

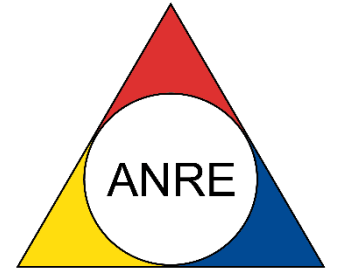
# **Romanian Electricity Market, current status**

Cristina Pirvu

Electricity Network Tariffs and Investments  
Monitoring Department

Romanian Energy Regulatory Authority (ANRE)

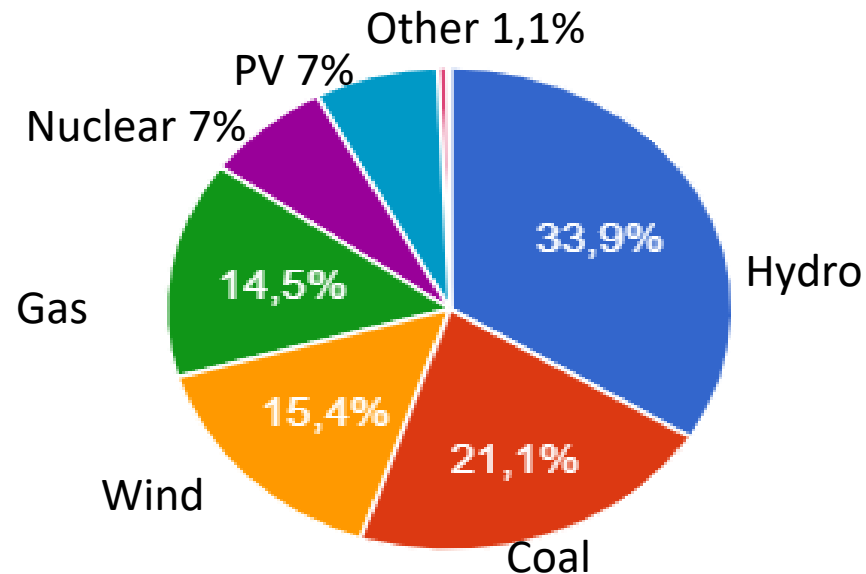
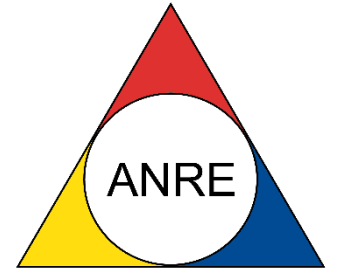
# Electricity Market in Romania



Market Participants:

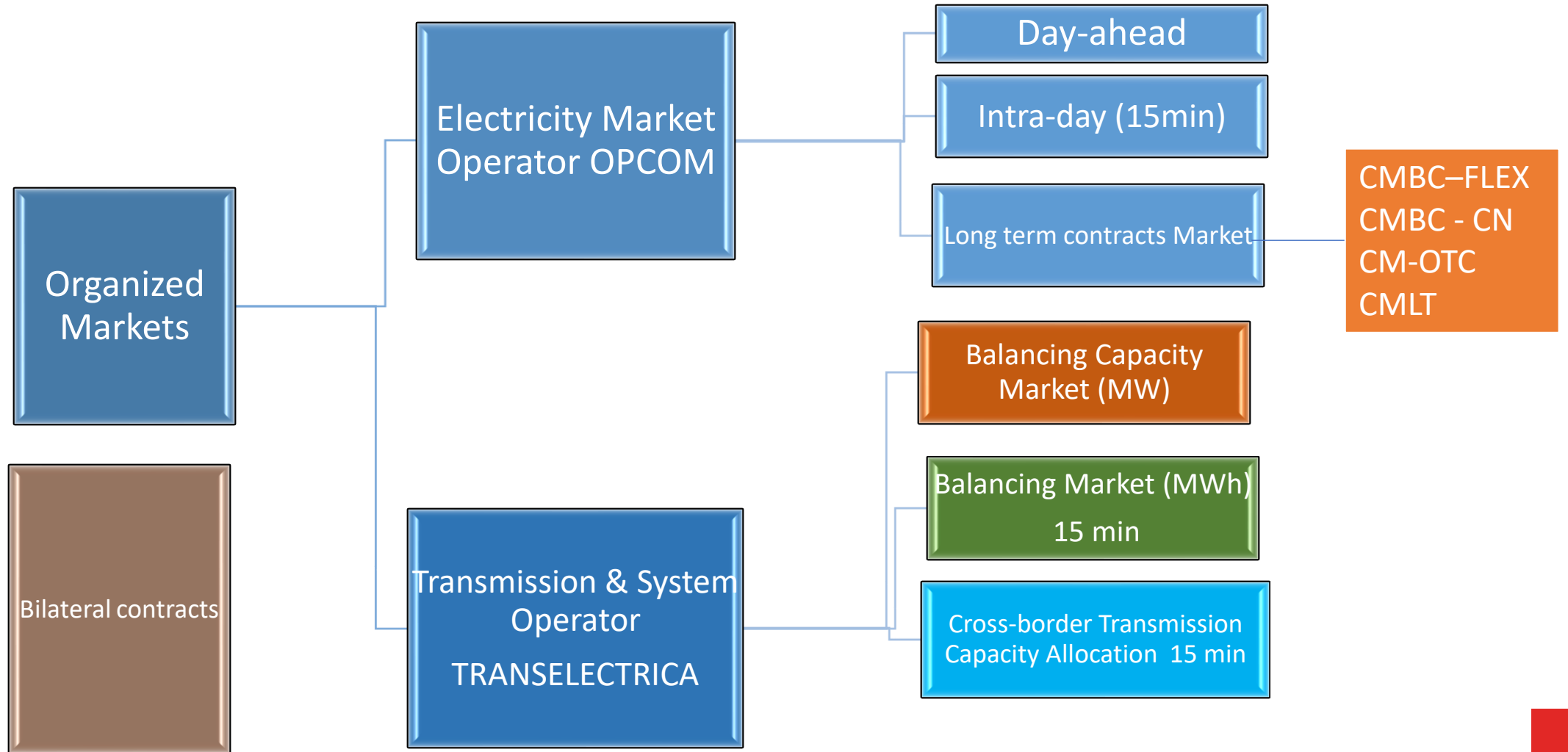
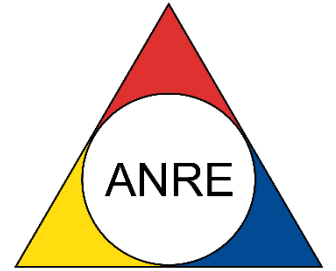
- **Generation** – 19,6 GW installed capacity with 1000 producers (402 producers with  $P_i$  greater than 1 MW, 5 significant producers - SN Nuclearelectrica SA, SPEEH Hidroelectrica SA, CE Oltenia SA, OMV Petrom SA, SN Romgaz SA);
- 159 **supply** (of which aprox. 90 are active on the markets) and 27 **trader** license holders;
- 1 **Transmission** System Operator certified as TSO- CNTEE Transelectrica SA;
- 6 main **Distribution** System Operators and 42 small DSO-s
- 1 **Market Operator, designated as NEMO**
- **Consumption** 56 TWh/annum
  - more than 8,5 mil. final customers

# Installed Generation Capacity

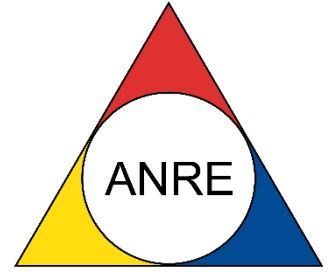


- Installed capacity of 19612 MW (April 2021)
- 55 % of the total installed capacity is in RES capacities, from which:
  - Hydro = 6644,6 MW
  - PV & Wind = 4407 MW
- Net Generated Electricity in 2021: 54,02 TWh
  - Import: 7,62 TWh
  - Export: 5,43 TWh

# Wholesale Electricity Market Design

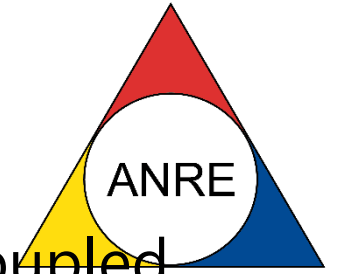


# Wholesale Electricity Market – Day Ahead Market (DAM)

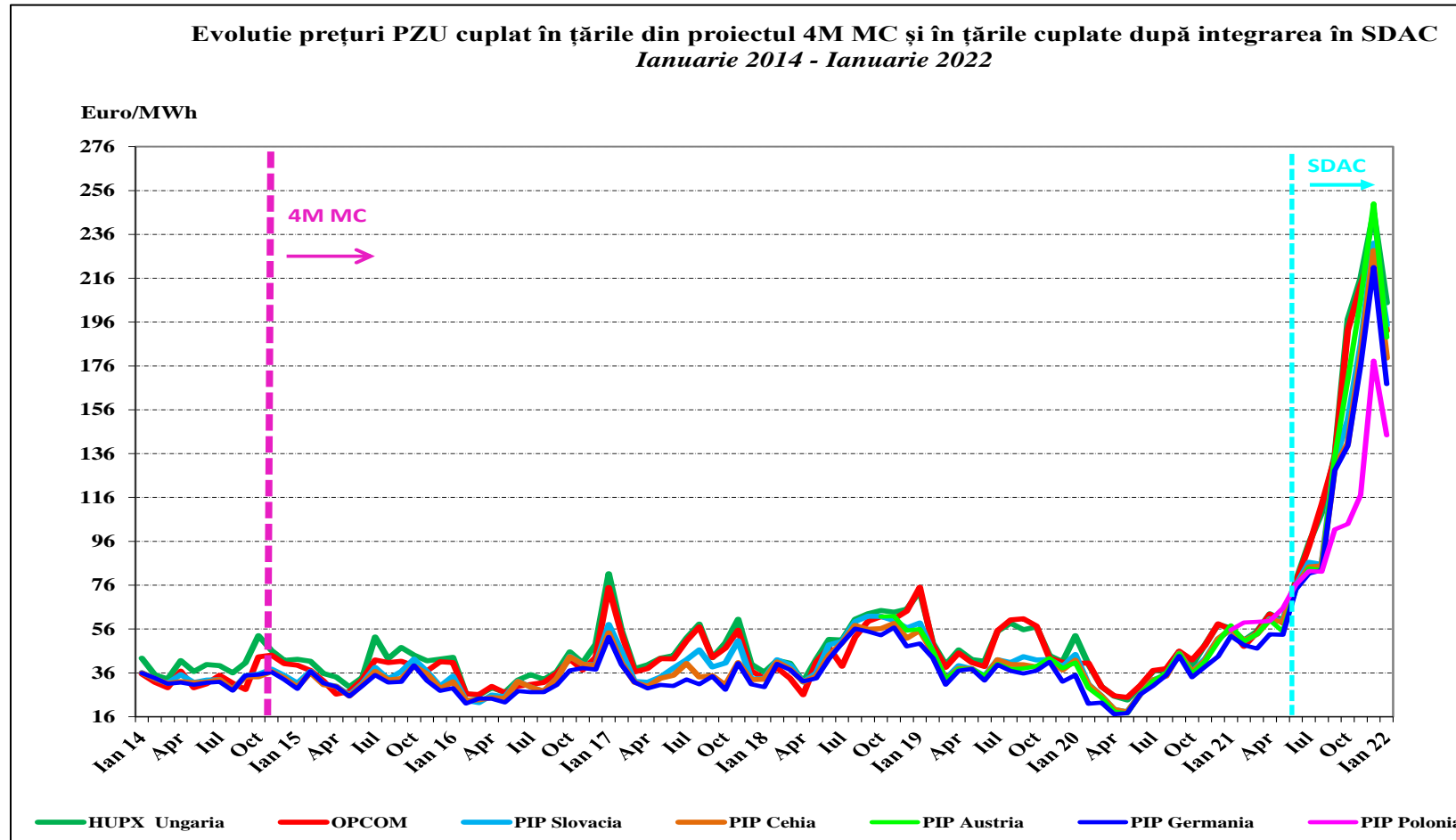


- 19 November 2014, the Romanian DAM is coupled with the spot markets from Hungary, Slovakia and the Czech Republic in the 4M MC project – the price coupling mechanism of the day-ahead markets.
- On 18 June 2021 the Interim Coupling Project became operational. DAMs in the 4M MC regional project were coupled by price with the multiregional coupling markets (MRC) by introducing the implicit allocation of net transmission capacity (NTC) on 6 new borders (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT). As a result of the expansion of the coupling mechanism, the spot markets in the Czech Republic, Slovakia, Hungary and Romania have been coupled with those in Poland, Germany and Austria, now being part of the pan-European SDAC project.
- On 27 October 2021, the RO-BG border coupling operations in SDAC were completed, thus allowing the connection of DAM from Greece and Bulgaria to SDAC, with the first delivery day 28 October 2021.

# Wholesale Electricity Market – Day Ahead Market (DAM)

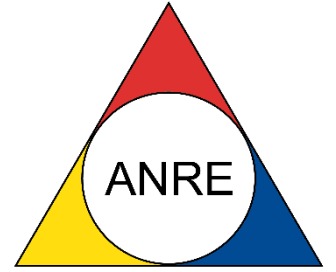


Evolution of the coupled spot prices in the 4MMC countries and in coupled countries after the integration into SDAC – January 2014 – January 2022



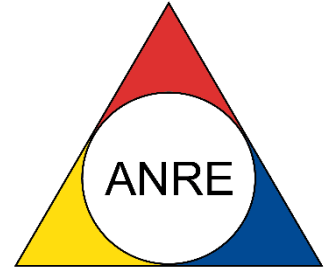
# Wholesale Electricity Market – Intra-Day Market (ID)

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- 19 November 2019, Romanian ID is coupled with the markets from other 20 countries participating in the European SIDC Project (Single Intra-Day Coupling), formerly known as XBID, respectively Bulgaria, Hungary, Croatia, Czech Republic, Poland, Slovenia, Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Norway, Sweden, Holland, Portugal and Spain

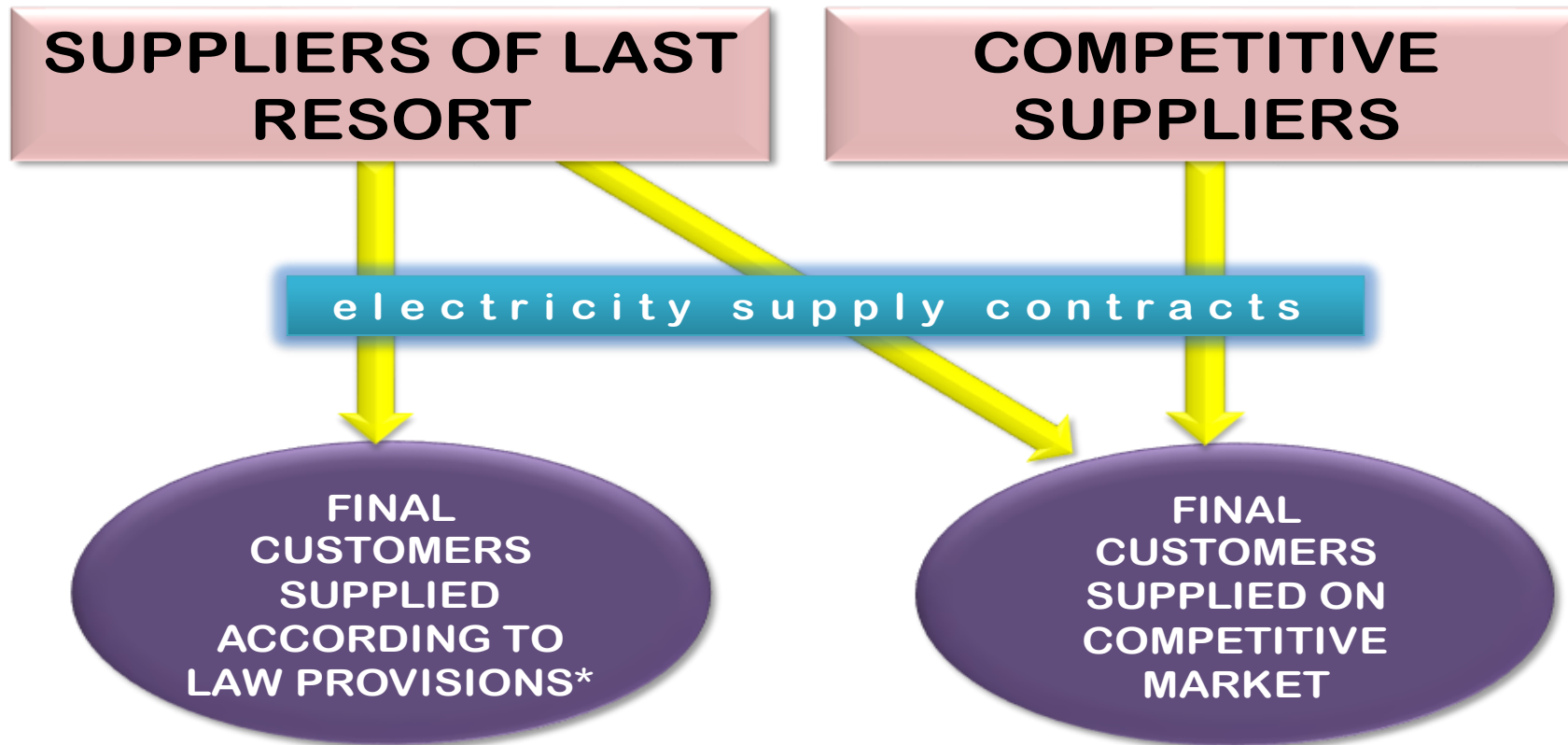
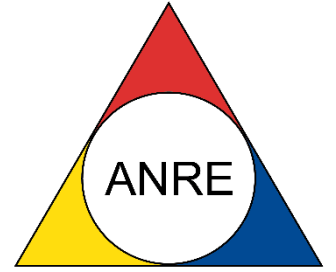
# Retail Electricity Market – Main events, gradual market opening



- **Government Decision 122/2000** – electricity market opening at 10%;
- **Government Decision 644/2005** – electricity market opening at 83.5%;
- **Government Decision 638/2007** – fully opening of electricity and gas markets;
- **September 2012** – the application of the first stage of the timetable of phasing out regulated electricity tariffs for the electricity supply to final clients who choose not to exercise their eligibility rights;
- starting with **1 January 2021** – no regulated tariffs for the electricity supply.

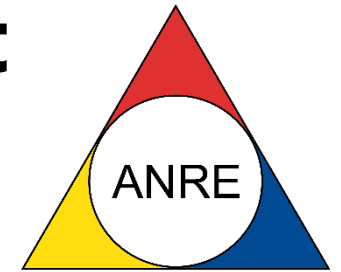


# Retail Electricity Market –Contractual Arrangements



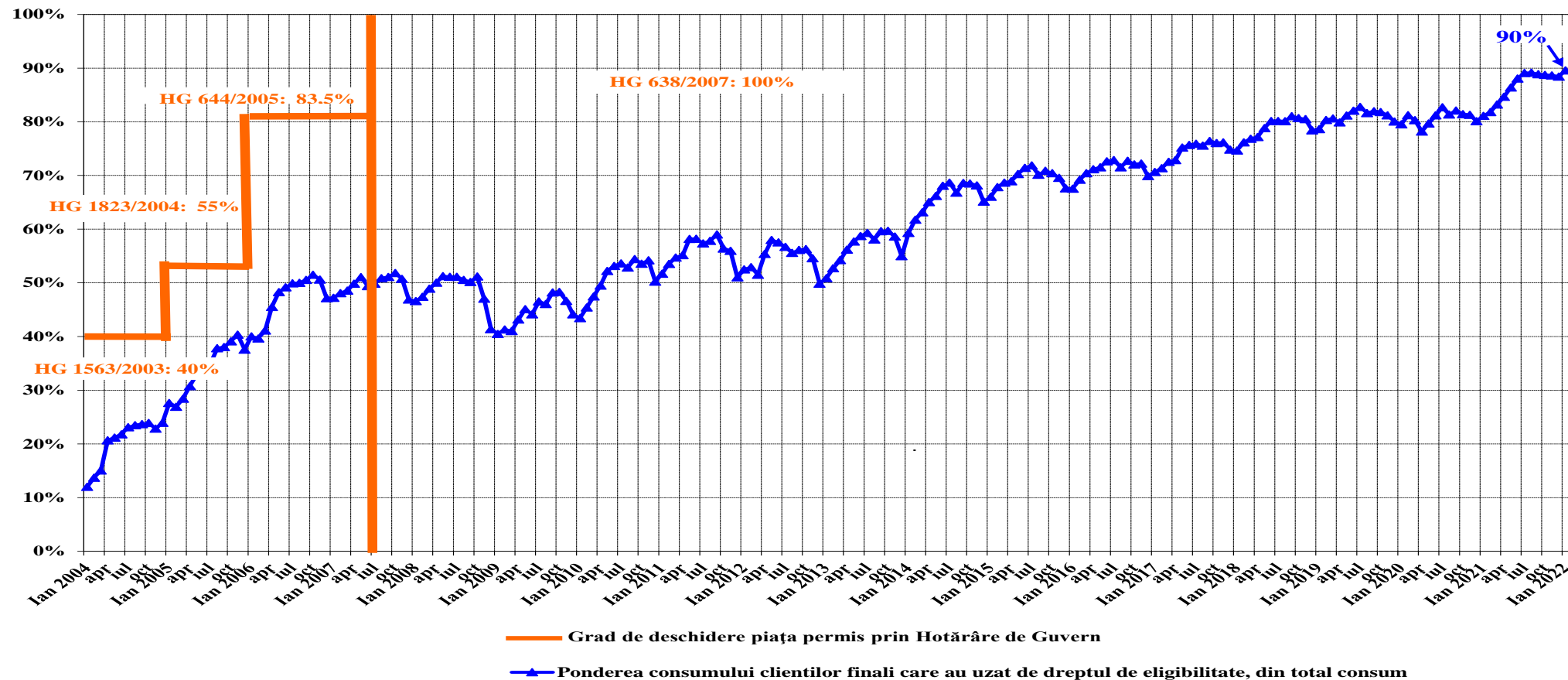
\* art. 53 point (2) and art. 55 point (1) from Electricity and Gas Law no. 123/2012 with subsequent amendments and completions

# Retail Electricity Market - Electricity market opening degree

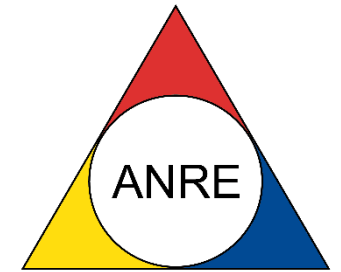


The consumption of final consumers who switched their supplier or negotiated on a competitive basis the contracts with the suppliers of last resort, in relation to the total consumption January 2004-2022

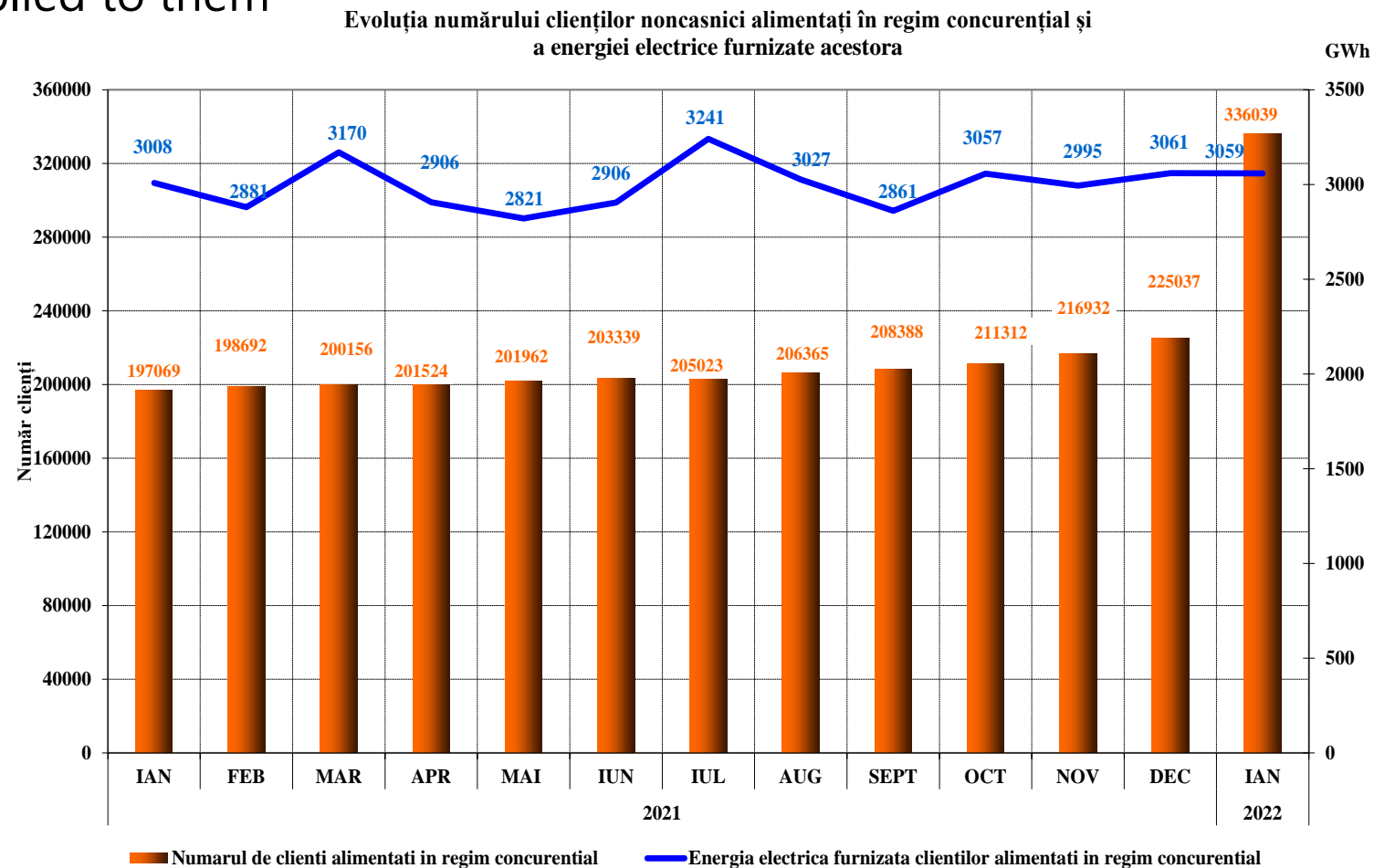
Evoluția gradului de deschidere a pieței de energie electrică în perioada Ianuarie 2004 - Ianuarie 2022



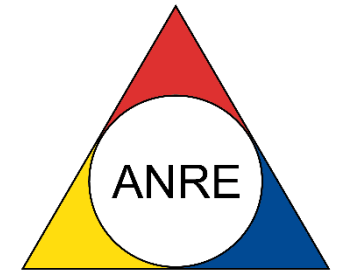
# Retail Electricity Market



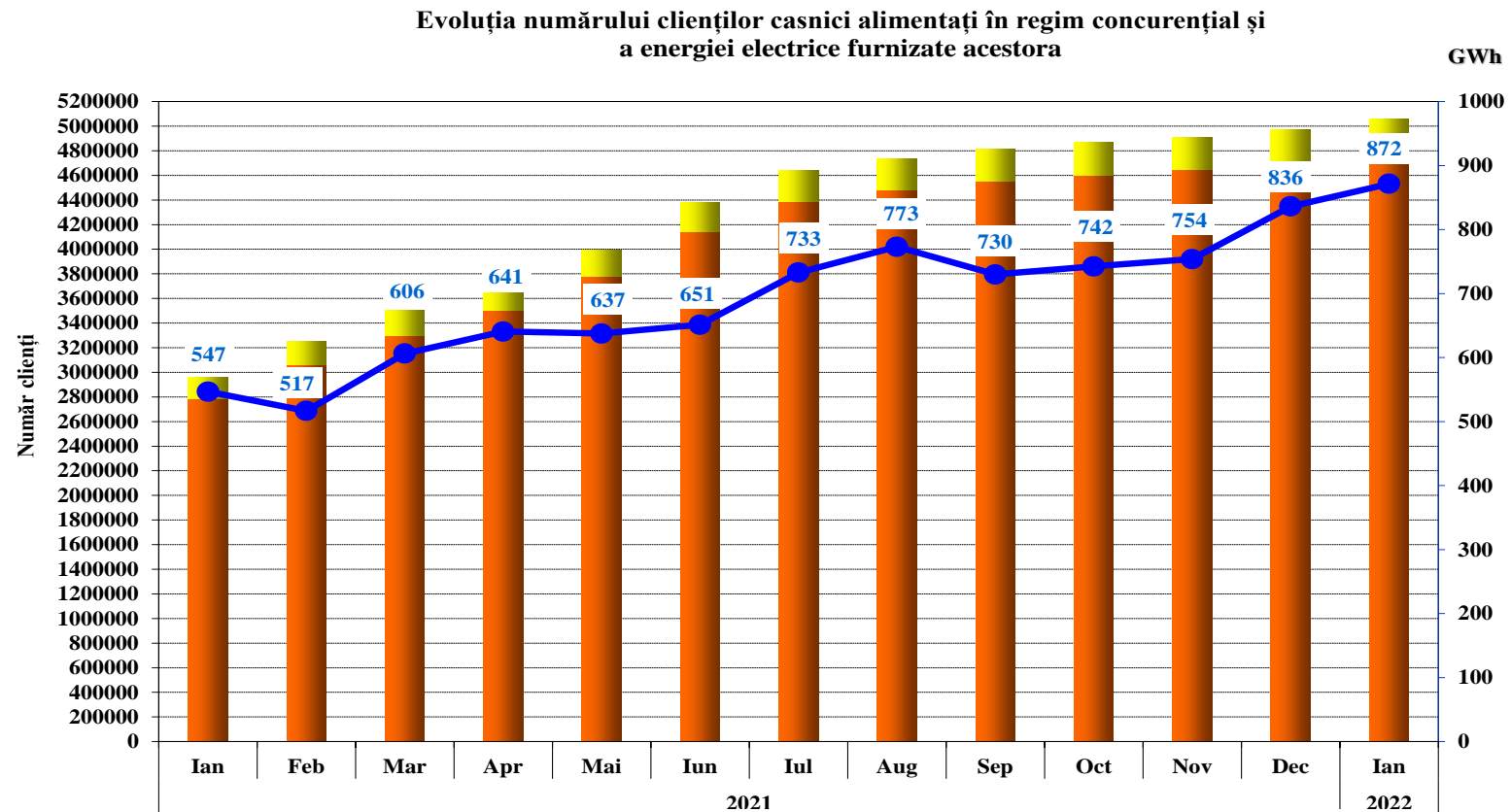
The number of non-household clients supplied under a competitive regime and the electricity supplied to them



# Retail Electricity Market



The number of household clients supplied under a competitive regime and the electricity supplied

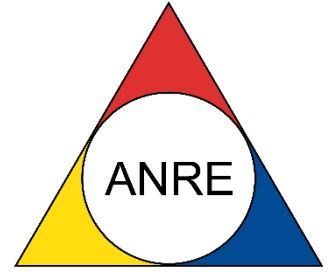


Yellow – competitive suppliers;  
Red - suppliers of last resort

■ Nr clienți casnici alimentați în regim concurențial de FC  
■ Nr clienți casnici alimentați în regim concurențial de FUI  
● Energia electrică furnizată clienților casnici alimentați în regim concurențial

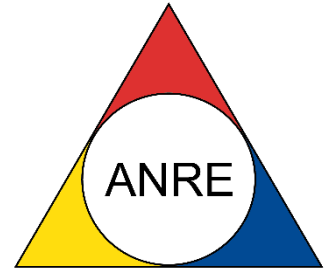
# Electricity Market Prices Increase – effects and measures

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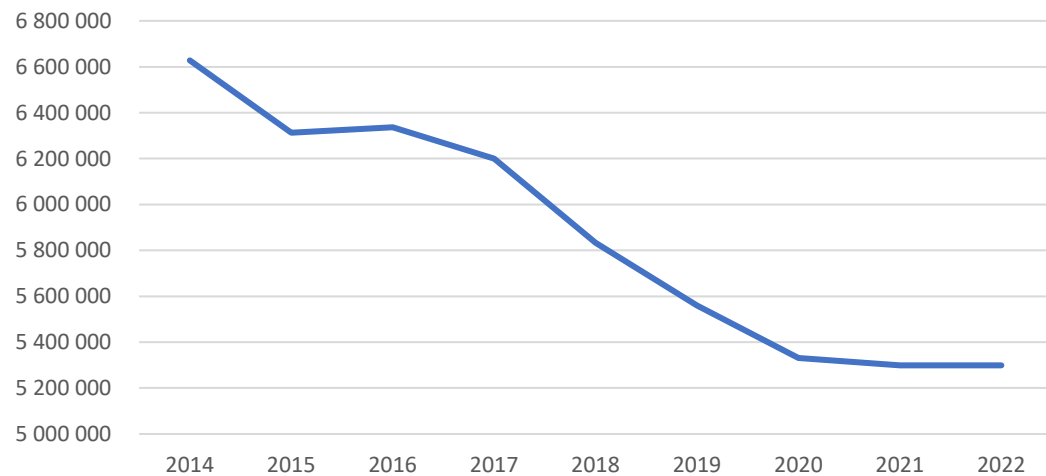
- In Romania, the market price has risen sharply since July 2021
- As the electricity market in Romania is fully liberalized (open to competition), the Law doesn't allow any state intervention in the price formation.
- The Government decided to limit the electricity price to almost all final consumers; the suppliers receive from the state budget the difference between this limit and the price from contract; also, the income of the producers resulting from the collection of a price higher than a fixed limit is overtaxed.

# Electricity Market – the cost of distribution network losses

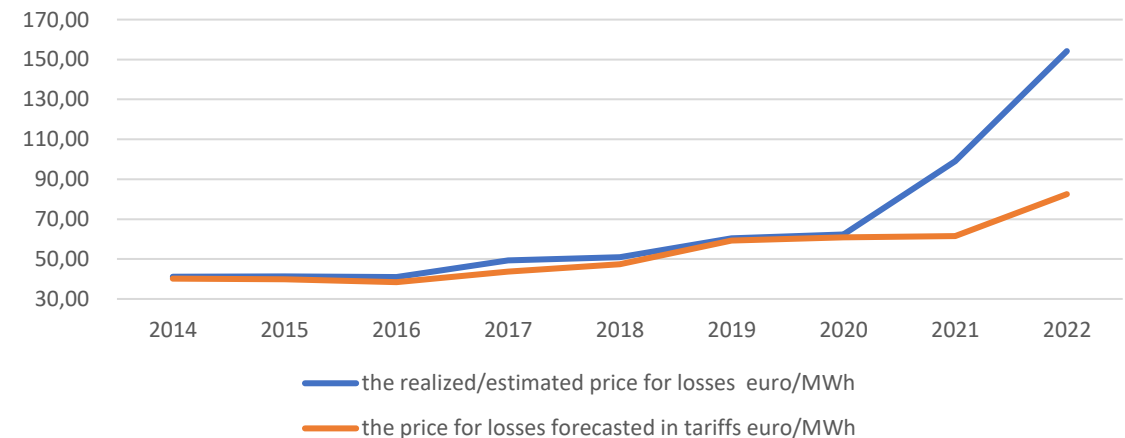


Transmission and Distribution operators (DSOs and TSO) buy (trade) electricity for transmission and distribution networks losses and after July 2021 they must spend more to buy electricity to cover losses; they face with insufficient budget to cover all costs (OPEX and losses).

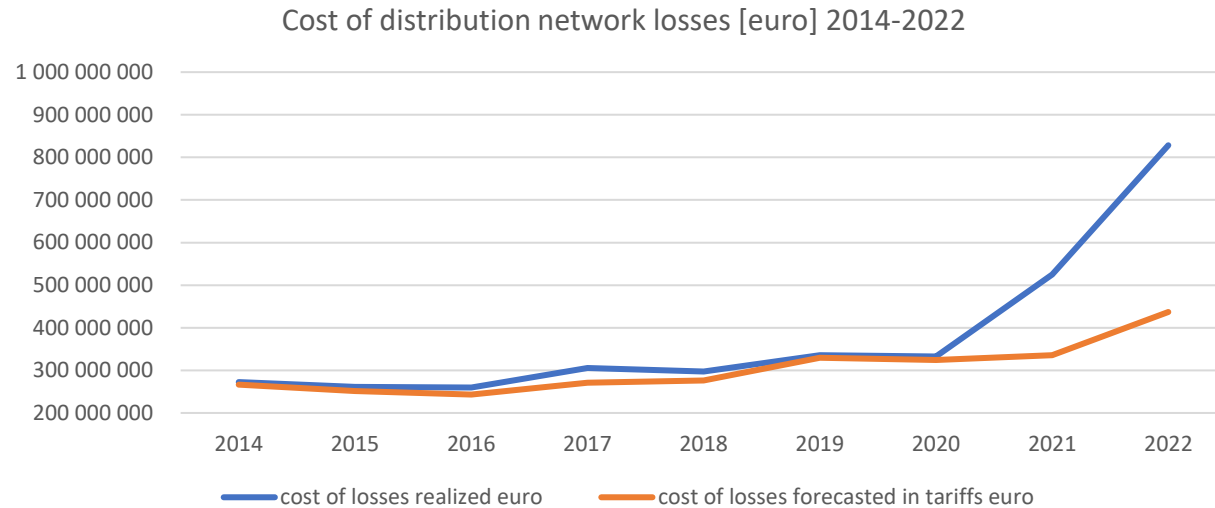
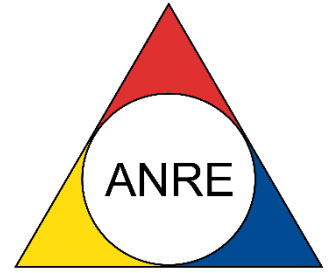
Electricity distribution network losses [MWh] 2014-2022



The evolution of the average purchase price of electricity for distribution network losses [euro/MWh] 2014-2022



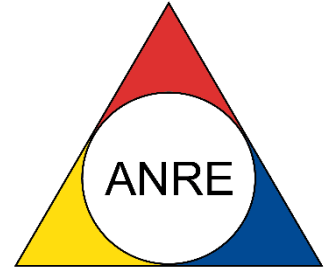
# Electricity Market – the cost of distribution network losses



- The additional cost (actual minus forecasted in tariffs) of main DSOs for distribution losses for 2021 is around 190 mil euro and for 2022 an optimistic estimation indicates around 390 mil euro.
- The temporary measure taken by the Government related to the additional cost of losses (costs between actual and the forecasted costs) which are financed by bank loans, is to be recognized in tariffs as assets that will be depreciated over 5 years and will be remunerated with half of the WACC approved for the current regulatory period.

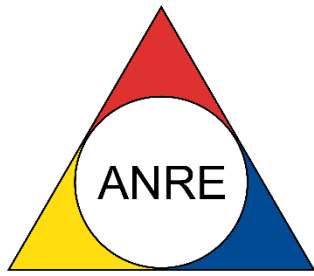
# Conclusions

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- The Romanian electricity market comply with European regulations.
- The market price in Romania has risen sharply since July 2021.
- The Government has taken temporary measures to limit the impact, without market intervention.
- ANRE must accommodate in network tariffs the additional costs for network losses.





**THANK YOU  
FOR YOUR ATTENTION!**

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