



QUARTERLY NEWSLETTER



Q2 / 2020



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1. ROMANIAN ENERGY REGULATORY AUTHORITY

MISSION AND RESPONSABILITIES

- ♦ ANRE is an autonomous administrative authority, with legal personality, under Parliamentary control, entirely self-financed, independent regarding its decision making, internal organisation and functioning, whose scope of activity is to elaborate, approve and monitor the application of the set of mandatory national regulations necessary for the operation of the sector and of the energy, thermal and natural gas markets in terms of efficiency, competition, transparency and consumer's protection, as well as implementing and monitoring energy efficiency measures at a national level.
- ♦ ANRE's mission is creating a system of regulations to meet the demands of ensuring truly functional and efficient competitive markets, as well as the demands of ensuring a customer-oriented regulatory framework. ANRE is constantly pursuing for the development of a clearer and more transparent secondary legislation.
- ♦ ANRE's priority objectives are those related to permanent updating and completion of secondary legislation in order to ensure the development of the energy sector under conditions of competition, transparency and non-discriminatory treatment and to develop an appropriate regulatory framework to provide the necessary support to encourage large-scale investment projects designed to contribute to the diversification of Romania's energy sources for the benefit of end-users.
- ♦ In order to achieve the proposed objectives, in a unitary approach and in compliance with the good practices in this field, ANRE focuses on aspects related to the increase of energy markets' efficiency, the harmonisation of secondary legislation with the provisions of primary legislation



and European codes, applying the provisions of European regulations on integrity and transparency of markets, ensuring the integration of renewable energy sources in a safe and feasible way, encouraging investments and, last but not least, informing and protecting consumers.

- ◆ ANRE collaborates with the regulatory authorities of the member states, including cooperation agreements with the Agency for the Cooperation of Energy Regulators – ACER and the European Commission, for the harmonisation of the regulatory framework for the development of the regional and internal market, the rules on cross-border exchanges in electricity and natural gas, on the management and allocation of interconnection capacities, without prejudice to their powers and competences.
- ◆ The Romanian Energy Regulatory Authority is a founding member of the ERA Regional Energy Regulators Association, which currently has 37 members,

independent energy regulators in Central Asia, the Eurasian region, Africa, Asia, the Middle East and the USA.

- ◆ ANRE maintains and develops collaboration links with the International Energy Regulatory Confederation (ICER), a confederation that provides structured and cooperative contacts between energy regulators in more than 200 countries around the world and the International Regulatory Network of Energy (IERN), administered by the Florence School of Regulation.
- ◆ ANRE is also a member of the Association of National Energy Efficiency Agencies in Europe - EnR Association, a voluntary network currently numbering twenty four European energy agencies, with responsibility for the planning, management or review of national research, development, demonstration or dissemination programmes in the fields of energy efficiency and renewable energy and climate change abatement.

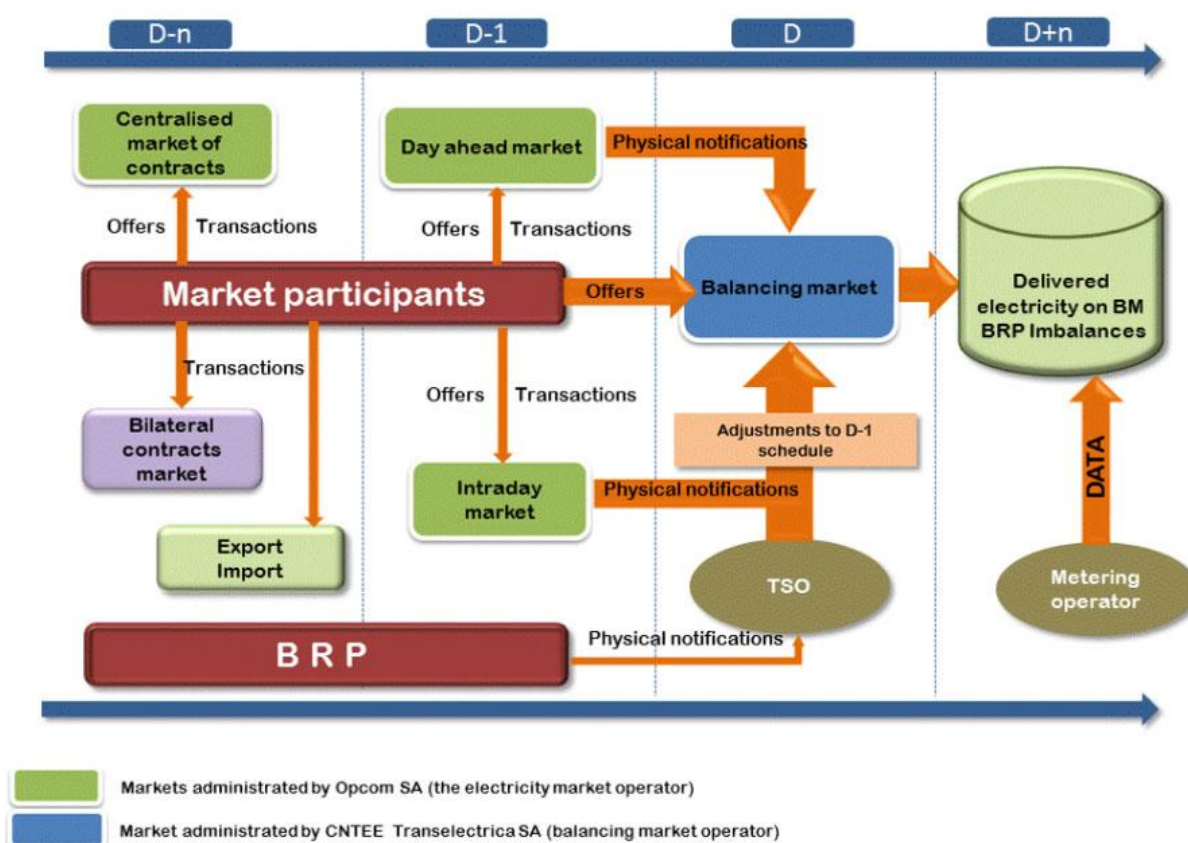
2. THE ELECTRICITY MARKET

2.1. SIGNIFICANT DEVELOPMENTS IN THE ELECTRICITY MARKET

In the second quarter of 2020, ANRE regulatory activity on the electricity market was generally focused on:

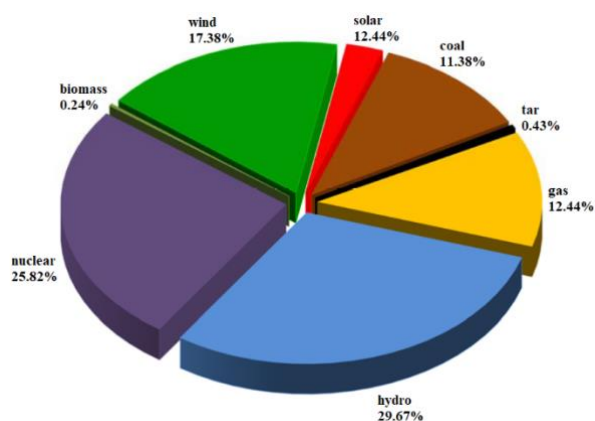
- reviewing regulations to improve the performance of the wholesale and retail electricity markets;
- the transposition of the European electricity legislation.

2.2. SCHEMATIC STRUCTURE OF THE WHOLESALE MARKET

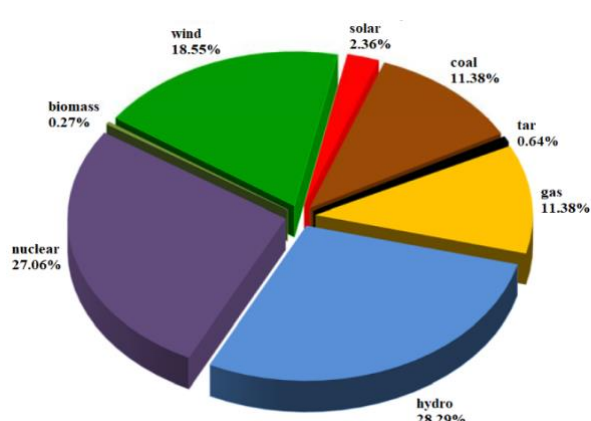


2.3. THE PRODUCTION STRUCTURE OF THE NATIONAL ENERGY SYSTEM BY TYPE OF RESOURCES DELIVERED BY PRODUCERS WITH DISPATCHABLE UNITS

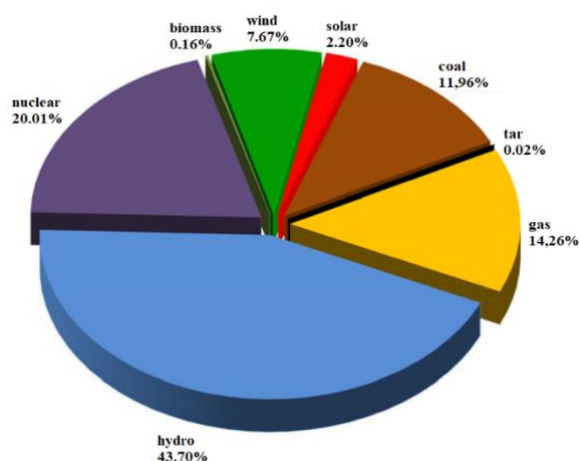
April 2020



May 2020



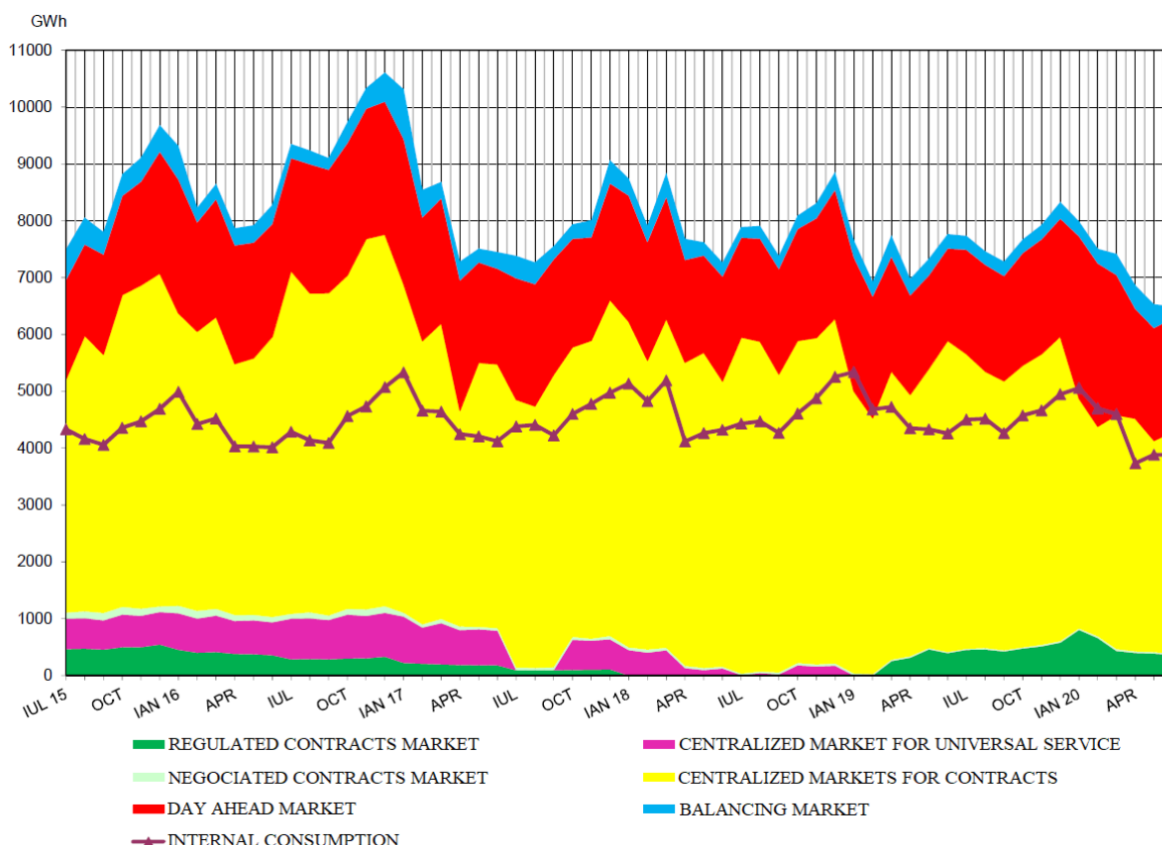
June 2020



Source: Monthly reports of producers – Electricity Market Monitoring Unit assesment

2.4. MONTHLY EVOLUTION OF VOLUMES TRADED ON WHOLESALE MARKET COMPARED TO INTERNAL CONSUMPTION

The following graph presents the evolution between April 2015 and June 2020 of the relation between the volumes sold on each market and the estimated internal consumption.



Source: Monthly reports of wholesale market participants, Opcom SA and CNTEE Transelectrica SA – Electricity Market Monitoring Unit assessment

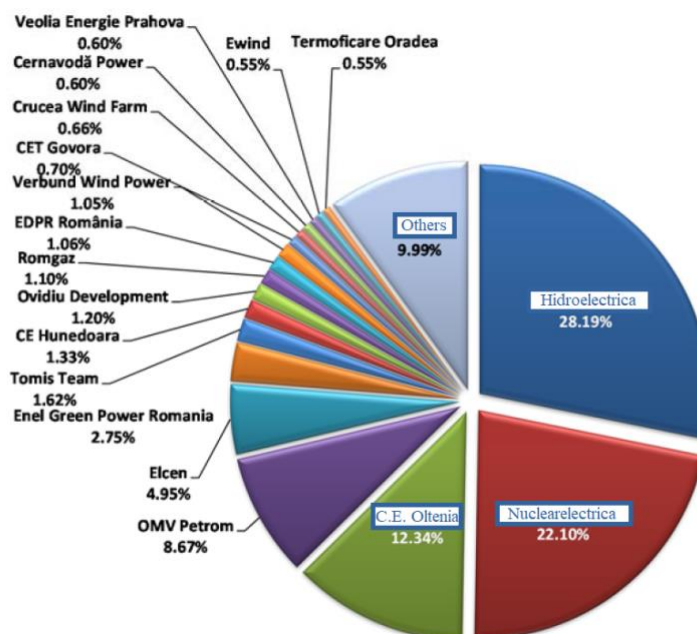
Note: In the above graph, the volumes traded on negotiated contracts' market do not include the export contract volumes.

2.5. MARKET SHARE OF PRODUCERS WITH DISPATCHABLE GENERATION UNITS BY THE ELECTRICITY DELIVERED INTO THE NETWORKS

The graph below shows the market shares of the electricity producers, holders of dispatchable production units, made on the whole components of the wholesale electricity market and established on the basis of the electricity supplied to the grids.

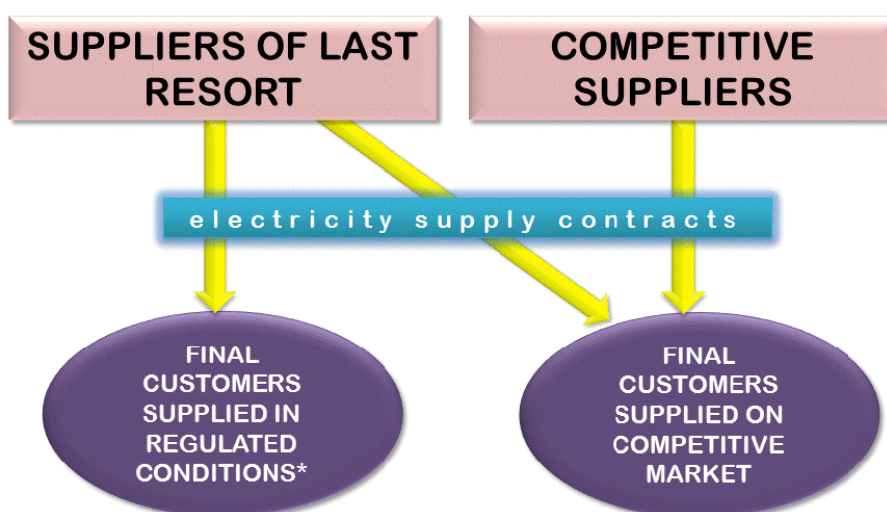
January - June 2020

Delivered electricity – 24882 Gwh
C1 – 28.19%
C3 – 62.63%
HHI - 1556
The category "Others" comprises
104 producers with market share
less than 0,50%



Source: Monthly reports of producers – Electricity Market Monitoring Unit assessment

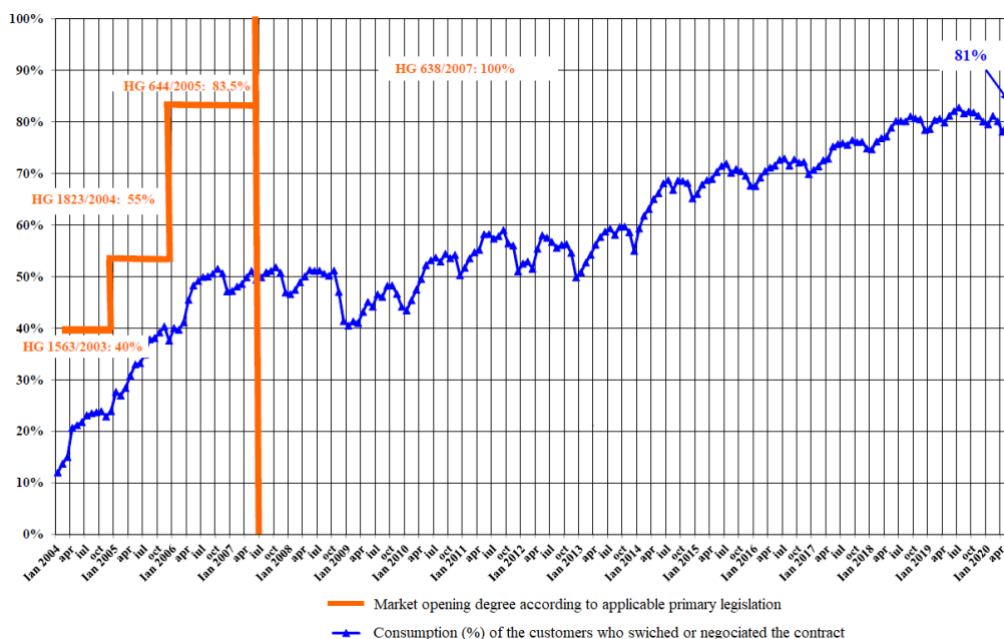
2.6. STRUCTURE OF THE RETAIL ELECTRICITY MARKET



* according to art. 53 (2) and art. 55 (1) from Electricity and Gas Law no. 123/2012

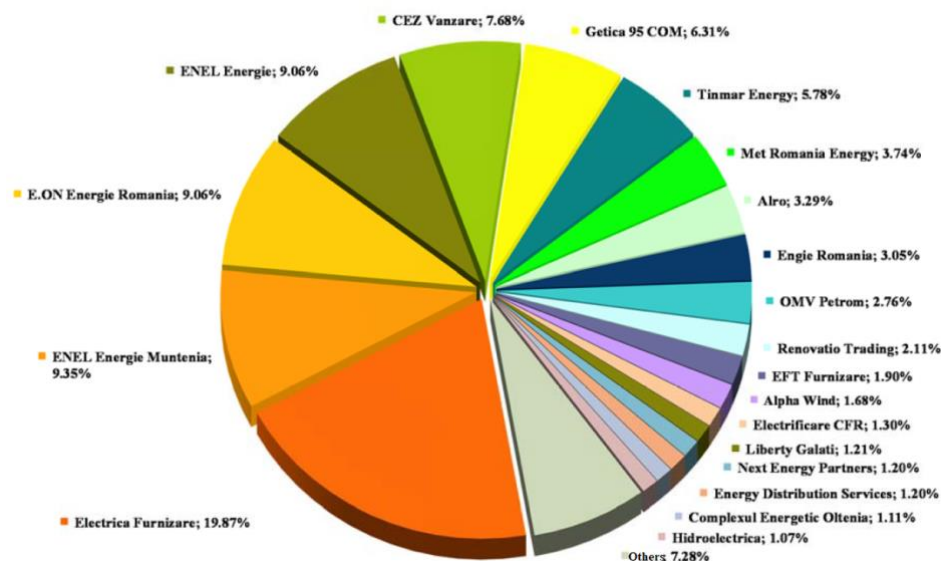
2.7. ELECTRICITY MARKET OPENING DEGREE

The following graph contains the quota of the consumption (from total consumption) of the customers who switched their supplier or renegotiated their contracts with the suppliers of last resort, between January 2004 – June 2020. The values presented are cumulated from the beginning of the market opening process and are presented monthly:



Source: Monthly reports of suppliers of final customers– Electricity Market Monitoring Unit assessment

Market shares of suppliers for final customers January – June 2020

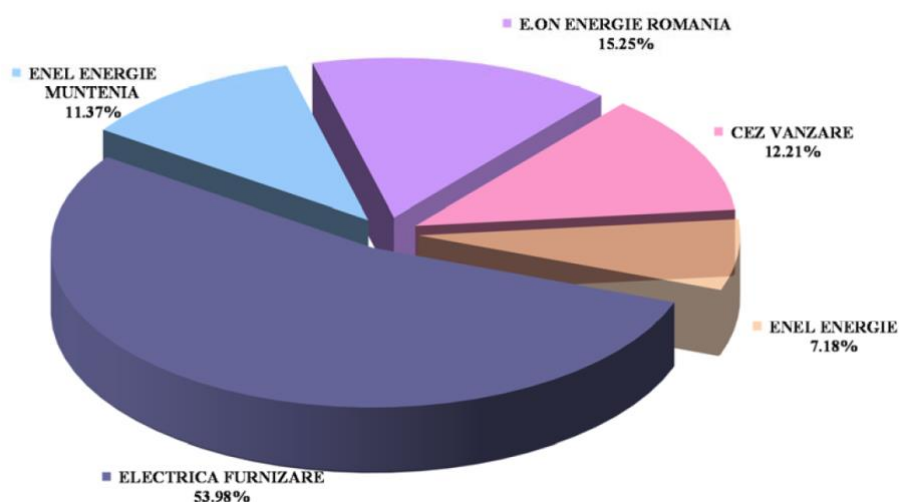


Final Consumption: 23138 GWh

"Others" category includes 68 suppliers which individual market share less than 1%

Source: Monthly reports of the suppliers of last resort – Electricity Market Monitoring Unit assessment

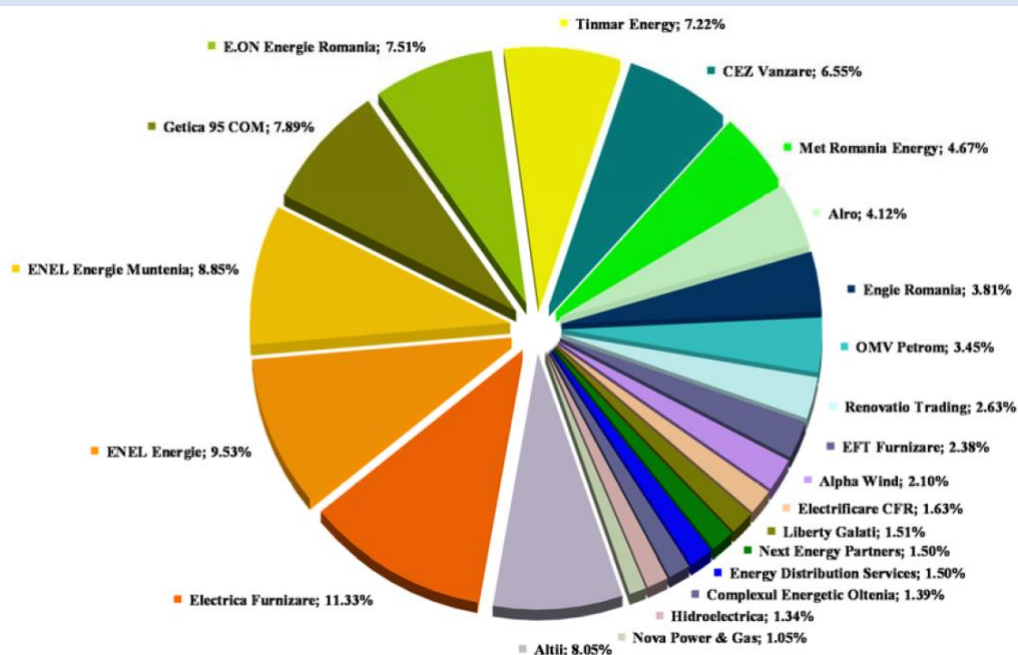
2.8. MARKET SHARES OF SUPPLIERS OF LAST RESORT FOR THE ELECTRICITY SUPPLIED TO REGULATED, UNIVERSAL SERVICE, LAST RESORT REGIME CLIENTS AND TO INACTIVE CLIENTS – JANUARY – JUNE 2020



Consumption of regulated, universal service and last resort regime clients of inactive clients: 4631 GWh

Source: Monthly reports of the suppliers of last resort – Electricity Market Monitoring Unit assessment

2.9. MARKET SHARES OF SUPPLIERS DELIVERING ELECTRICITY ON THE COMPETITIVE MARKET, JANUARY – JUNE 2020



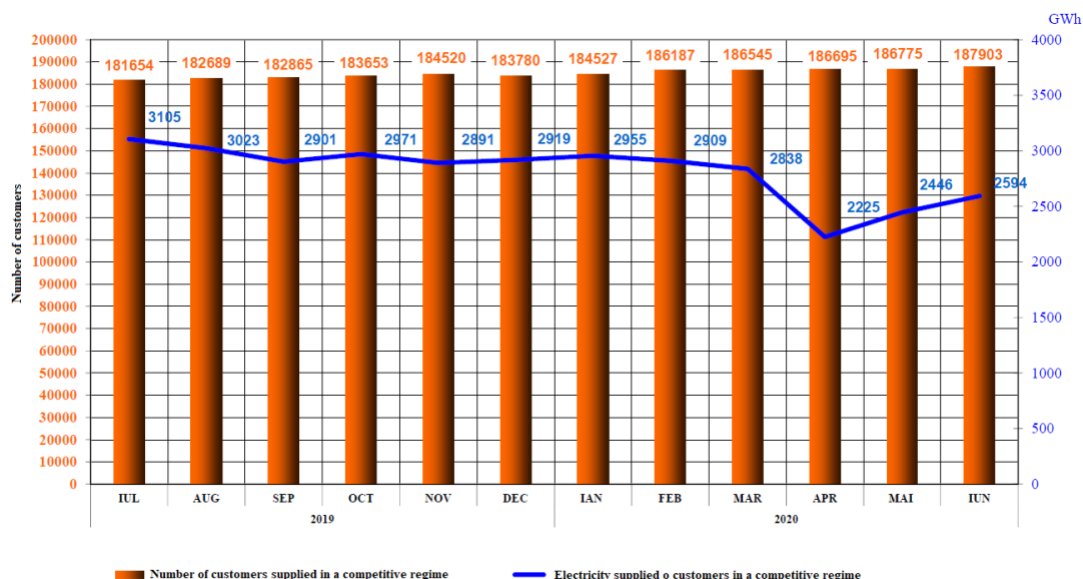
Consumption on the competitive market: 18507 Gwh; C1 – 11%; C3 – 30%; HHI – 611;

”Others” category includes 67 suppliers with individual market share less than 1%

Source: Monthly reports of the competitive suppliers – Electricity Market Monitoring Unit assessment

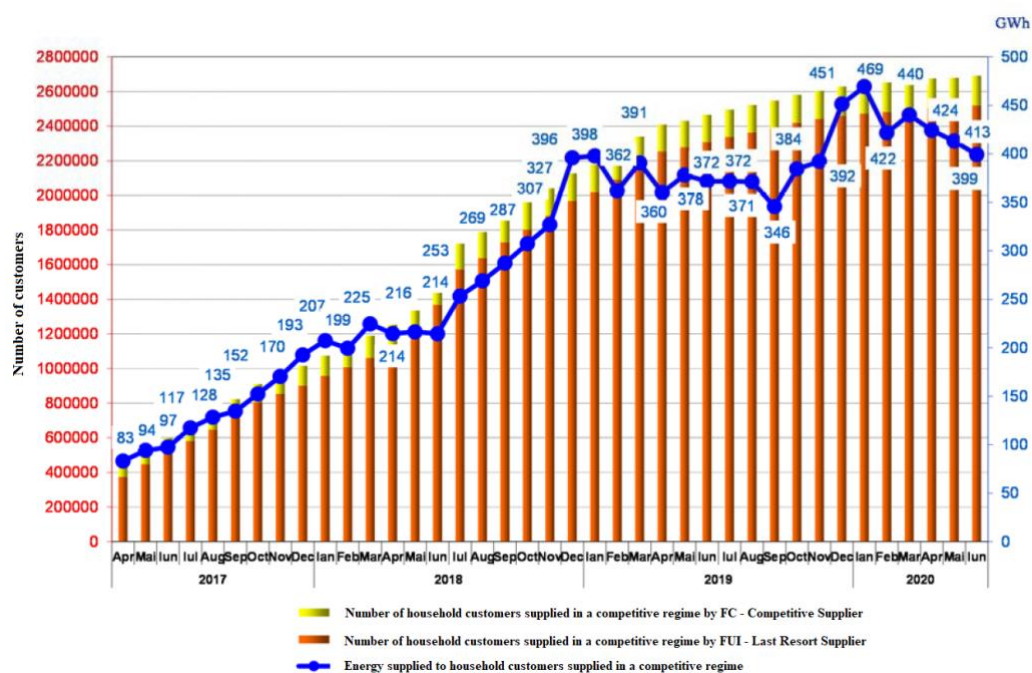
2.10. MIGRATION OF ELECTRICITY FINAL CUSTOMERS TO THE COMPETITIVE MARKET

The evolution of the non-household clients in a competitive regime and the electricity supplied



Source: Monthly reports of the SoLR - Electricity Market Monitoring Unit assessment

The evolution of the household clients supplied in a competitive regime and the electricity supplied



Source: Monthly reports of the SoLR - Electricity Market Monitoring Unit assessment

3. NATURAL GAS

3.1. SIGNIFICANT DEVELOPMENTS IN NATURAL GAS MARKET

The internal market for natural gas consists of:

- **The regulated market**, which includes the activities with a natural monopoly, the related activities and the provision at regulated prices and on the basis of framework contracts, approved by ANRE;
- **The competitive market**, which includes the sale of natural gas on the wholesale market (between suppliers - a natural or legal person carrying out natural gas supply activities, including natural gas producers, between suppliers and distributors, as well as between suppliers and the transmission system operator) and on the retail market (between suppliers, including producers and eligible customers).

The market structure of Romania according to the destination of natural gas is the following:

- **The wholesale market** represents the market where produced and imported natural gas are marketed / traded between natural gas operators, mainly

for the purpose of covering contractual obligations / consumption and portfolios adjustment. The size of the wholesale market is determined by the total of the transactions carried out by the participants.

- **The retail market** represents sales to final customers both on the regulated market and on the competitive market.

Natural gas consumption in the **second quarter of 2020** was covered by natural gas from domestic production (current and storage) as well as natural gas from import (current and storage).

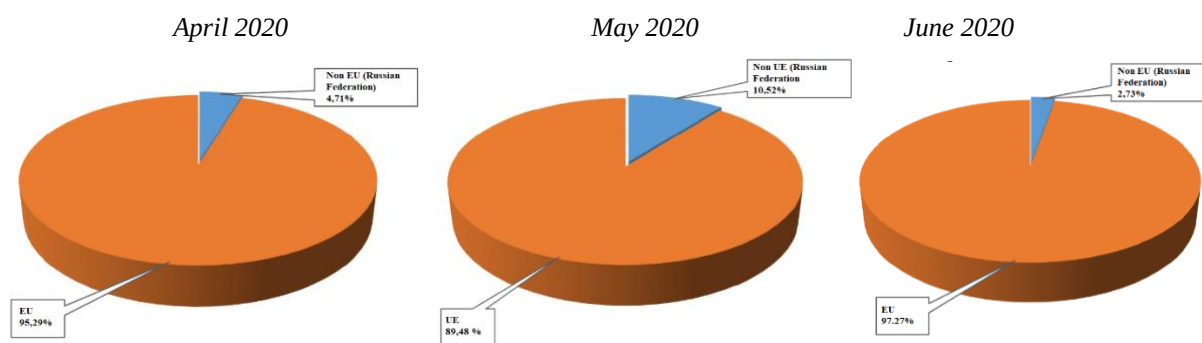
In April 2020, **domestic gas production** delivered for consumption was 6.870.723,290 MWh and accounted for 81,17% of the total consumption. The May delivery for consumption was 5.087.443,637 MWh and accounted for 78,35% of the total consumed sources. Gas production in June, delivered for consumption, was 4.550.261,475 MWh and accounted for 74,79% of the total consumption. These numbers include, in addition to the domestic production of that month, the extraction of natural gas from

domestic production from underground storage facilities.

The import of natural gas that was delivered for consumption in April 2020 was 1.594.012,301 MWh and accounted for 18,83% of total sources consumed. The import of gas that was delivered for

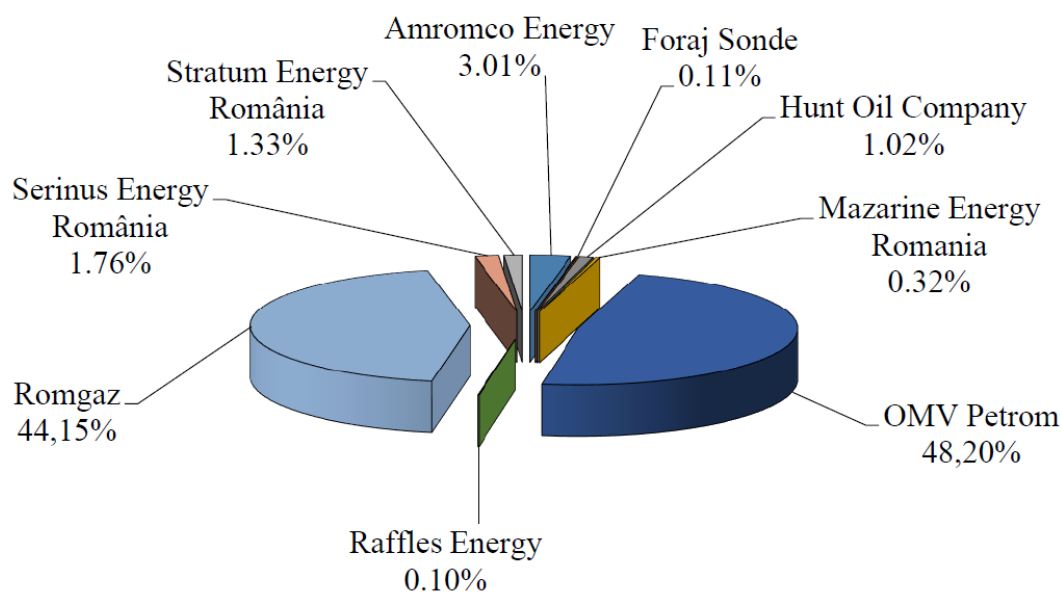
consumption in May was 1.405.482,859 MWh and accounted for 21,65% of total sources consumed and the import that was delivered for consumption in June was 1.533.487,843 MWh and accounted for 25,21% of total sources consumed.

3.2. THE CURRENT IMPORT OF NATURAL GAS DEPENDING ON THE SOURCE



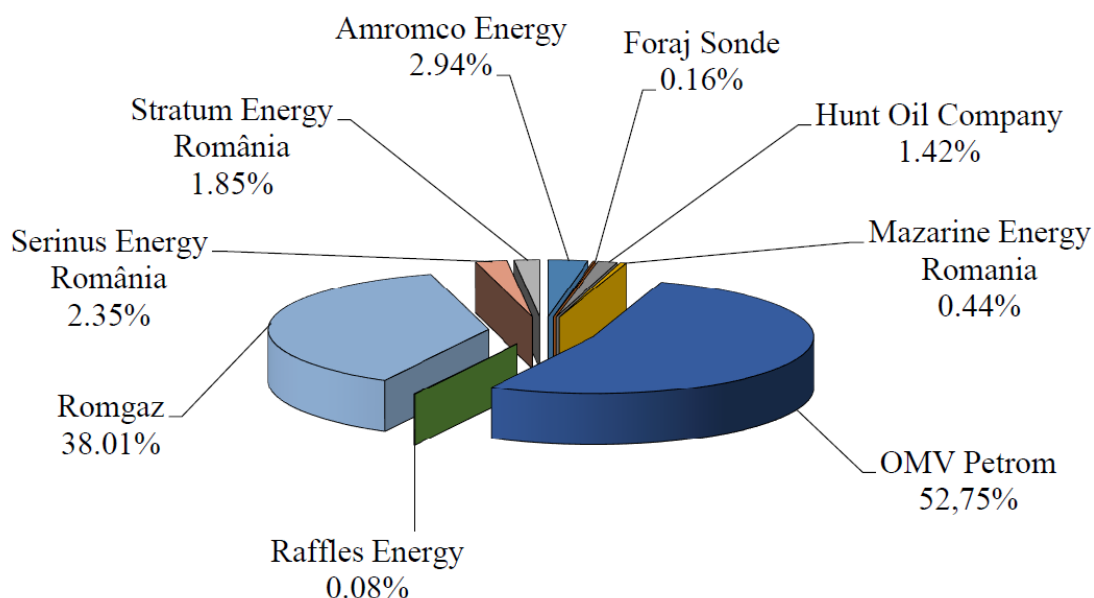
Source: reports on natural gas market processed by ANRE

3.3. GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN APRIL 2020



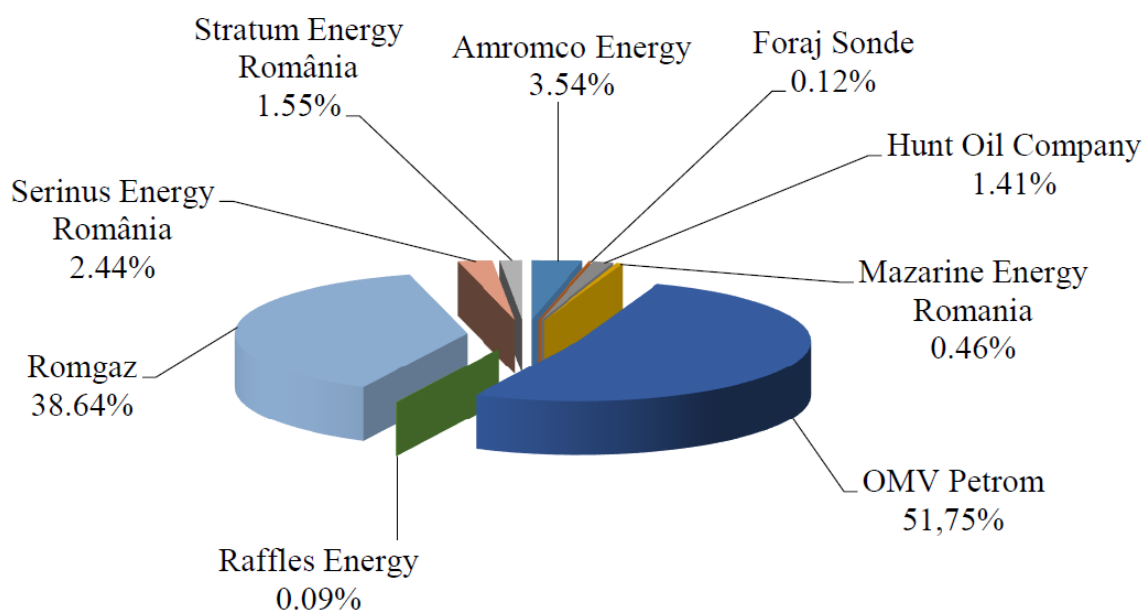
Source: reports on natural gas market processed by ANRE

3.4. GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN MAY 2020



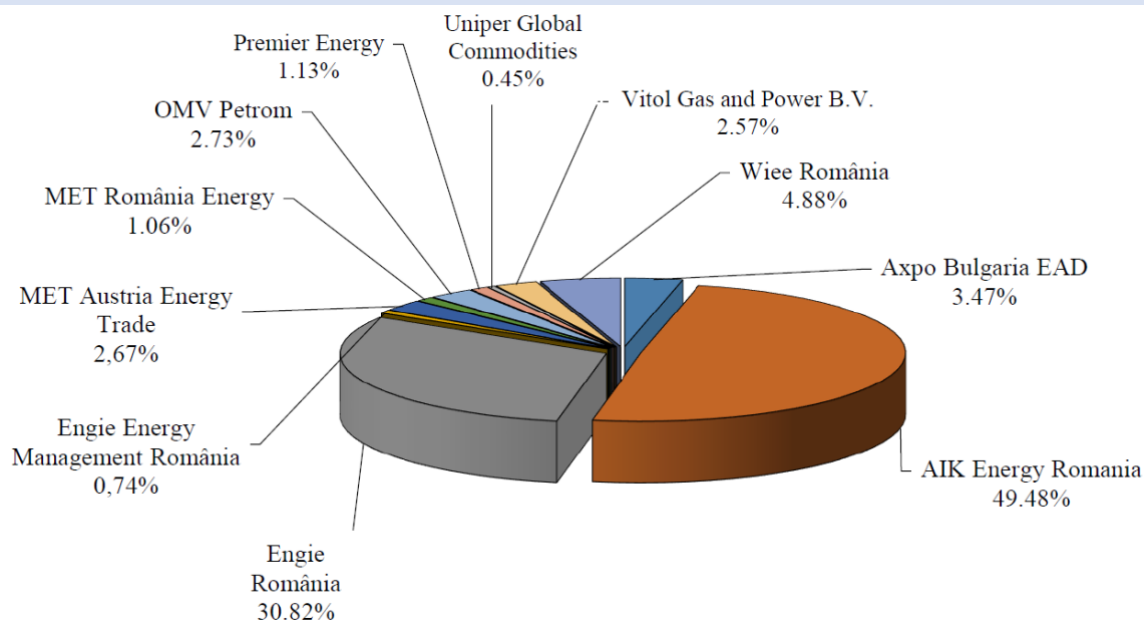
Source: reports on natural gas market processed by ANRE

3.5. GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN JUNE 2020



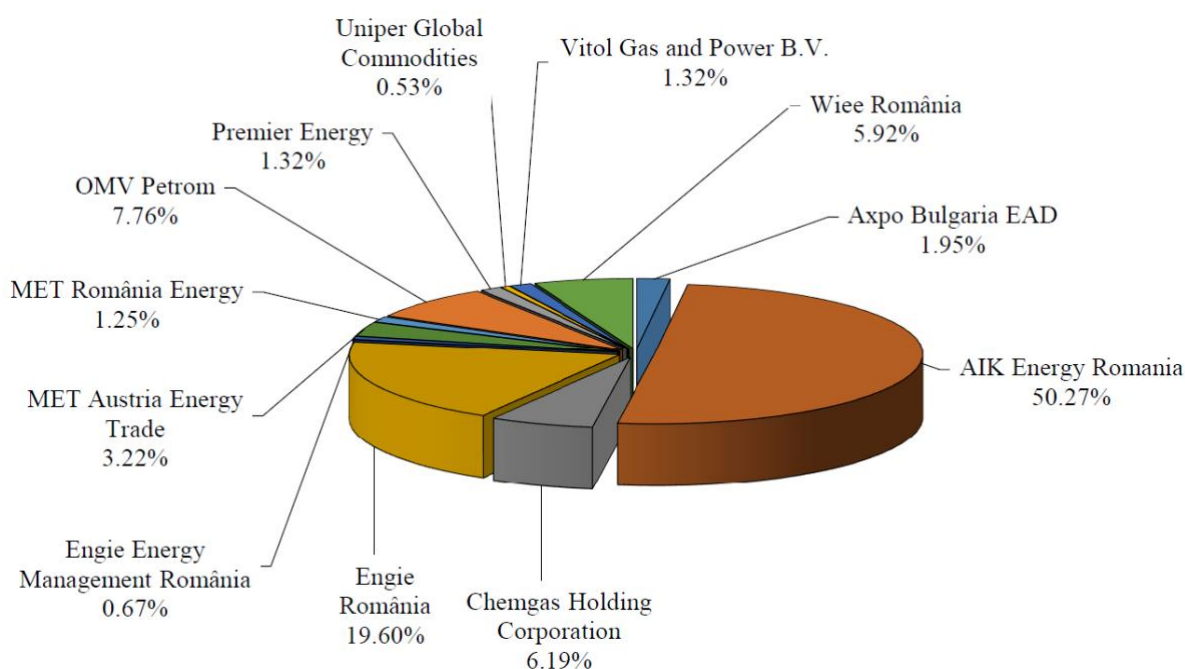
Source: reports on natural gas market processed by ANRE

3.6. IMPORTED GAS ENTERED IN CONSUMPTION IN APRIL 2020



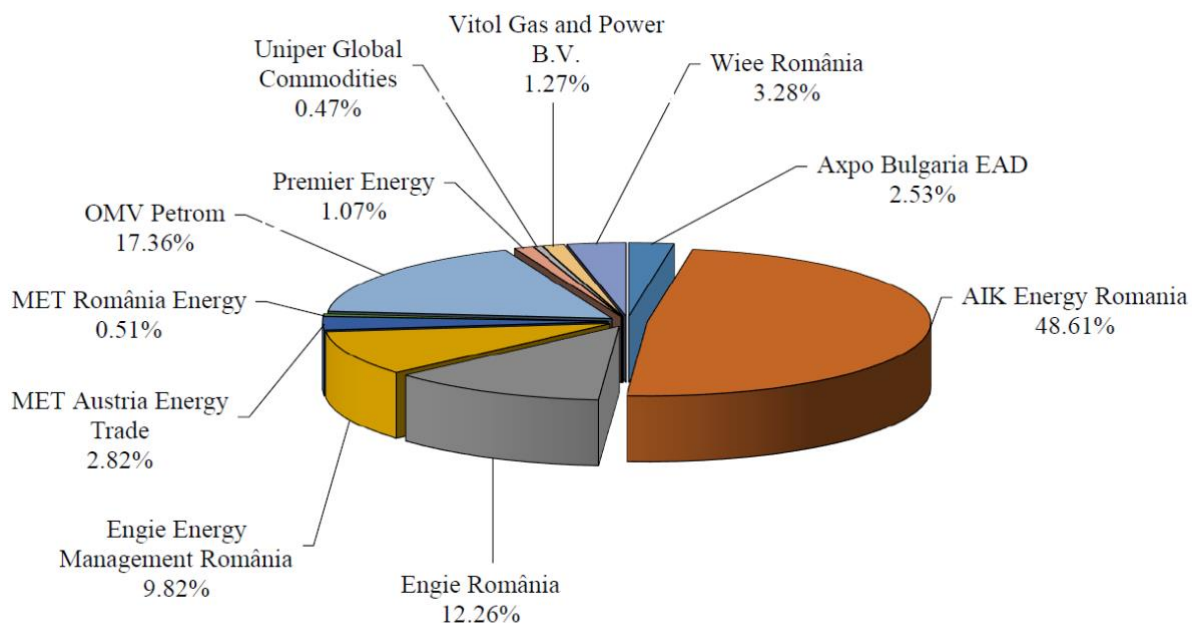
Source: reports on natural gas market processed by ANRE

3.7. IMPORTED GAS ENTERED IN CONSUMPTION IN MAY 2020



Source: reports on natural gas market processed by ANRE

3.8. IMPORTED GAS ENTERED IN CONSUMPTION IN JUNE 2020



Source: reports on natural gas market processed by ANRE

3.9. WHOLESALE NATURAL GAS MARKET

Centralized markets on which transactions can currently take place are as follows:

- Gas Forward Platform Simple Competitive (BRM);
- Gas Forward Platform Double Competitive (BRM);
- Gas Forward Platform CCP (BRM);
- Day Ahead market gas Platform (BRM);
- Within Day market gas (BRM);
- Next Day Market gas (OPCOM);
- Intra-Day market (OPCOM);
- PCGN-LN (OPCOM);
- PCGN-LP (OPCOM);
- PCGN-OTC (OPCOM).

In addition to the existing centralized markets, which have to ensure the conditions stipulated by the Law, on the wholesale market are also performed transactions on platforms for non-

standard products, such as BRM STEG Platform, transactions under negotiated bilateral contracts, gas export/import contracts.

3.10. RETAIL NATURAL GAS MARKET

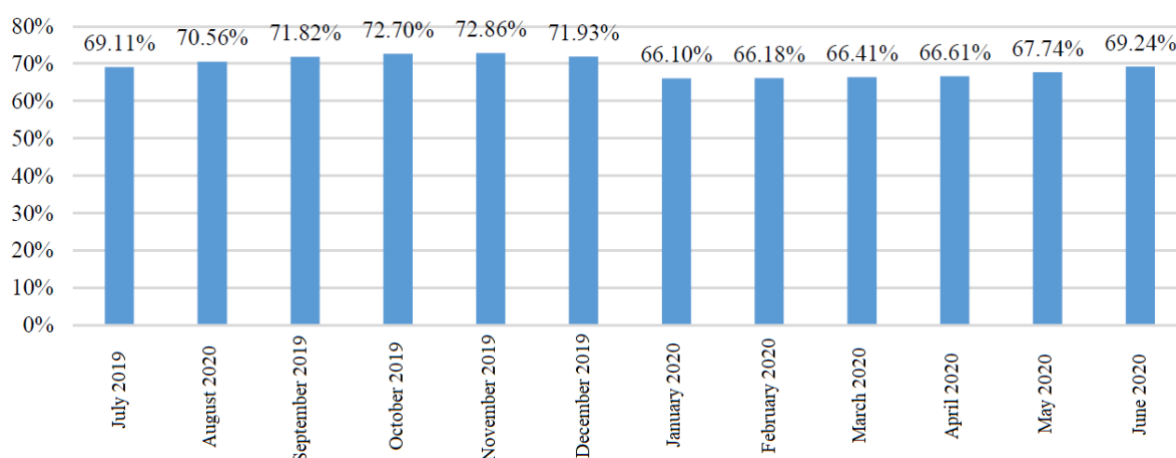
A. THE SCHEMATIC STRUCTURE OF THE RETAIL NATURAL GAS MARKET



The category of non-household final customers also includes thermal energy producers for the quantities of natural gas

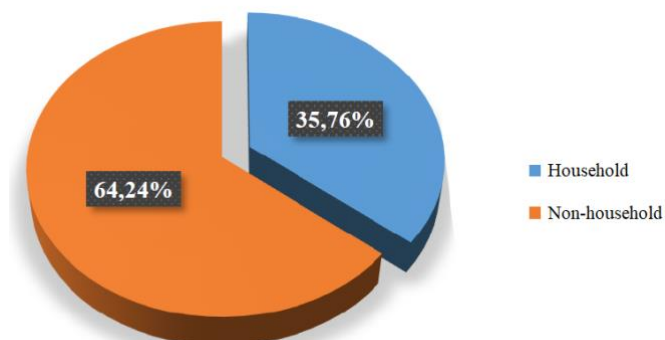
used to produce heat in cogeneration plants and in public heating plants (PETs).

B. OPENING DEGREE OF THE INTERNAL NATURAL GAS MARKET



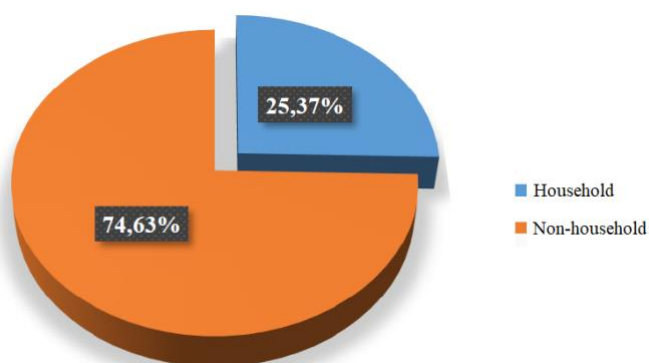
Source: reports on the natural gas market processed by ANRE

C.1. SHARE OF FINAL CUSTOMERS CONSUMPTION IN APRIL 2020



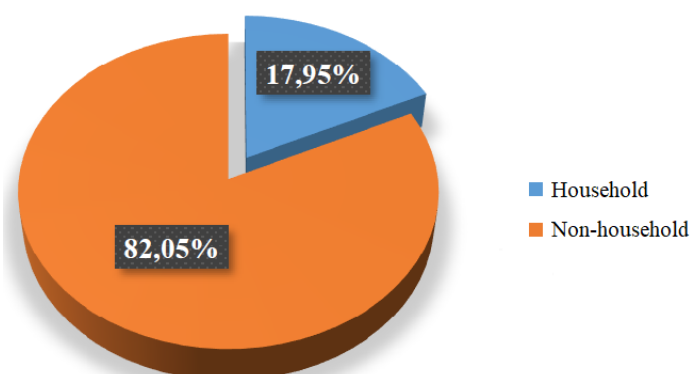
Source: reports on the natural gas market processed by ANRE

C.2. SHARE OF FINAL CUSTOMERS CONSUMPTION IN MAY 2020



Source: reports on the natural gas market processed by ANRE

C.3. SHARE OF FINAL CUSTOMERS CONSUMPTION IN JUNE 2020



Source: reports on the natural gas market processed by ANRe

4. THERMAL ENERGY

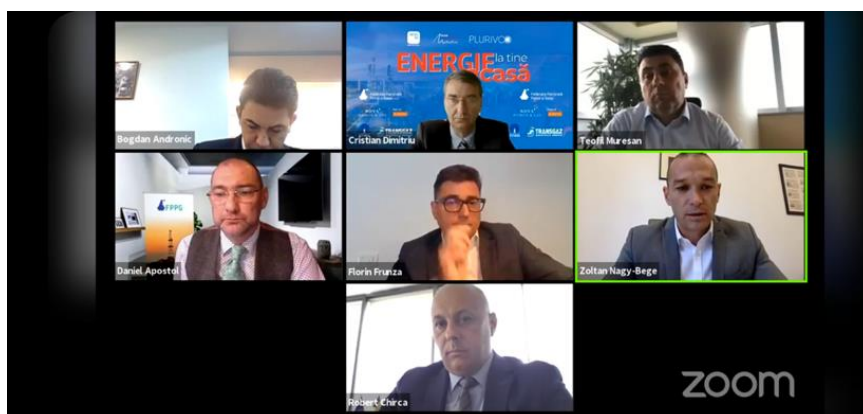
ANRE MONITORING THE SECTOR

The Methodology for monitoring the public heating supply service in centralized system and urban heating and/or cooling systems establishes the parameters used in the monitoring of SPAET and urban heating and / or cooling systems as well as the obligations of economic operators in the thermal energy sector regarding the reporting of monitoring data, also presenting, in principle, the analysis and reports performed by ANRE based on monitoring data received from economic operators. The Methodology was approved by Order of the the President of ANRE no. 193/2019.

Through the monitoring activity of SPAET, ANRE aims to achieve the following objectives:

- Analyzing the evolution of SACET at local, regional and national level;
- Evaluation of the results obtained by the operators of the public service of thermal energy supply in a centralized system and of the way of fulfilling the specific obligations / attributions;
- Development of the database specific to the public service of thermal energy supply in a centralized system;
- Preparation of reports on the state of the public heat supply service in a centralized system.

5. IN A NUTSHELL - EVENTS IN THE SECTOR WITH ANRE PARTICIPATION



- On June 2, the video conference "Energy at home" took place, organized by the News.ro Press Agency, Team Innovation Media and the Plurivox PR and Communication Agency. Among

other things, the measures taken by companies in the current crisis generated by the Covid-19 epidemic were discussed, but also those at the national strategic level, the price of oil and natural gas, gas transport and integration with the

regional market, Romania's energy strategy and liberalization of the natural gas market. Mr. Zoltan Nagy-Bege, ANRE Vice President, participated as a speaker.

- On June 10, the Online Energy Forum event took place, organized by the economic news and financial analysis platform Financialintelligence.ro. Among other things, they discussed the Green Deal, the liberalization of the natural gas market starting with July 1, the investment strategy of state-owned energy companies, the ecological recovery of the European Union, as well as the amendments to the



Electricity and Natural Gas Law. Mr. Zoltan Nagy-Bege, Vice President of ANRE, participated as a speaker.

- On June 29, in the context of the liberalization of the natural gas market starting with July 1, a meeting took



place at the Ministry of Economy Energy and Business Environment headquarters attended by: Mr. Virgil Popescu, Minister of Economy Energy and Business Environment, Mr. Dumitru Chiriță, the president of ANRE, Mr. Zoltan Nagy-Bege, the vice-president of ANRE, Mr. Bogdan Chirițoiu, the president of the Competition Council, Mr. Eduardt Cozminski, the president of ANPC, Mr. Paul Anghel, general director of ANPC and Mr. Niculae Havrileț, secretary of state, Ministry of Economy Energy and Business Environment.

- On June 30, the “Energy Strategy Summit 2020” event took place, organized by the Energynomics.ro communication platform dedicated to the Romanian energy industry. The event took place in the form of an online video conference and analyzed national and European strategies in the field of energy. Mr. Zoltan Nagy-Bege, Vice President of ANRE, participated in the event as a speaker.

