitoring Committees of the Operational Programmes (PO) for the financial period 2021-2027. We will focus on the Sustainable Development PO, Just Transition PO, but also the Regional OPs. This comes as a recognition of our expertise on the subject of energy transition.

Our reports put on the public agenda important issues such as: *Just transition in Hunedoara: economic diversification in a fair and sustainable manner (2019)* or *The Romanian renewable energy sector: a potential still untapped (2021)*; they highlighted systemic problems, proposed solutions for the energy transition and sustainable development.

As a result of an active participation, together with other members of society, in the processes of elaboration of the most important strategic documents in the energy field (NECP, Energy Strategy, RRP), the targets assumed by Romania in the field of renewable energy increased from 27% in 2019 to 30.7% in **2021**.

We have advocated to save wild mountain rivers from hydropower plants with a strong negative impact on biodiversity. In **2017**, we stopped in court the works at the hydroelectric power plant in the Jiu Defile, which did not comply with environmental legislation.

We were the first NGO in Central and Eastern Europe to start a campaign on just transition in **2017**. We mobilized civil society and authorities in Jiu Valley to plan the redevelopment of the region.

We monitored the emissions of coal-fired power plants and acted when they exceeded legal limits. Following our complaints, in **2017** the European Commission opened an infringement complaint for three units of coal-fired power plants in Romania.

Following the involvement of Bankwatch, the EBRD decided in **2015** to suspend the financing of Unit 6 at Turceni power plant. The project had several legal issues, including the lack of a proper environmental impact assessment and the misclassification of the plant as an existing one instead of a new one to allow for higher levels of pollution.

We campaigned for law compliance of coal mines, which profoundly affect the lives and health of people in mining communities, but also the environment. **During our entire activity**, we stopped in court the illegal expansion of 10 lignite mines and forced the operator to run environmental impact assessments.

We have carried out successful campaigns to stop the opening of new coal-fired power plants in Galați, Brăila (**2013**) and Rovinari (**2020**). Investments in new coal capacity should no longer take place in a world of unprecedented climate change caused by fossil fuel consumption.

# Our campaigns in 2021

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# MINING AND POWER PLANTS

## Romania before the Court of Justice of the European Union for violating the Industrial Emissions Directive

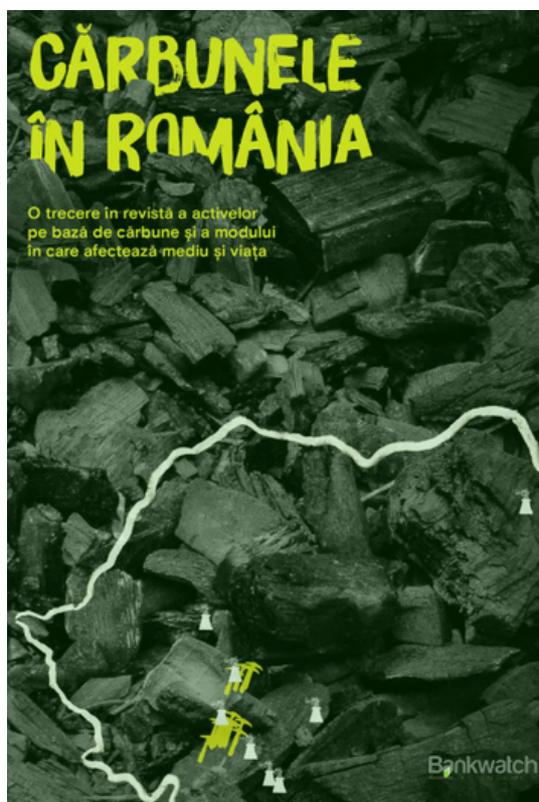
In 2017, we notified the European Commission of the breach of emission limits and implicitly of the Industrial Emissions Directive. Three groups, two of which belonged to the Mintia thermal power plant and one to the Govora thermal power plant, far exceeded the permitted limits for sulphur dioxide and PM.

Following this notification, at the end of 2021 [the European Commission announced](#) that it will send Romania to the CJEU for non-compliance with EU rules on combating industrial pollution. Although the Mintia thermal power plant was closed at the end of June, Romania has reached the Court of Justice for violating the Industrial Emissions Directive and for the seven years of pollution with negative effects on human health.

## Coal in Romania

În 2021 we published a comprehensive [report](#) on all coal-based assets (thermal power plants and mines) in Romania. The purpose of the report was to document their technical, financial and environmental status and plans for phasing out coal from the energy system, all in one place. Along with the report, we also published an [interactive map](#), which we update regularly, based on the decisions taken by the authorities regarding coal.

Main takeaways were that, although Romania established in the RRP to eliminate coal by 2032, the strategic plans did not indicate this direction, keeping in the system more than half of the current capacity. The report on coal in Romania can be an important tool at the disposal of the authorities and the interested stakeholders in order to be able to set up a coherent timetable for the coal phase out.



## OEC Restructuring

Based on the rising price of ETS certificates, in 2020 the Romanian Government decided to grant Oltenia Energy Complex (OEC) a loan of EUR 251 million to pay its carbon debt for 2019. In February 2020 the European Commission approved this aid as a rescue loan, provided that the company submits a restructuring plan within 6 months. It was sent to the Commission in September 2020, and in February 2021 decided to open an in-depth investigation about the company's viability. At the same time, in March 2021, the government decided to grant a second loan of EUR 241 million, helping OEC to pay its emissions from 2020, without waiting for the Commission's approval.

Following this evolution, with the support of ClientEarth lawyer, we submitted [our observations to the European Commission](#) in which we pointed that the restructuring aid was illegal because it would offer a competitive advantage to OEC over other market participants and violated the *polluter pays principle*. We also developed [a report](#) sent out to the Commission showing that the restructuring plan was undermining the decarbonisation effort, in fact adding more emissions by 2030. **The company reviewed its plan and presented an improved decarbonisation proposal, which envisaged phasing out coal by 2030. The plan was approved by the Commission in early 2022.**

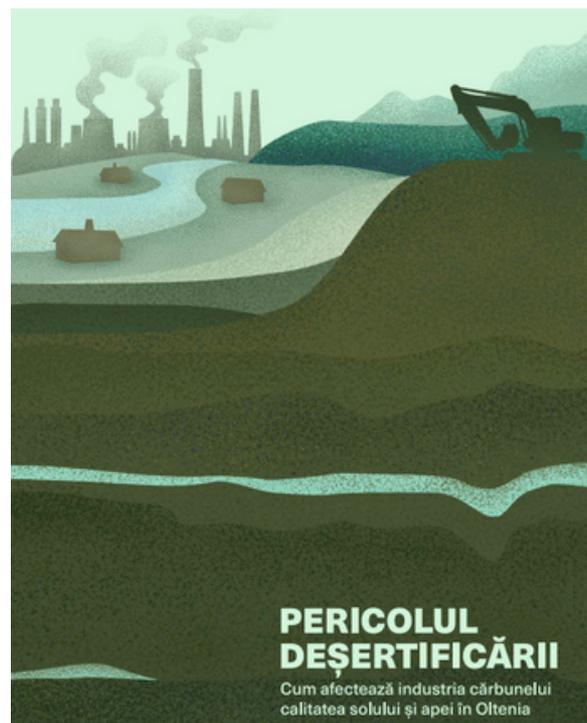
## The threat of desertification in Gorj

In our various trips in the areas near the thermal power plants and coal mining quarries, we talked to several locals who pointed out the problem of water and soil.

The report [The danger of desertification. How the coal industry affects the quality of soil and water in Oltenia](#) has the purpose to analyze and highlight the main causes of water scarcity and pollution, but also of soil degradation in the area. Combined with other factors, coal exploitation causes a high soil degradation, which leads in time to the occurrence of desertification and affects the availability and quality of drinking water.

The scientific arguments were also supported by local stories. In the villages around the coal mines, such as Lupoiaia, Roşia de Jiu, Rogojel or Runcurel, people face the lack of water or its pollution.

Together with the report we published an [informative video](#) about coal's negative impact on water.



# JUST TRANSITION

## Territorial Just Transition Plans

2021 was about intense planning of the just transition and a series of public consultations took place in all six counties affected by the energy transition. We focused on the Territorial Just Transition Plans (TJTP) of Hunedoara and Gorj counties, where **we participated in eight rounds of consultations**. In [our comments](#) we highlighted the needs to reduce greenhouse gas emissions, to invest in circular economy and social inclusion, most comments being included in the final versions of the plans.

### Status of the Territorial Just Transition Plans in central and eastern Europe

3 March Update



Photo credit: Andrei Ducea for Greenpeace Romania

We still have some concerns about TJTPs not providing enough details or a clear timetable for the transition process. The plans are in line with Romania's National Energy and Climate Plan (NECP), but this document itself is outdated and unambitious. Moreover, the European Commission has explicitly stated that the production, storage, transport and distribution of fossil fuels are not eligible for support under the Just Transition Mechanism. However, TJTPs in Romania still contain fossil gas projects. Uncertainties about the implementation of the transition are primarily due to repeated references to fossil gas as part of the solution.

In Gorj County, we are **working to curdle a civil society coalition** in order to support sustainable development in the region. We have established contacts with local NGOs and business representatives, local and regional public authorities and will continue to develop this network. We had 6 meetings with relevant stakeholders and found that some of them are open to such a coalition.



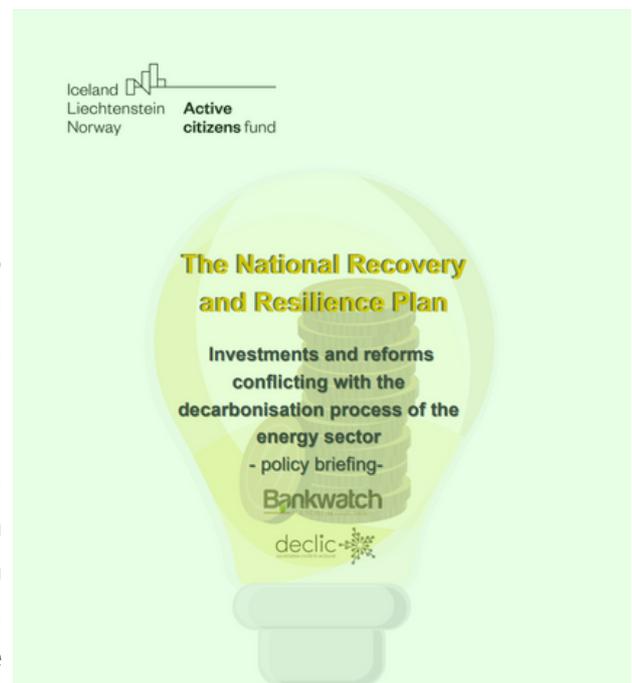
# ENERGY TRANSFORMATION

## National Recovery and Resilience Plan

The year 2021 began with an extensive process of public consultation of the National Recovery and Resilience Plan (RRP), the most important document for Romania for a post Covid-19 economic recovery. **We participated in the [public consultations sessions](#)** regarding grassroots and rural development, the use of civil society involvement and NGOs experience for a better plan, but also energy transition and climate change, where we explicitly requested the elimination of investments in fossil fuel energy production capacity and in the expansion of the gas transmission and distribution network, as well as hydropower projects that endanger water resources and biodiversity. Moreover, we called for an increased budget for energy efficiency and research and innovation, but also for bigger investment in renewable energy production, especially of the offshore wind energy sector. We also called for a higher flexibility of electricity networks and low-carbon energy storage capacity.ii reduce de carbon.

At the end of the drafting process of NRP, we published [an analysis](#) of the proposed investments for the energy field. The report, done together with Declic Community and independent experts shows that only 3.4% of the available financial resources are aimed at renewable energy projects, but also that authorities continued to prioritize fossil fuel projects, at the expense of fast solutions that can generate real carbon savings.

The conclusions of the analysis were sent to both the representatives of the European Commission and the Government of Romania, requesting again more funds for truly green energy projects and in accordance with the climate targets of the European Union.



## The renewable energy sector in Romania: a potential still untapped

As a follow-up to activities to promote the sustainable development of the renewable energy sector, we have published a [report](#), analysing the evolution in Romania, the main public policies to encourage it and proposes a series of recommendations to ensure the sustainable growth of the renewables sector by 2030.

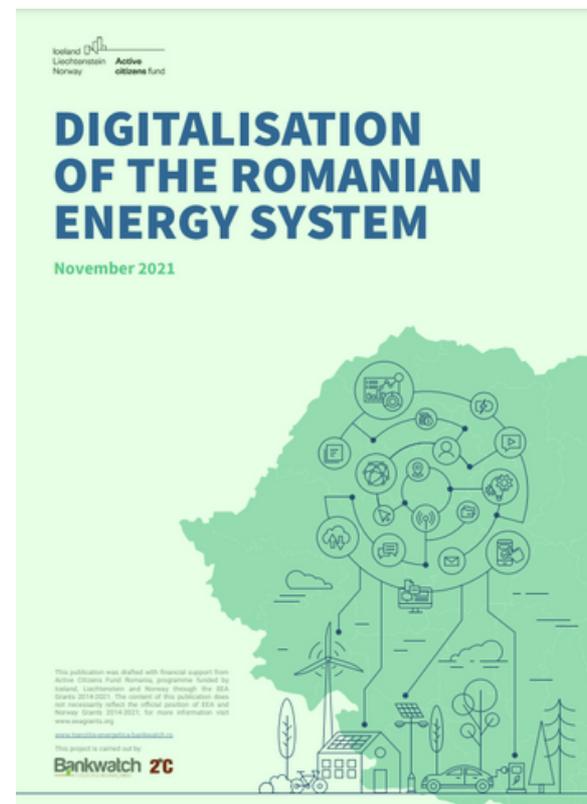
The report was focused on assessing the frequent legislative changes applied to this industry that have destabilized its evolution, and shows that there is currently **no coherent support system for the installation of new renewable capacities** to reach the 30.7% target. Through this report, we made a call for stability and predictability for a sustainable exploitation of Romania's potential in terms of renewable energy.



## Digitalisation of the Romanian energy system

A successful energy transition requires cross-sectoral efforts, with a critical pillar being the digitalisation of energy systems, their connection, access to networks or the consumer experience. In Romania, digitalisation is a less debated topic, so we decided to publish a [report](#) done by an independent expert, presenting the available digital technologies, as well as an assessment of the degree of digitalisation of the energy sector at national level. These technologies play an important role in making the electricity distribution network more flexible for the integration of new renewable sources.

The report was launched in a [debate talk](#), together with representatives of the Ministry of Energy, Ministry for Development, Public Works and Administration, Administration of the Environment Fund, as well as representatives of the business environment and civil society in the field of energy.



# FOSSIL GAS

Starting June 2021, we have gradually started a new campaign dedicated to fossil gas. This fossil fuel is growing significantly in Europe due to its tagging as a "transitional fuel" especially by Eastern European countries. By 2040, we will have to phase it out, in order to achieve climate targets - net 0 emissions by 2050 - and also to avoid much higher social and economic costs. Therefore, the financing and implementation of new fossil fuel-based energy projects must cease now.

In the beginning of the campaign, we monitored the decisions taken at European level with a direct impact on the activities at national level.

## Methane emissions

We followed the evolution of the methane strategy and regulation proposed by the European Commission (which is still being elaborated and discussed) and we started to communicate about the needs of reducing methane emissions in Romania. By the end of the year we had several appearances in the central press, and alongside other specialists, we discussed the problem of methane, not only in Romania, but also in the rest of the world.

We managed to get the attention of the Presidential Administration after we sent [an open letter](#) on the *Global Methane Pledge*, which Romania did not sign at COP26. In the letter, we expressed our concern about **the lack of ambition of Romania to reduce methane emissions by 30% in 2030**. On this occasion we became part of the working group organised by the Presidential Administration "Combating climate change: an integrated approach", which aims to identify solutions for eight environmental challenges of Romania, one of them being the reduction of greenhouse gas emissions.

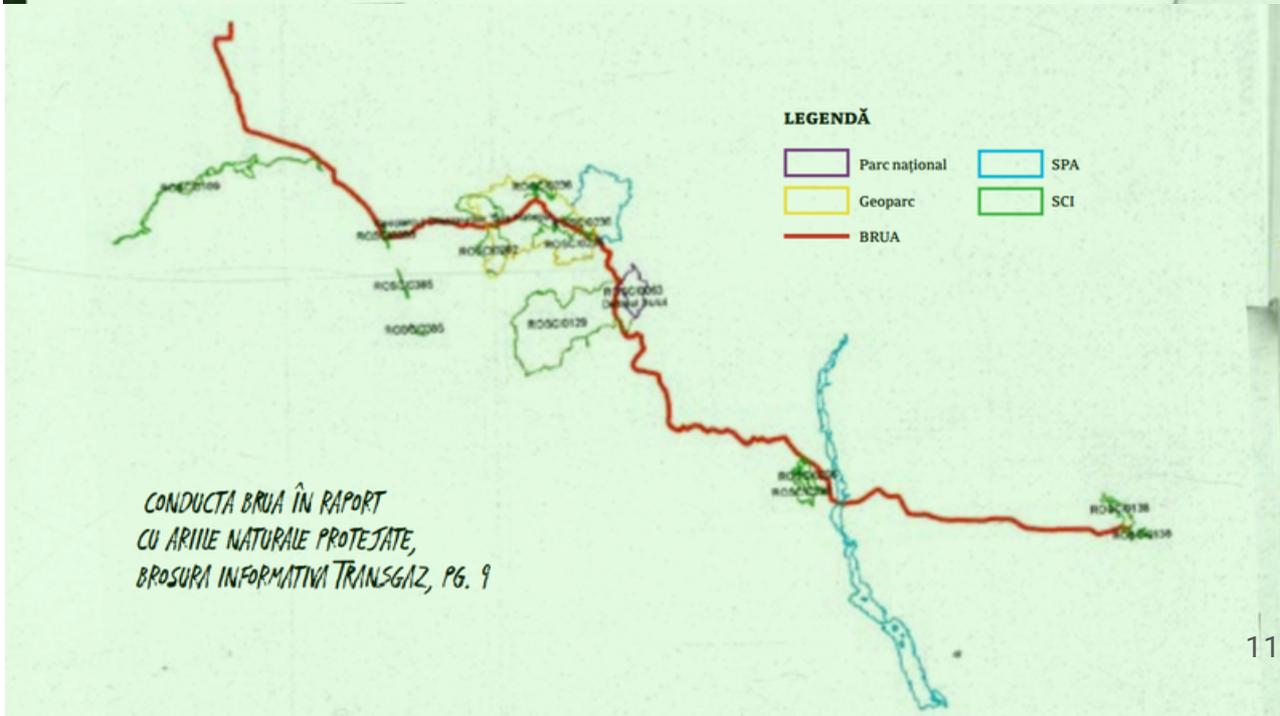


**GAZUL FOSIL ≠ TRANZIȚIE ENERGETICĂ**

**Metanul conținut de gazul fosil este de 86 de ori mai capabil să rețină căldura în atmosferă decât dioxidul de carbon.**

**Projects of common interest**

Part of our work was focused on the list of projects of common interest (PCIs) approved at EU level, which includes massive fossil fuel projects for which considerable financial support is needed. We participated in an online debate (at the initiative of Food & Water Action Europe) where **we spoke before the EU Parliament** about the impact of these planned projects on protected natural areas in Romania, but also about the legislative framework derogating from environmental laws. We also [signed a letter](#) which we have sent to Romanian MEPs calling for a halt to fossil fuel PCI projects, and focusing instead on renewable energy and energy efficiency. We believe that [fossil fuel projects should have no favourable status](#), in particular because they hinder the process of an economic transition based on sustainable energy resources.



# ENVIRONMENTAL PROTECTION

In addition to the main campaigns we carry out, we support, within the limits of our available resources, other projects that correspond to our mission.

## Unsustainable hydropower

We had an active role in the campaign on the illegal construction of hydropower facilities in the **Jiu Defile**, considering that the destruction of a unique natural park to produce 0.4% of energy consumed annually in Romania is not justified. In 2018, we obtained in court the cancellation of the building permit for this project, effectively stopping the works before the hydroelectric plant is put into operation and has a devastating effect on the environment.

This topic returned to the agenda of the Romanian Parliament, with rising energy prices, being seen as a life-saving solution for reducing electricity bills. We have been invited to a *Commission of Inquiry into the Causes of Rising Energy Prices*, along with other organizations involved in halting biodiversity-destroying hydropower projects. **We argued to decision makers the reasons why we consider this investment, but also others, as unsustainable, and we pointed out that the projects did not comply with environmental legislation.** However, following the meeting, the MPs proposed changing the boundaries of natural protected areas to favour hydropower projects, an unacceptable solution that would destroy the national natural heritage. We drew attention to this and to the open infringement against Romania due to the hydropower plants through [an open letter](#).



## Environmental law clinic

With the financial support of Active Citizens Fund, we have fulfilled a dream we had since the establishment of the organisation. In 2021 we laid the foundations of a [legal clinic for environmental law](#), the first of its kind organised by the civil society, which brings together lawyers and law students interested in environmental protection. The goal is to train a new generation of professionals and increase interest in this subject, as lawyers specialised in environmental law are very few in Romania.

In September, we organised a first course that addressed the issue of environmental law at European and national level. In the following months, we worked with clinic members on specific cases of Bankwatch Association, but also of other organisations that needed legal support. The clinic will continue its activity for at least three years, but our goal is to extend it for an indefinite period.



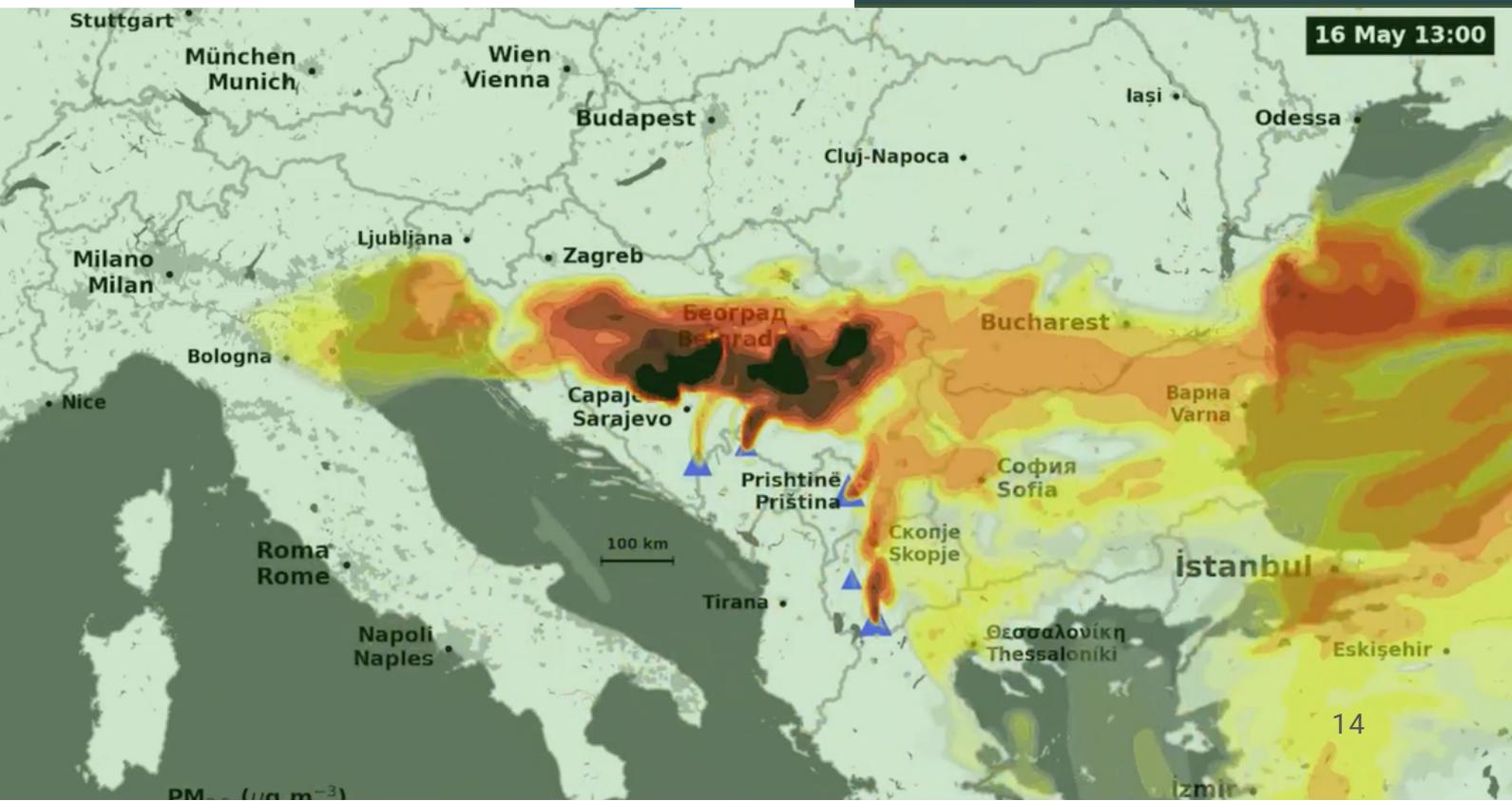
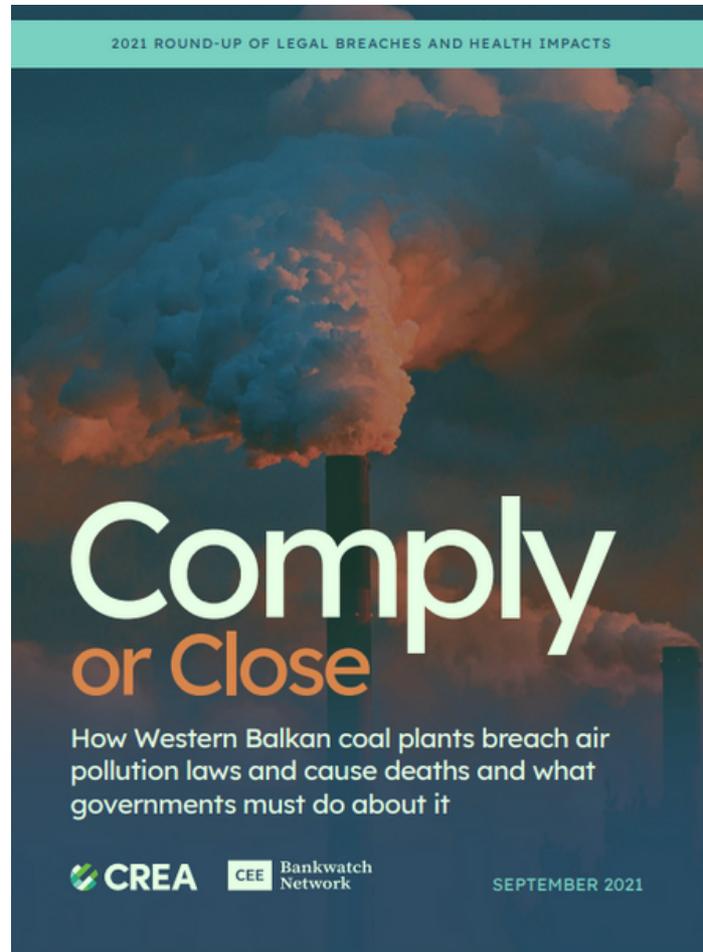
# COAL IN BALKANS

## Comply or Close

The most notable activity in this campaign was the launch of the [third edition of the report](#) and the [complyorclose.org](https://complyorclose.org) website. The campaign presents the impact of coal-fired power plants in the Western Balkans among European citizens' health. These power plants exceeded the pollution limits set by law for 3 years in a row, causing almost 19,000 deaths during this period.

12,000 of these deaths could have been avoided, being attributed to illegal emissions exceeding more than 6 times the limits assumed by the [Energy Community Treaty](#), which allows the countries of the Western Balkans to access the EU energy market. It is estimated that in Romania airborne pollutants caused more than 450 deaths in 2020 alone.

The results of the report were published by known international mass-media such as [Bloomberg](#), [the Guardian](#), [Euronews](#), [BBC](#), [ANSA](#), [Balkan Green Energy News](#) and [Al-Jazeera](#).



## Transboundary consultations of the Serbian Spatial Plan

In March 2020, the Serbian government held public consultations on the country's spatial plan for 2021-2035. The process continued with a second version of the plan, published in autumn 2020, and the Strategic Environmental Assessment (SEA) of the Plan was also subject to cross-border consultation.

The interested public in Romania had a month, in June 2021, to [send comments](#), despite the fact that the SEA report was distributed only in English, and the actual development plan was not made available to the public at all, which prevented a real consultation.

In the [comments](#) sent by Bankwatch Romania we showed that at least 10 of the 39 projects proposed will have negative environmental impact and are taking the opposite direction to the targets assumed by Serbia through Paris Agreement or Green Agenda for Western Balkans.

Some of these so-called solutions for territorial development are: "security of coal supply", "increasing energy production from liquid and gaseous fuels and geothermal energy", "expanding coal mines in the Kolubara and Kostolac basins", "building new thermoelectric capacities" and "reconstruction and construction of micro hydropower plants". These will have serious and irreversible cross-border effects on the environment and public health, if this document is finalized and approved.

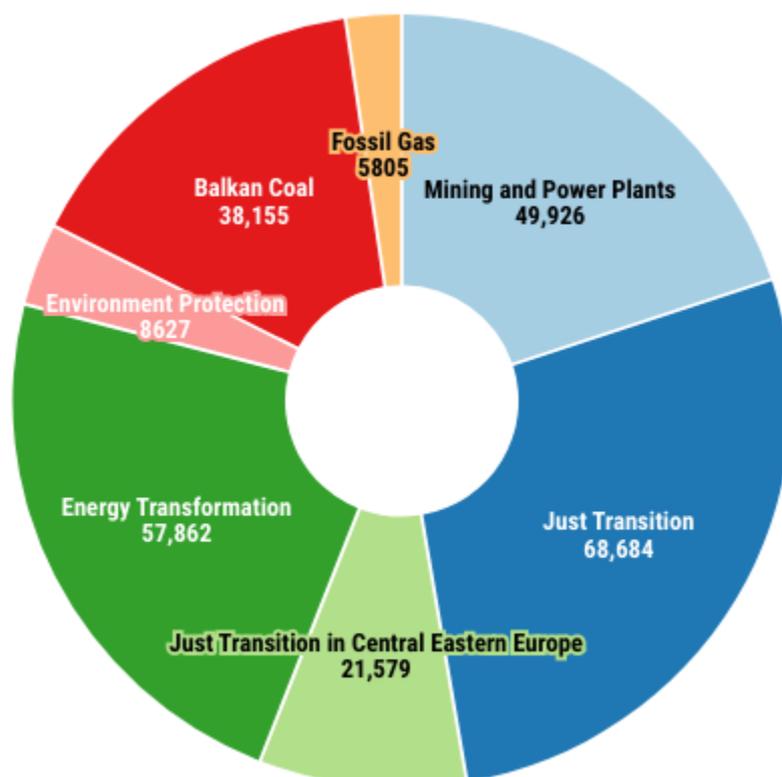


# BUDGET AND FINANCIAL RESOURCES

## Income

European Climate Foundation (ECF)	€64,830
ECF via CEE Bankwatch Network	€32,678
Active Citizens Fund	€73,510
ClientEarth	€19,099
Europe Beyond Coal	€21,579
Friedrich Ebert Stiftung (consultancy for energy transition in the Balkans)	€13,392
European Commission – DG Environment – Life+ via Justice & Environment	€3,853
European Commission – DG Environment – Life+ via CEE Bankwatch Network	€14,397
Third Generation Environmentalism - E3G (Climate KIC)	€2,700
German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (EUKI) via CEE Bankwatch Network	€4,600
<b>Total</b>	<b>€250,641</b>

## Campaigns spendings



*Bankwatch Romania is grateful to all the donors for their trust and continuous support that made the activity in 2021 possible*

Iceland   
Liechtenstein   
Norway  **Active citizens fund**



**ClientEarth** 

**CEE** Bankwatch Network

**FRIEDRICH EBERT STIFTUNG** 



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