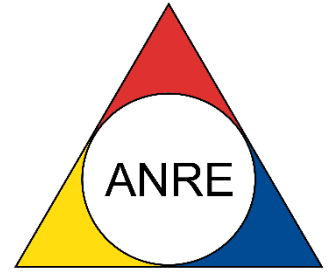


# Romanian Electricity Market, current status

Alina Tache  
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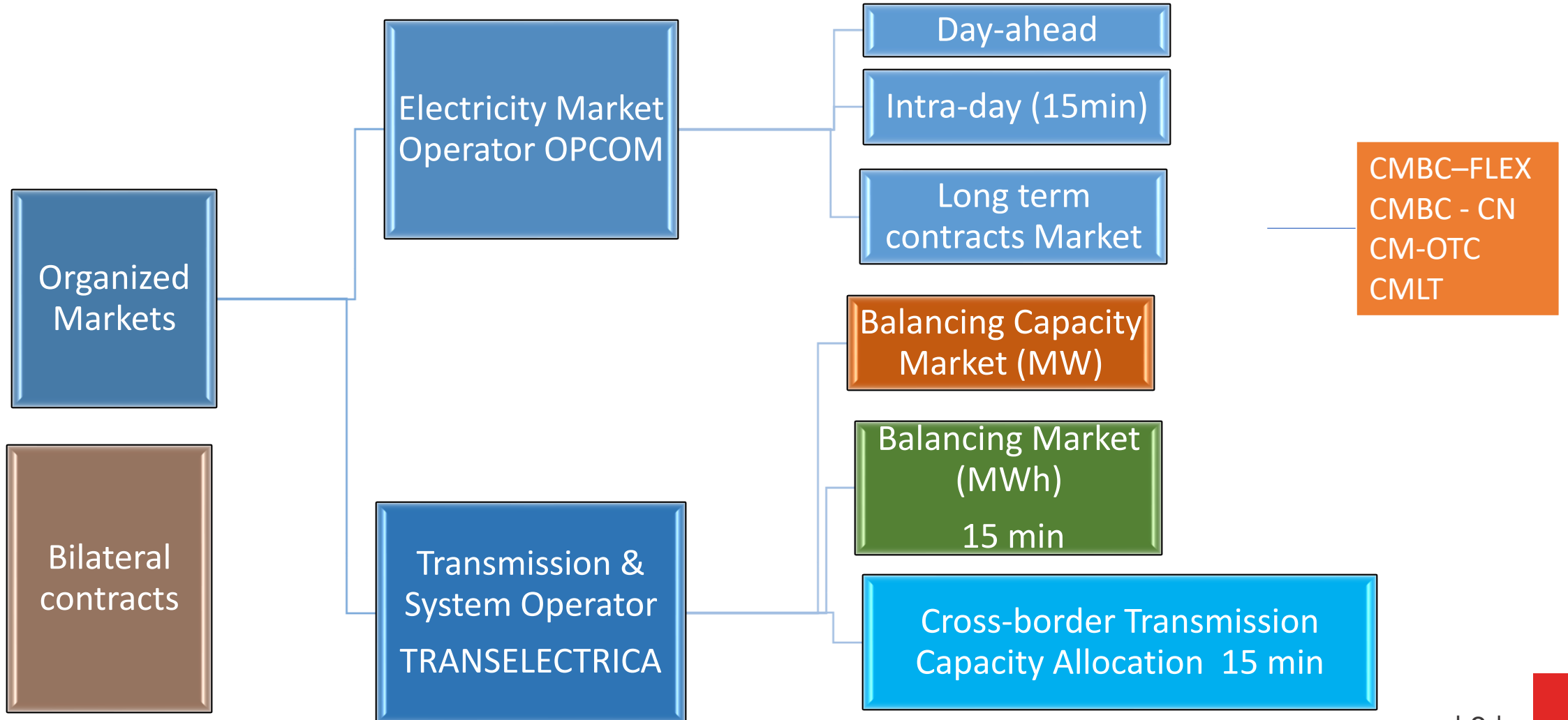
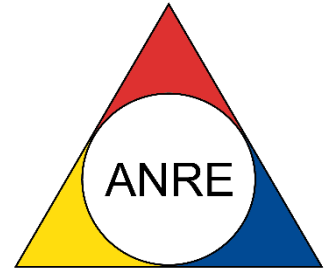
# Electricity Market in Romania



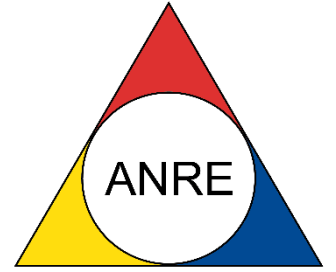
## Market Participants:

- **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; at current moment there are 5 suppliers of last resort on the electricity market in Romania which are designated by ANRE.
- 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 household & non-household consumers in 2021 was 50,99 TWh** (according to the **Report on the results of the electricity market monitoring** issued in **December 2021** by ANRE, of which the consumption was **14,25 TWh for household consumers** and **36,74 TWh for non-household consumers**).
- According to the data provided by the suppliers and centralized by ANRE, by the end of 2021 in Romania there were **358.979 non-household electricity consumers** and **8.527.234 household electricity consumers**.

# Wholesale Electricity Market Design



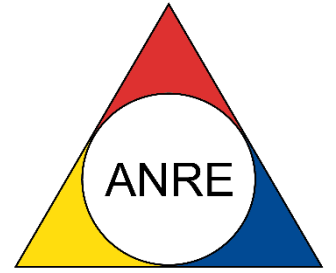
# Wholesale Electricity Market – Day Ahead Market (DAM)



- The requirement to create the single European electricity market on the short-term time horizon, namely the day-ahead market (DAM) and the intraday market, is mandatory for the member states.
- On 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.

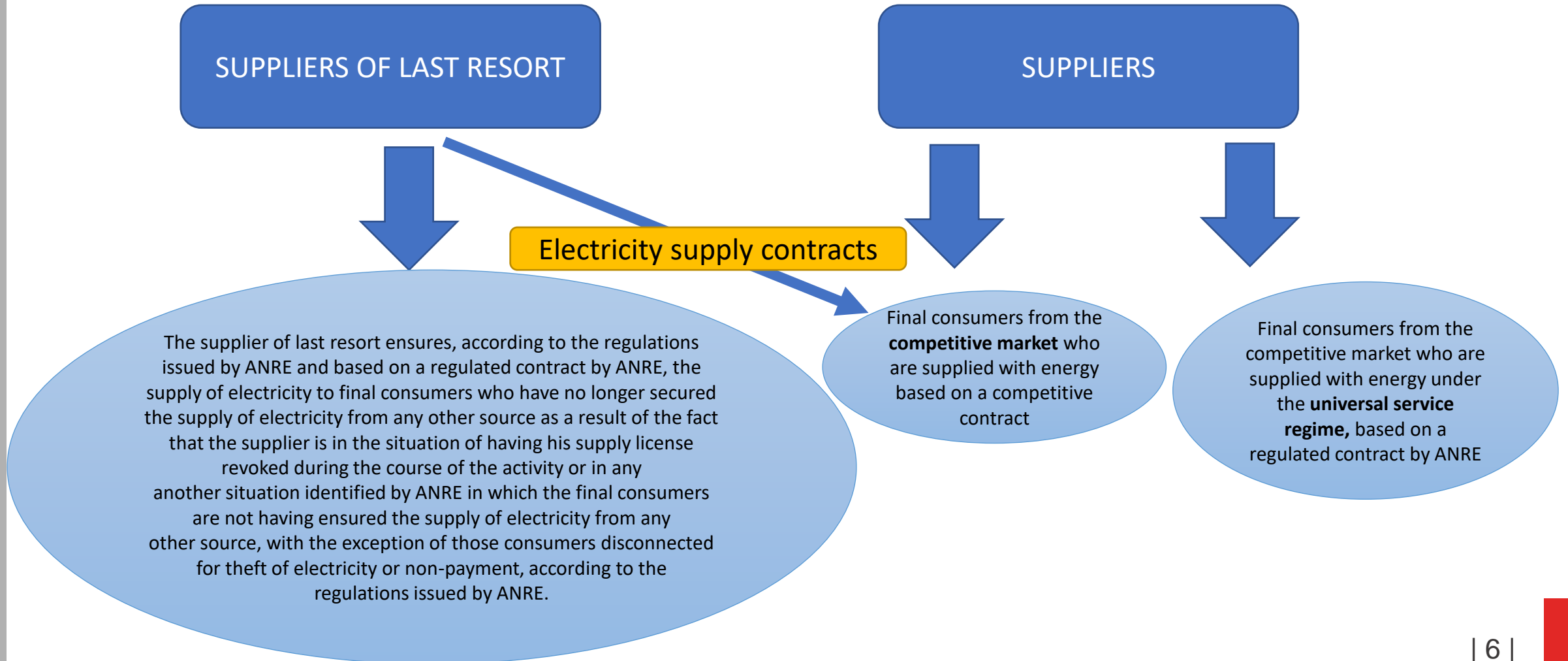
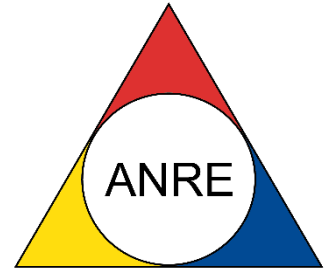
# Wholesale Electricity Market – Day Ahead Market (DAM)

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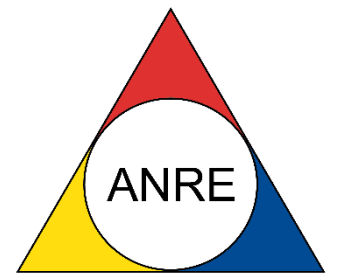


- On 27<sup>th</sup> October 2021, the RO-BG border coupling operations in SDAC were completed, thus allowing the connection of DAM from Greece and Bulgaria to SDAC, with the first delivery day 28 October 2021.
- The Regional Price Coupling (PCR) is used for the coupled operation of the following countries: Austria, Belgium, Bulgaria, Czech Republic, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Latvia, Lithuania, Luxembourg, Norway, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

# Retail Electricity Market – Contractual Arrangements



# Retail Electricity Market



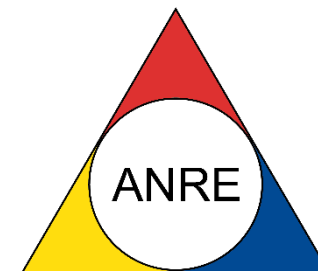
- Starting **1<sup>st</sup> of January 2021** – **no regulated prices** by ANRE for the electricity supply activity.
- In order to ensure the supply of electricity in last resort regime, **ANRE designates the last resort suppliers**, so that are simultaneously fulfilled the following conditions:
  - a) to be appointed at least **5 last resort suppliers** for unlimited time;
  - b) the cumulative market index of designated last resort suppliers to be **at least 60%**, calculated using the formula provided in the **ANRE President's Order no. 91/2022 for the approval of the Regulation on the last resort supply of electricity** (*Regulation*) as follows:

**Cumulative index market\_FUI** =  $\sum$  market share sales\_FUli \* 0.5 + share number of places of consumption\_FUli \* 0.5

where:

- **sales\_FUli market share** - the supplier's market share, determined according to the amount of electricity sold to end consumers in the portfolio, in the last month for which there is data reported by the suppliers;
- **consumption places ratio\_FUli** - the ratio between the number of places of consumption in the supplier's portfolio and the total number of places of consumption at the national level from the last month for which there is data reported by the suppliers.

# Retail Electricity Market



- According to the *Regulation*, starting **July 2022**, the nominated last resort supplier is established monthly, by rotation, starting with the last resort supplier in the first position of the *Last resort supplier Nomination List* and continuing in decreasing order of their market share, until all the last resort suppliers from the list are nominated, after which the procedure is resumed similar.

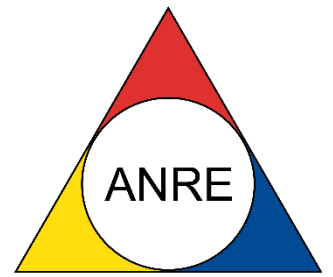
## ***Last resort supplier Nomination List for the period July – November 2022***

<b>Nr. crt.</b>	<b>Last resort supplier name</b>	<b>Market share as of March 2022*</b>	<b>Nomination month as last resort supplier</b>
<b>1.</b>	Societatea Electrica Furnizare S.A.	17,54%	July 2022
<b>2.</b>	Enel Energie S.A.	10,78%	August 2022
<b>3.</b>	Enel Energie Muntenia S.A.	10,14%	September 2022
<b>4.</b>	E.ON Energie România S.A.	9,67%	October 2022
<b>5.</b>	CEZ Vânzare S.A.	6,22%	November 2022

\* According to the information from the Report on the results of monitoring the electricity market in MARCH 2022 published on the ANRE website



# Retail Electricity Market



- The electricity consumption of the consumers taken over by the last resort suppliers is billed as follows:
  - in the first 5 working days of a month, the last resort supplier issues the invoice related to the consumption of the previous month, at the weighted average price of the DAM published by the *Electric Energy and Natural Gas Market Operator OPCOM S.A.* for the month of consumption;
  - in no more than 5 working days after OPCOM communicates the imbalances determined on the basis of the measured and approved values related to a month, the last resort supplier determines and publishes on its own website the last resort (UI) price related to the month of consumption calculated as follows:

$$P_{UI} = \text{realized } p_{ach} + p_f \text{ [lei/MWh]}$$

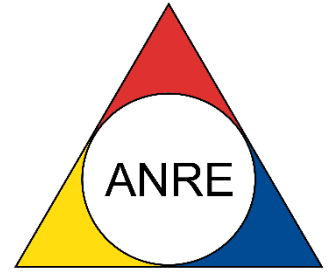
where:

**realized  $p_{ach}$**  - the average purchase price of the electricity necessary to ensure the consumption of the taken over consumers (including internal transfer in the case of the last resort suppliers who also hold a producer license), realized in the respective month, including  $T_g$  [lei/MWh];

**$p_f$**  - the supply component established by the last resort supplier (includes the cost of the supply activity and the profit) transmitted according to the provisions of letter a) point ii. [lei/MWh].

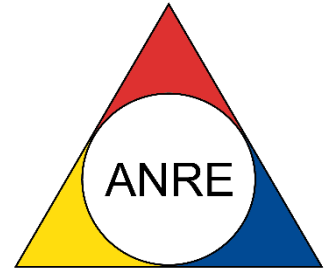
# Retail Electricity Market

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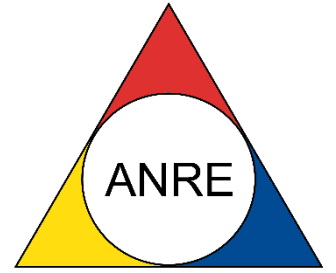
- The last resort suppliers are obliged to ensure the supply of electricity in last resort regime, both to the consumers which are automatically taken over and to the consumers taken over upon request, in accordance with the provisions of *ANRE Regulation*, except for consumers which were disconnected for theft of electricity or non-payment.
- In the event of termination of the supply contract concluded between the current supplier and the final consumer, the final consumer's places of consumption which are the object of the contract and which are in the situation of not having the supply of electricity ensured are taken over automatically, as a result of the notification sent by the Distribution Operator to the nominated last resort supplier, as a result of the notification received by the Distribution Operator from the current supplier, regarding the termination of the supply contract concluded between the current supplier and the consumer, if the termination of the contract occurred by reaching the deadline or by termination by the current supplier, in the case of household consumers and in the case of non-household consumers with a power approved by the technical approval of connection/certificate of connection of **no more than 1 MVA/place of consumption**.

# Retail Electricity Market



- Also, according to the *Regulation* the obligation **to ensure the supply of electricity in the last resort regime** is:
  - a) **12 months** from the date of takeover, in the case of household final consumers and in the case of non-household final consumers with a power approved by the technical connection approval/connection certificate of no more than 1 MVA/place of consumption;
  - b) **6 months** from the date of takeover, in the case of non-household final consumers with a power approved by the technical connection approval/connection certificate of over 1 MVA/place of consumption.
- The designation of a supplier as last resort supplier is carried out, under the *Regulation's* terms, by ANRE:
  - a) at the request of the license holder for the electricity supply activity;
  - b) by organizing a selection process, if following the requests received.

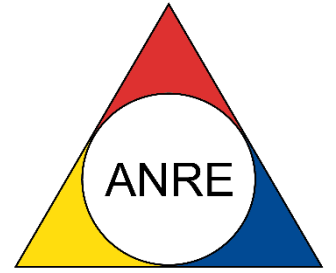
# Retail Electricity Market



- In order to designate a supplier as supplier of last resort, it must fulfill, cumulatively, the following eligibility criteria:
  - a) not to be in insolvency proceedings;
  - b) to carry out, on the date of submission of the designation documentation, as well as in the previous 12 months its transmission, the activity of supplying electricity to final consumers.
- A place of consumption of a final consumer, to which the supply of electricity is ensured by a current supplier, may end up not having ensured the electricity supply:
  - a) if the current supplier loses the quality of supplier as a result of:
    - (i) withdrawal of the license, under the conditions provided by the regulations in force;*
    - (ii) expiration of the license and non-fulfillment of the conditions stipulated by the regulations in force for the extension its validity period or for granting a new license until the existing license expires.*
  - b) in case of the suspension of the license of the current supplier, under the conditions provided by the regulations in force, if in the decision of suspension it is not provided the right of the current supplier to continue the activity of electricity supply in controlled regime;

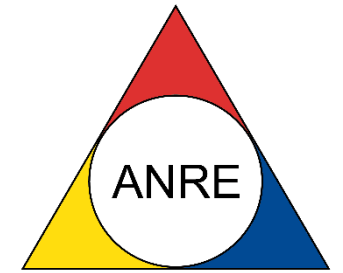
# Retail Electricity Market

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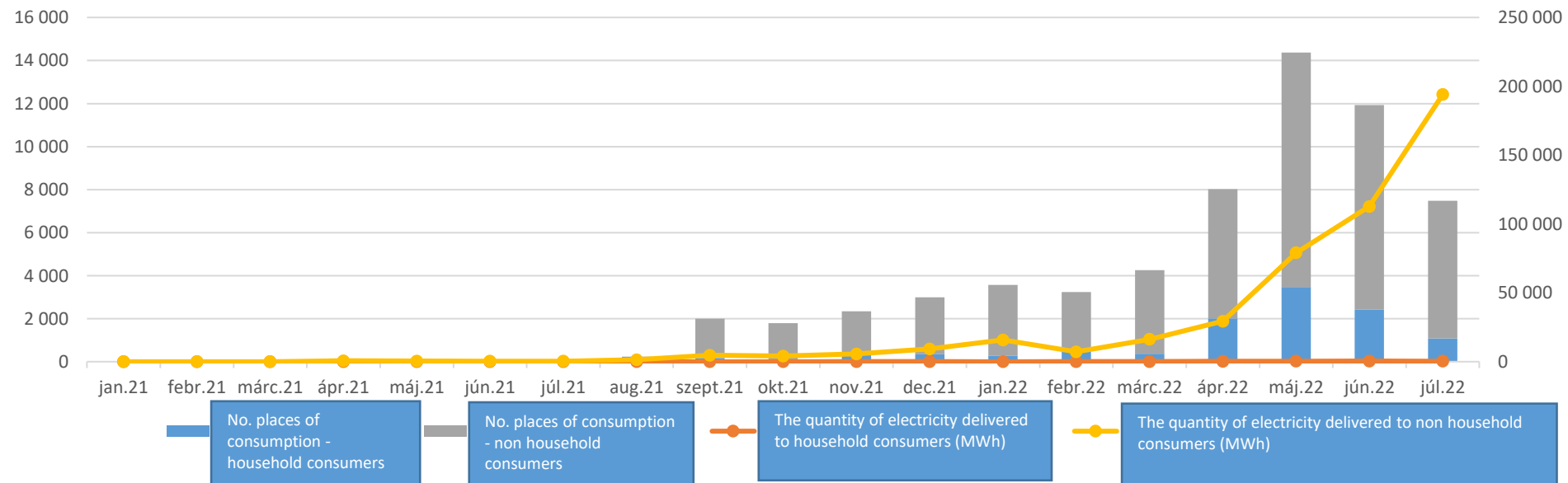
- c) in case of termination of the network contract concluded by the current supplier with the network operator, under the conditions provided by the regulations in force;
- d) if the current supplier no longer fulfills the condition of assuming financial responsibility for the imbalances payment, according to the regulations in force;
- e) in case of termination of the supply contract concluded by the current supplier with the final consumer;
- f) in case the current supplier has the quality of last resort supplier revoked and for that place of consumption the supply of electricity was provided by him under the last resort regime;
- g) if during the process of changing the electricity supplier, before entry in force of the electricity supply contract with the new supplier, he ends up in the situation of impossibility to ensure the supply of electricity under the conditions stipulated in the regulations in force.

# Retail Electricity Market



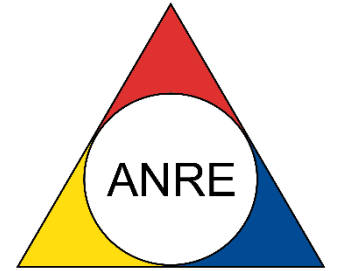
- According to the data provided by the last resort suppliers and centralized by ANRE, by **July 2022**, there were **1082 places of consumption belonging to final consumers** who benefit from the supply of electricity from last resort suppliers.
- The situation of places of consumption taken over by the last resort suppliers between **January 2021** and **July 2022** is presented graphically below:

The situation of places of consumption taken over by the last resort suppliers between *January 2021* and *July 2022*



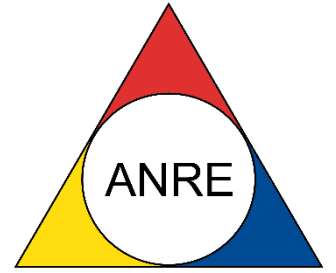
# Retail Electricity Market

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- According to the **Law no. 123/2012 of electricity and natural gas**, with subsequent amendments and completions, the ***universal service*** represents the *electricity supply service guaranteed to **household consumers** at a well-defined quality level and at competitive, transparent, easily comparable and non-discriminatory prices.*
- Also, according to other provisions of the above mentioned Law, those electricity suppliers who have concluded contracts in the competitive market with household consumers **are obliged to publish, according to ANRE regulations, universal service offers and to conclude electricity supply contracts if they receive a request in this regard from a consumer entitled to universal service.**
- The difference between **the supply of electricity** to household consumer **in universal service regime** and the **supply of electricity** based on a **competitive contract** is that the supply of electricity in universal service it is based on a **contract approved by ANRE.**

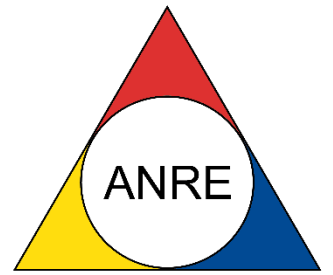
# Electricity Market Prices Increase – effects and measures



- As the electricity market in Romania is fully liberalized (open to competition), the Law doesn't allow any state intervention in the price formation.
- To be mentioned that, the liberalization of the energy market represents **an objective assumed by Romania even before joining the European Union.**
- Also, **the liberalization of the energy market represents a compliance with both the European Union and the national legislation, with the ultimate goal of ensuring competitive market prices, for the benefit of the final consumer.** Thus, the deregulation of the energy market is in fact a return to the principles underlying a market economy, in which investment efforts are taken into account and which corresponds to the supply-demand ratio, with the related market risks.
- In Romania, the market price has risen sharply since July 2021.



# Electricity Market Prices Increase – effects and measures



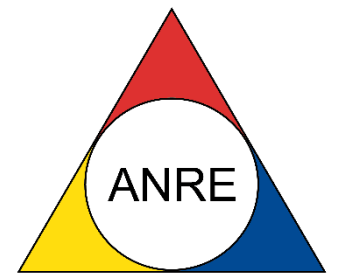
- The evolution of the final price applied to final consumers is correlated with the evolution of the trading price of electricity in the wholesale market.
- Given that the price of electricity in the wholesale market increased significantly during the period 2021 - 2022, the increase being reflected especially in sales contracts with delivery in 2023 (as a result of reducing the impact of contracts concluded before 2022), there was a significant increase in the prices of electricity supply offers.
- Thus, from the analysis of the type of electricity supply offers to final consumers, published in the application *Comparator of offers-type for electricity supply* available on the ANRE website ([www.anre.ro](http://www.anre.ro)), we have the following results:
  - a decrease of the **number of standard offers uploaded by suppliers** in the Comparator, as follows:

September 2021	August 2022
<b>261 offers for both household and non-household consumers introduced by 93 suppliers</b> (of which 128 offers for household customers)	<b>141 offers for both household and non-household consumers introduced by 64 suppliers</b> (of which 89 offers for household customers)

- a decrease of the **number of Comparator users**, as follows:

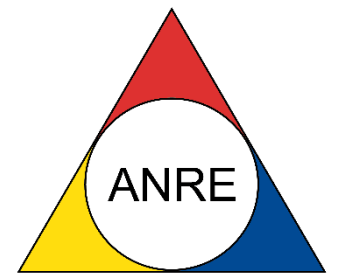
October 2021	June 2022
67.940 unique visitors 93.078 page views	43.290 unique visitors 58.541 page views

# Electricity Market Prices Increase – effects and measures



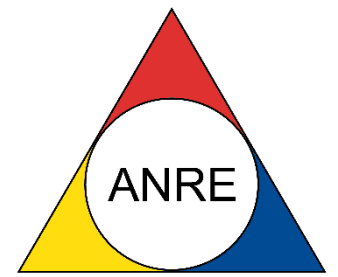
- The Government decided **to limit the electricity invoiced price to almost all final consumers**; the suppliers receive from the state budget **the difference between this limit and the price from contract**; also, the income of the producers resulting from the collection of a price higher than a fixed limit is overtaxed.
- More exactly, as a result of the increase in electricity prices, in order to mitigate the impact of the increase on final consumers, a legislative framework was adopted (namely **GEO no. 118/2021** and **GEO no. 27/2022, GEO no. 119/2022**) through which support measures were introduced for final consumers.
- Thus, the invoicing of electricity consumption made between **April 1<sup>st</sup>, 2022** and **March 31<sup>st</sup>, 2023**, including for consumers taken over in last resort regime, was done at the price established by *Government Emergency Ordinance no. 27/2022, respectively*:
  - a) a maximum of **0.68 lei/kWh (aprox. 0,138 euros/kWh)**, including VAT, in the case of household consumers whose average monthly consumption at the place of consumption in 2021 is less than or equal to 100 kWh;
  - b) a maximum of **0.8 lei/kWh (aprox. 0,163 euros/kWh)**, including VAT, in the case of household customers whose average monthly consumption at the place of consumption in 2021 is between 100 kWh and 300 kWh inclusive;
  - c) maximum 1 leu/kWh (**aprox. 0,204 euros/kWh**), including VAT, in the case of non-domestic customers, with the exceptions provided for in art. 1 paragraph (8) of GEO 27/2022.

# Electricity Market Prices Increase – effects and measures



- Recently, at governmental and political level, a number of decisions have been taken in view limiting the pressure that the support scheme promoted by GEO no. 27/2022 exerts on the state budget, as well as in order to make consumers responsible and a participants in the energy markets and supporting measures to reduce the consumption of electricity and natural gas.
- For this reason and in order **to reconsider some elements of the support scheme provided by GEO no. 27/2022** so that to ensure its application at a unitary level by all operators in the energy market with the direct consequence of a better functionality of the energy market and an adequate level of consumer protection, **the Government has issued in September, GEO no. 119/2022** *for the amendment and completion of Government Emergency Ordinance no. 27/2022.*
- According to **GEO no. 119/2022** for the consumption achieved between **September 1<sup>st</sup> 2022 and August 31<sup>st</sup> 2023**, the final billed price capped by the electricity suppliers is:
  - a) a maximum of **0.68 lei/kWh (aprox. 0,138 euros/kWh)**, including VAT, in the case of household consumers whose average monthly consumption achieved at the place of consumption in 2021 is between 0-100 KWh inclusive;
  - b) a maximum of **0.80 lei/kWh (aprox. 0,163 euros/kWh)**, including VAT, in the case of household consumers whose average monthly consumption at the place of consumption in 2021 was between 100 ,01-300 kWh, for a maximum monthly consumption of 255 kWh. Electricity consumption exceeding 255 KWh/month is invoiced according to the provisions of art. 5 para. (1);

# Electricity Market Prices Increase – effects and measures



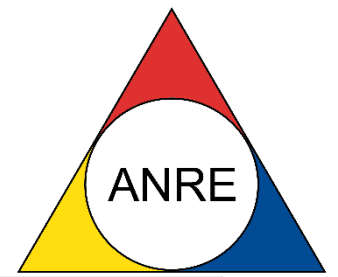
c) a maximum of **1 leu/kWh (aprox. 0,204 euros/kWh)**, including VAT, for 85% of the average monthly consumption at the place of consumption in 2021, in the case of small and medium-sized enterprises, as defined in Law no. 346/2004 regarding the stimulation of the establishment and development of small and medium-sized enterprises, with subsequent amendments and additions, hereinafter referred to as SMEs, of economic operators in the field of the food industry, based on the declaration on the personal responsibility of the legal representative.

d) maximum **1 leu/kWh (aprox. 0,204 euros/kWh)**, including VAT, for the full consumption of public and private hospitals defined according to Law no. 95/2006 regarding the reform in the field of health, republished, with subsequent amendments and additions, of public and private educational units, defined according to the National Education Law no. 1/2011, with subsequent amendments and additions, as well as nurseries, public and private providers of social services provided in the Nomenclature of social services, approved by Government Decision no. 867/2015 for the approval of the Nomenclature of social services, as well as the framework regulations for the organization and operation of social services, with subsequent amendments and additions;

e) maximum **1 leu/kWh (aprox. 0,204 euros/kWh)**, including VAT, for 85% of the average monthly consumption, achieved at the place of consumption in 2021, for public institutions, other than those provided for in letter d). The difference in monthly electricity consumption is invoiced according to the provisions of art. 5 para. (1);

f) for the beneficiaries provided for in letter c) and e) who have no consumption history in 2021, the percentage of **85% is applied to the monthly consumption.**

# Electricity Market Prices Increase – effects and measures



The number of household consumers beneficiaries of the provisions of GEO 119/2022 for the amendment and completion of *Government Emergency Ordinance no. 27/2022 on the measures applicable to final consumers in the electricity and natural gas market in the period April 1<sup>st</sup>, 2022 - March 31<sup>st</sup>, 2023, as well as for the modification and completion of some normative acts in the field of energy*

Category of clients		Total number of household consumers beneficiaries of the provisions of GEO no. 119/2022
According to art. 1 (1) letter a) maximum 0.68 lei/kWh, including VAT, the number of household consumers whose average monthly consumption at the place of consumption in 2021 is between 0 - 100 kWh, inclusive	According to art. 1 (1) letter b) maximum 0.80 lei/kWh, including VAT, the number of household consumers whose average monthly consumption at the place of consumption in 2021 is between 100.01 - 300 kWh	
4,940,061	3,522,576	8,462,637
Total number of household consumers – May 2022		8,661,064

# Electricity Market Prices Increase – effects and measures- example

The first four offers for electricity supply for household consumers, in the Competitive Market, available on 27 <sup>th</sup> September 2022, on the interactive application <i>Comparator of offers-type for electricity supply</i> available on ANRE website – <a href="http://www.anre.ro">www.anre.ro</a>	Value of the bill where the electricity consumption at the place of consumption is 100 KWh/month [lei + VAT / euros + VAT]	Value of the bill where the electricity consumption at the place of consumption is 255 kWh/month [lei + VAT / euros + VAT]
SPEEH HIDROELECTRICA SA	68,92 / 14,06	175,74 / 35,86
GRENERG SRL	179,46 / 36,62	421,09 / 85,93
RENOVATIO TRADING SRL	277,69 / 56,67	708,12 / 144,51
LUXTEN LIGHTNING COMPANY SA	337,01 / 68,77	859,38 / 175,38

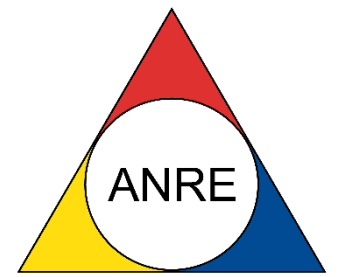
The first four offers for electricity supply for household consumers, in the Competitive Market, available on 27 <sup>th</sup> September 2022, on the interactive application <i>Comparator of offers-type for electricity supply</i> available on ANRE website – <a href="http://www.anre.ro">www.anre.ro</a>	Value of the electricity bill where the electricity consumption at the place of consumption is 100 KWh/month after applying the provisions of the GEO no. 119/2022 [lei + VAT / euros + VAT]	Value of the electricity bill where the electricity consumption at the place of consumption is 255 kWh/month after applying the provisions of the GEO no. 119/2022 [lei + VAT / euros + VAT]
SPEEH HIDROELECTRICA SA	68 / 13,87	175,74 / 35,86
GRENERG SRL	68 / 13,87	204 / 41,63
RENOVATIO TRADING SRL	68 / 13,87	204 / 41,63
LUXTEN LIGHTNING COMPANY SA	68 / 13,87	204 / 41,63

# Electricity Market Prices Increase – effects and measures- example

The first three offers for electricity supply for non household consumers, in the Competitive Market, available on 27 <sup>th</sup> September 2022, on the interactive application <i>Comparator of offers-type for electricity supply</i> available on ANRE website – <a href="http://www.anre.ro">www.anre.ro</a>	Price of electricity [lei + VAT / euros + VAT]
SPEEH HIDROELECTRICA SA	3,2 / 0,65
UZINSIDER GENERAL CONTRACTOR SA	4,09 / 0,83
NOVA POWER & GAS SRL	4,14 / 0,84

Values of the electricity bill resulted after applying the provisions of the GEO no. 119/2022	Price of electricity applied to the three categories of non-household consumers stipulated in the GEO no. 119/2022 [lei + VAT / euros + VAT]
	1 / 0,20

# Electricity Market Prices Increase – effects and measures



- Another element of novelty brought by the Government's Emergency Ordinance no. 119/2022 refers to the fact that, in order to support the support scheme intended for final consumers and to relieve the pressure on the state budget, starting September 1<sup>st</sup> 2022, during the period of application of the provisions of this emergency ordinance, ***the electricity producers, the aggregated electricity production entities, the traders, the suppliers who carry out trading activity and the aggregators who trade quantities of electricity and/or natural gas on the wholesale market*** pay a contribution to the **Energy Transition Fund**, established in accordance with the provisions of the methodologies provided in the GEO's annexes.
- The contribution to the **Energy Transition Fund** for any type of electricity sale transactions for export or intra-Community delivery from the territory of Romania, made by ***the electricity producers, the aggregated electricity production entities, the traders, the suppliers who carry out trading activity and the aggregators who trade quantities of electricity and/or natural gas on the wholesale market*** it is determine as follows:

$$C = (P_{mt} - P_a) \times Q_t \times 100\%,$$

where:

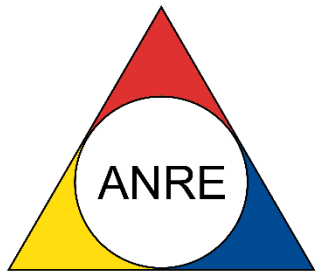
**Q<sub>t</sub>** - the amount of energy traded for export or delivered;

**P<sub>mt</sub>** - the average trading price of energy per DAM from the day before the transaction;

**P<sub>a</sub>** - the purchase price.

- I mention that, at the current moment **GEO no. 119/2022 it is to be amended** in order to include several other categories of consumers, and it will be most probably adopted as soon as possible.





**THANK YOU  
FOR YOUR ATTENTION!**

Alina Tache  
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