



QUARTERLY NEWSLETTER



Q3 / 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 ERRA 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.

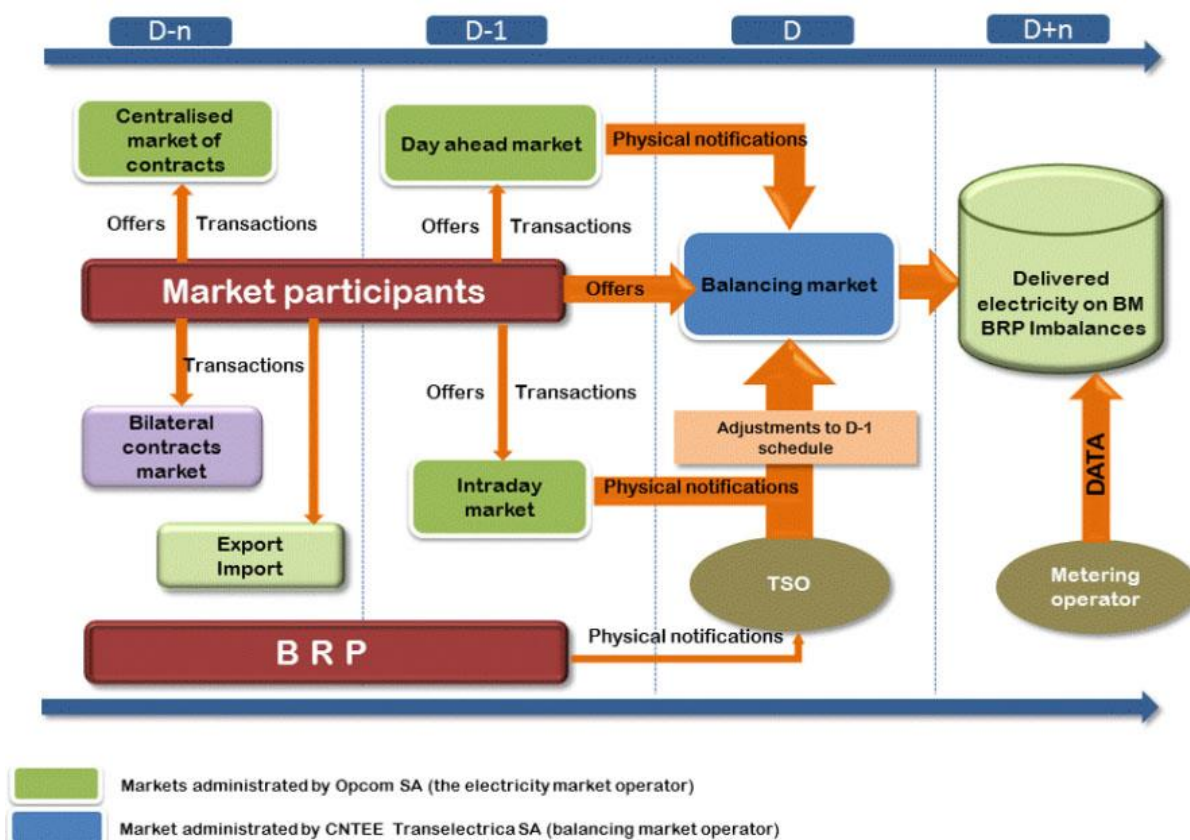
2. THE ELECTRICITY MARKET

2.1. SIGNIFICANT DEVELOPMENTS IN THE ELECTRICITY MARKET

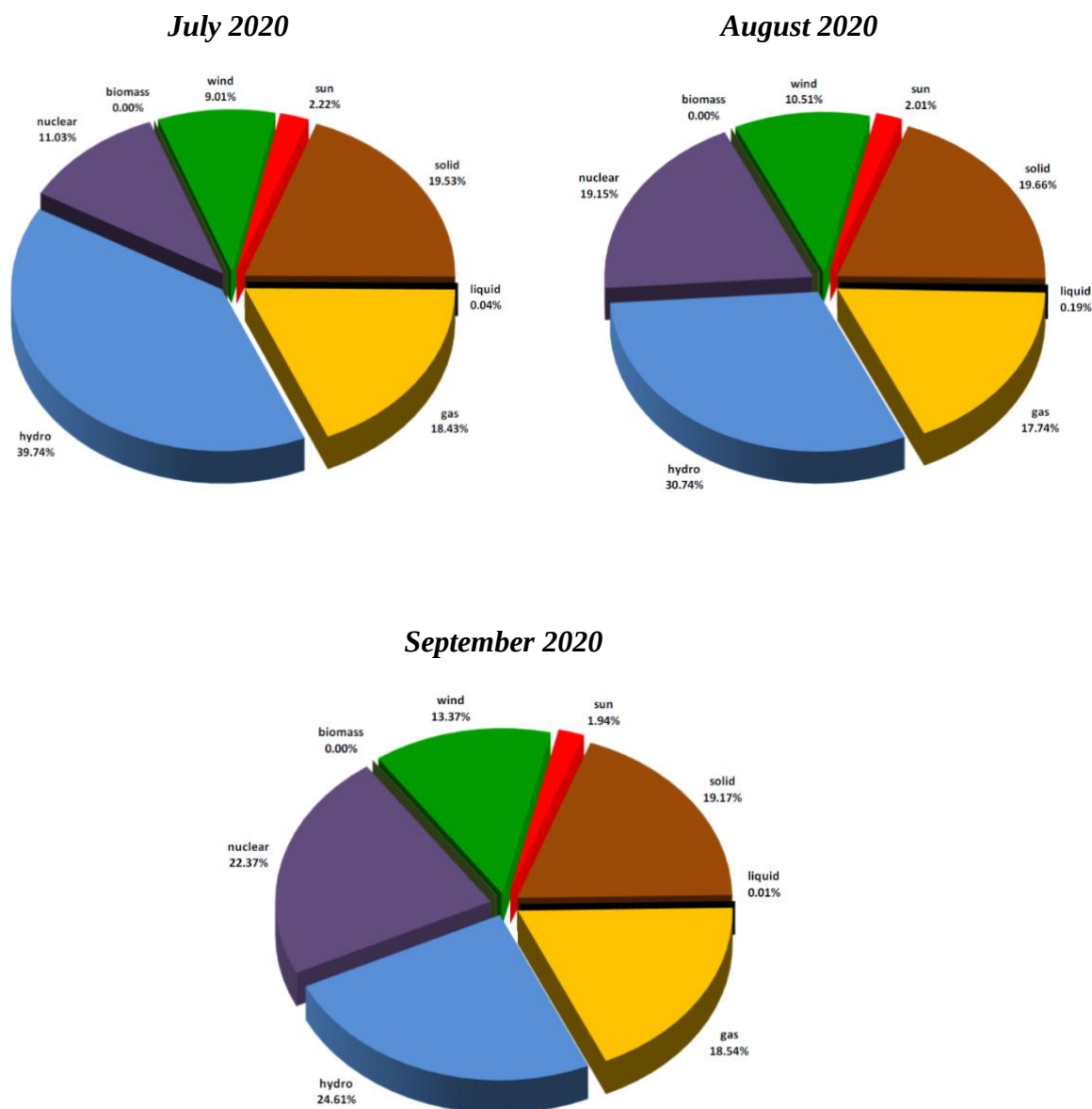
In the third quarter of 2020, ANRE regulatory activity on the electricity market was generally focused on:

- 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



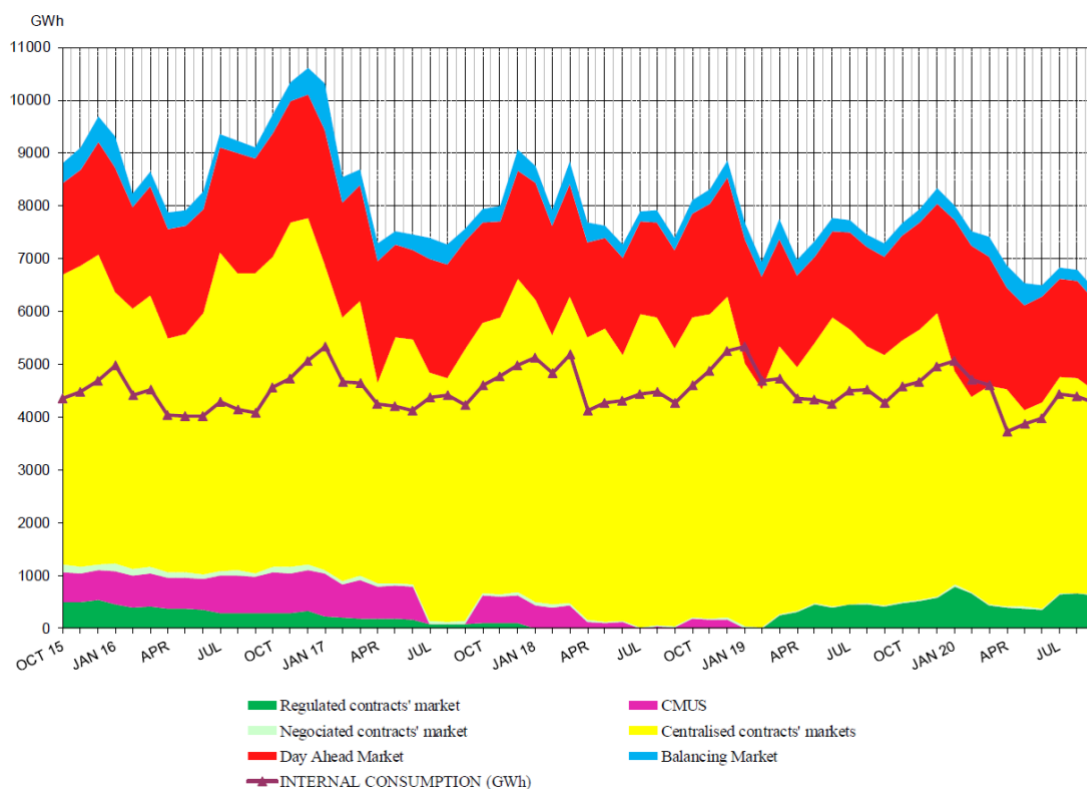
2.3. THE PRODUCTION STRUCTURE OF THE NATIONAL ENERGY SYSTEM BY TYPE OF RESOURCES DELIVERED BY PRODUCERS WITH DISPATCHABLE UNITS



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 October 2015 and September 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

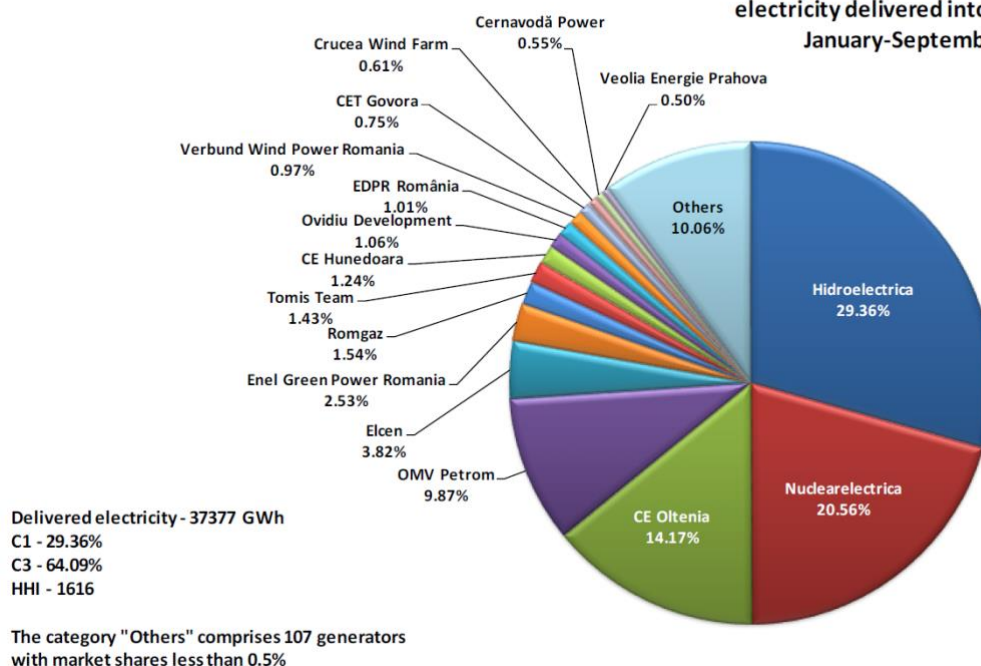
Note: In the above graph, the volumes traded on negotiated contracts' market do not include the export contract volumes.

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.

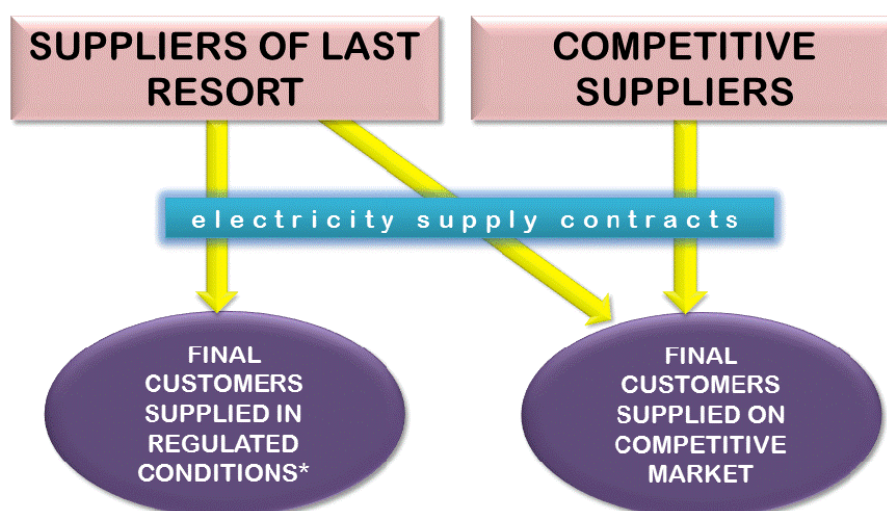
January - September 2020

**Market share of producers with
dispatchable generation units by the
electricity delivered into the networks
January-September 2020**



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

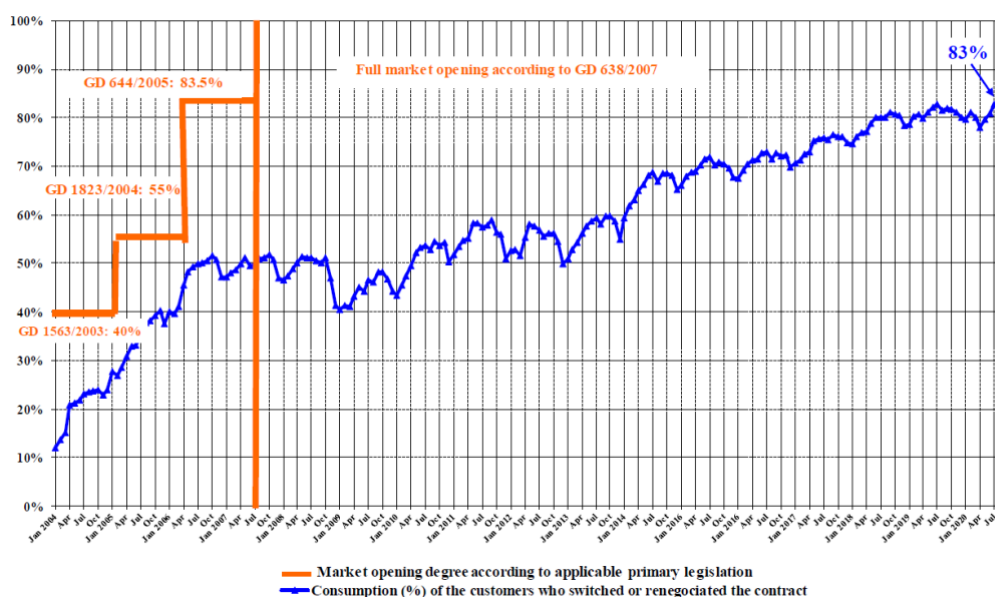
2.6. STRUCTURE OF THE RETAIL ELECTRICITY MARKET



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

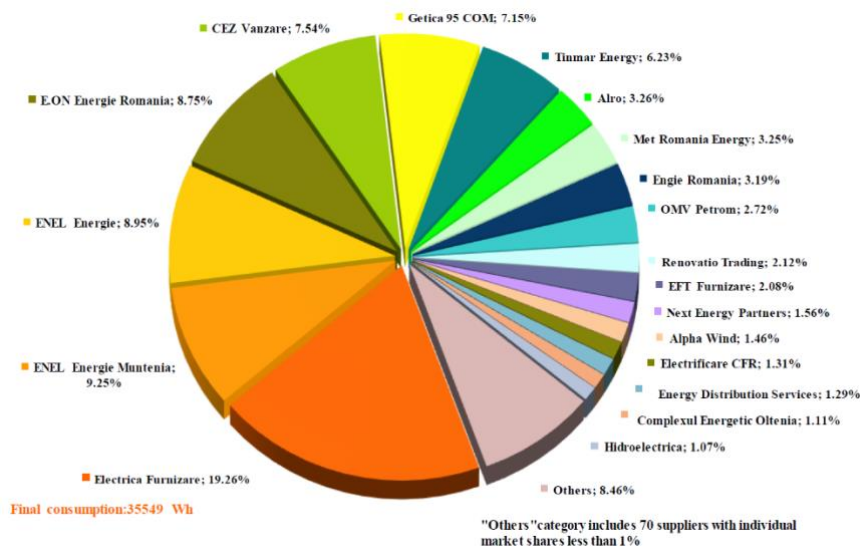
2.7. ELECTRICITY MARKET OPENING DEGREE

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 – September 2020. The values presented are cumulated from the beginning of the market opening process and are presented monthly:



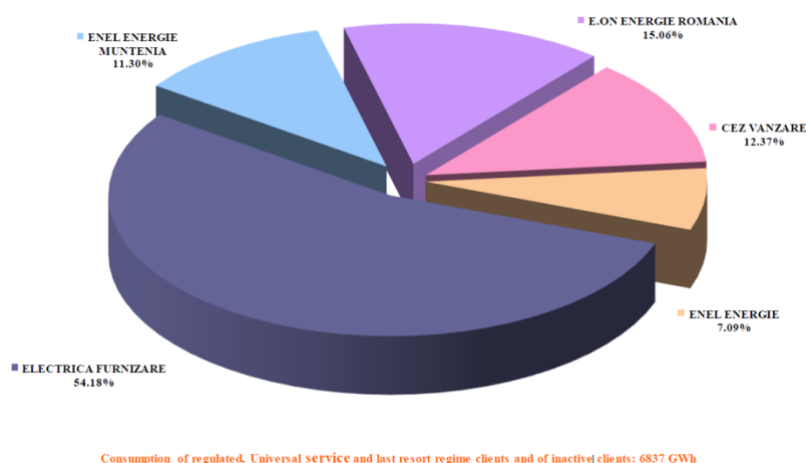
Source: Monthly reports of suppliers of final customers– Electricity Market Monitoring Unit assessment

Market shares of suppliers for final customers January – September 2020



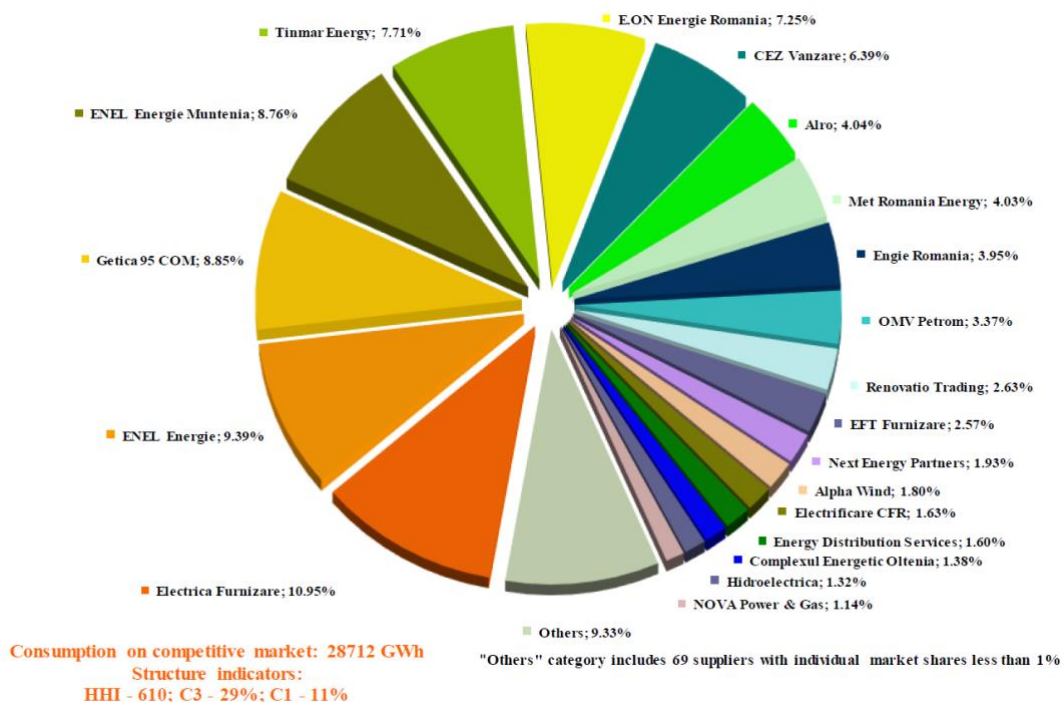
Source: Monthly reports of the suppliers of last resort – Electricity Market Monitoring Unit assessment

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 – SEPTEMBER 2020



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

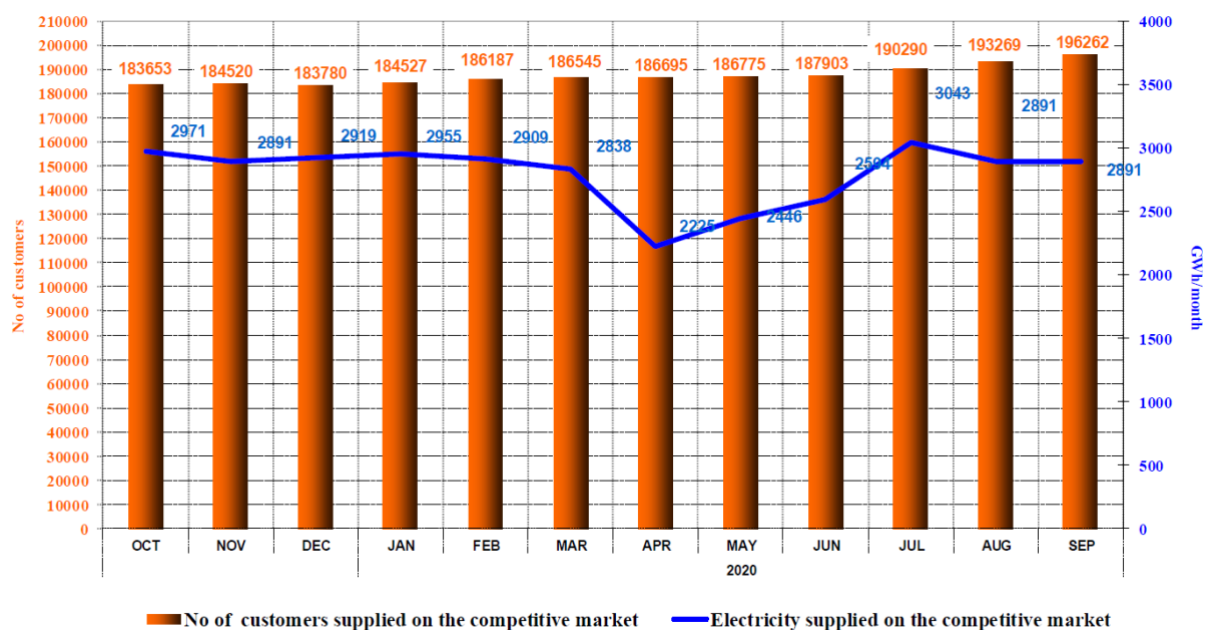
2.9. MARKET SHARES OF SUPPLIERS DELIVERING ELECTRICITY ON THE COMPETITIVE MARKET, JANUARY – SEPTEMBER 2020



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

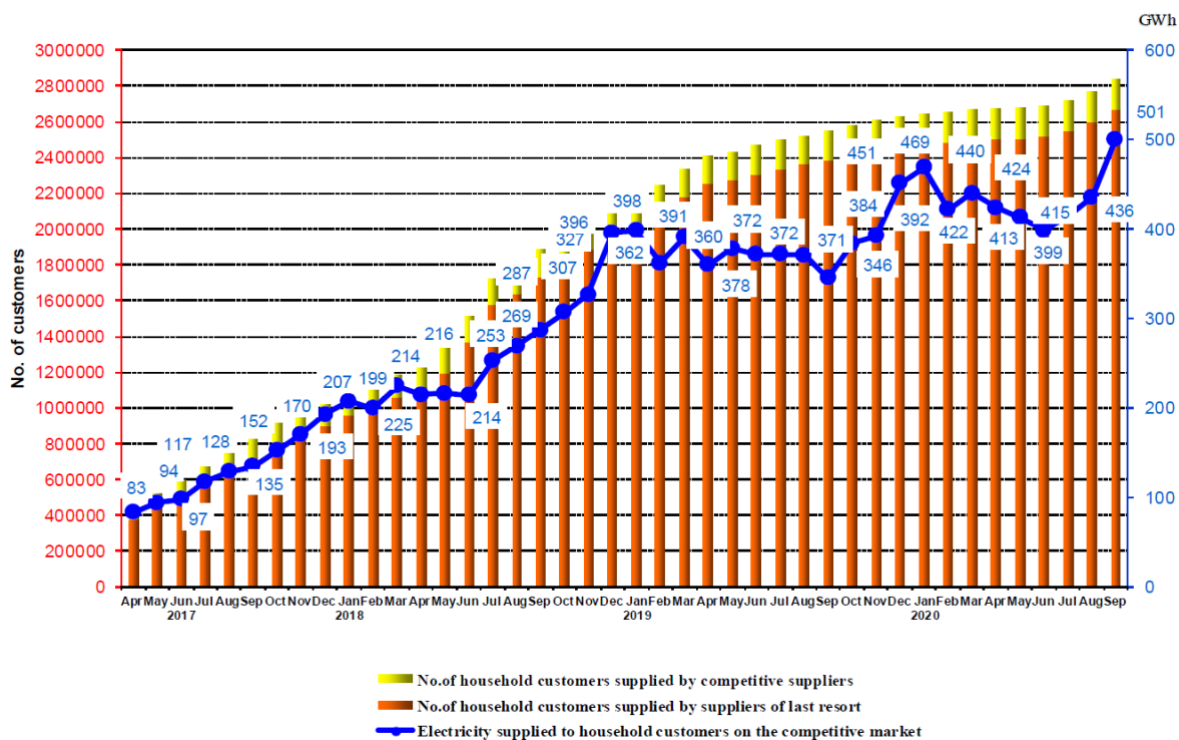
2.10. MIGRATION OF ELECTRICITY FINAL CUSTOMERS TO THE COMPETITIVE MARKET

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

Starting with July 2020, **the natural gas market was completely liberalized**, so ANRE no longer calculates regulated prices for household customers and implicitly the natural gas market is competitive.

- **The competitive market** 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).

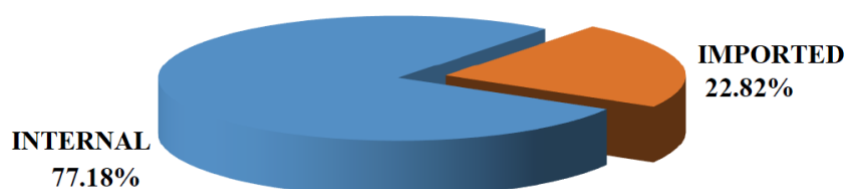
In July 2020, **domestic gas production** delivered for consumption was 5.087.514,972 MWh and accounted for 77,18% of the total consumption. The August delivery for consumption was 5.061.946,333 MWh and accounted for 76,18% of the total consumed sources. Gas production in September, delivered for consumption, was 5.666.367,695 MWh and accounted for 83,50% 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 July 2020 was 1.504.203,016 MWh and accounted for 22,82% of total sources consumed. The import of gas that was delivered for consumption in August was 1.582.816,934 MWh and accounted for 23,82% of total

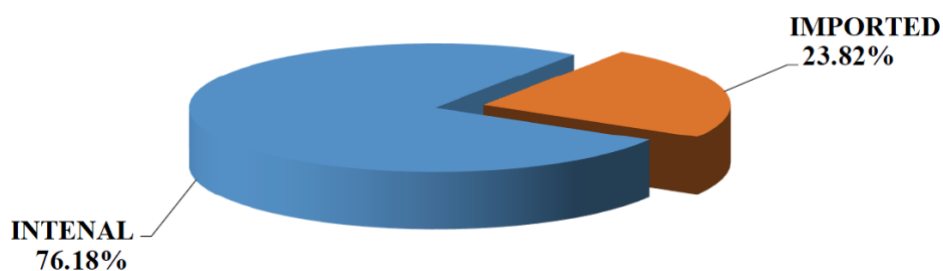
sources consumed and the import that was delivered for consumption in September was 1.119.709,777 MWh and accounted for 16,50% of total sources consumed.

3.2. THE CURRENT SOURCE OF NATURAL GAS

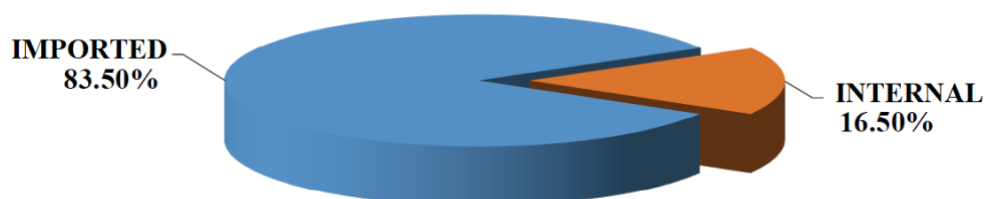
July 2020



August 2020

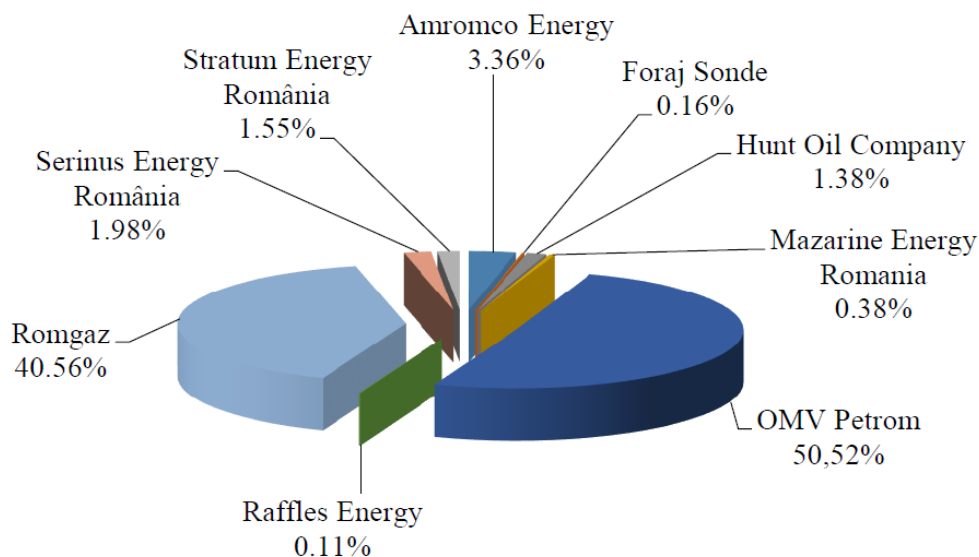


September 2020



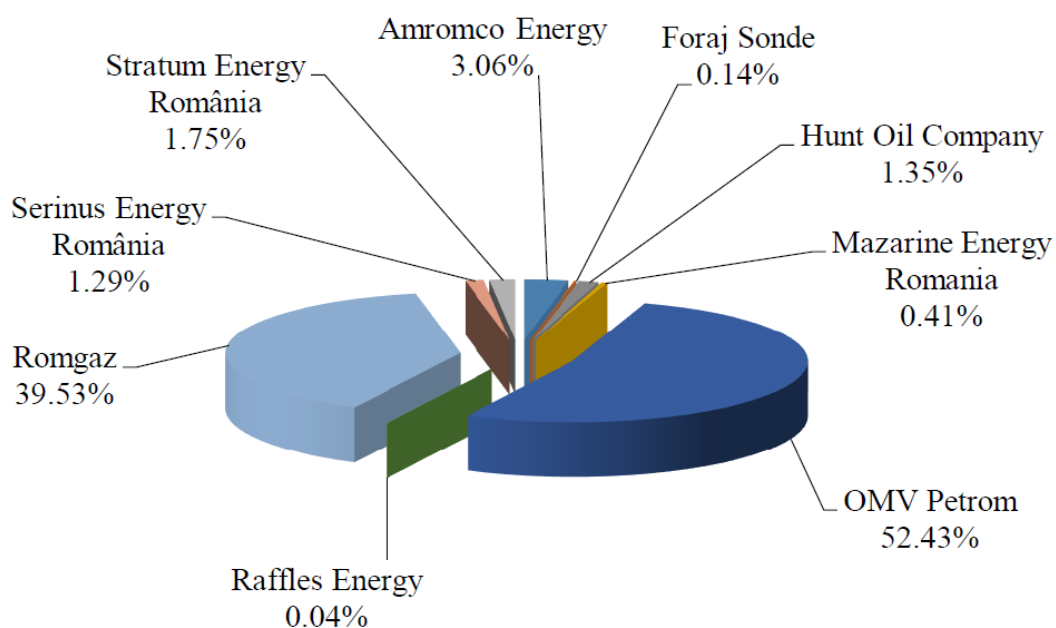
Source: reports on natural gas market processed by ANRE

3.3. GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN JULY 2020



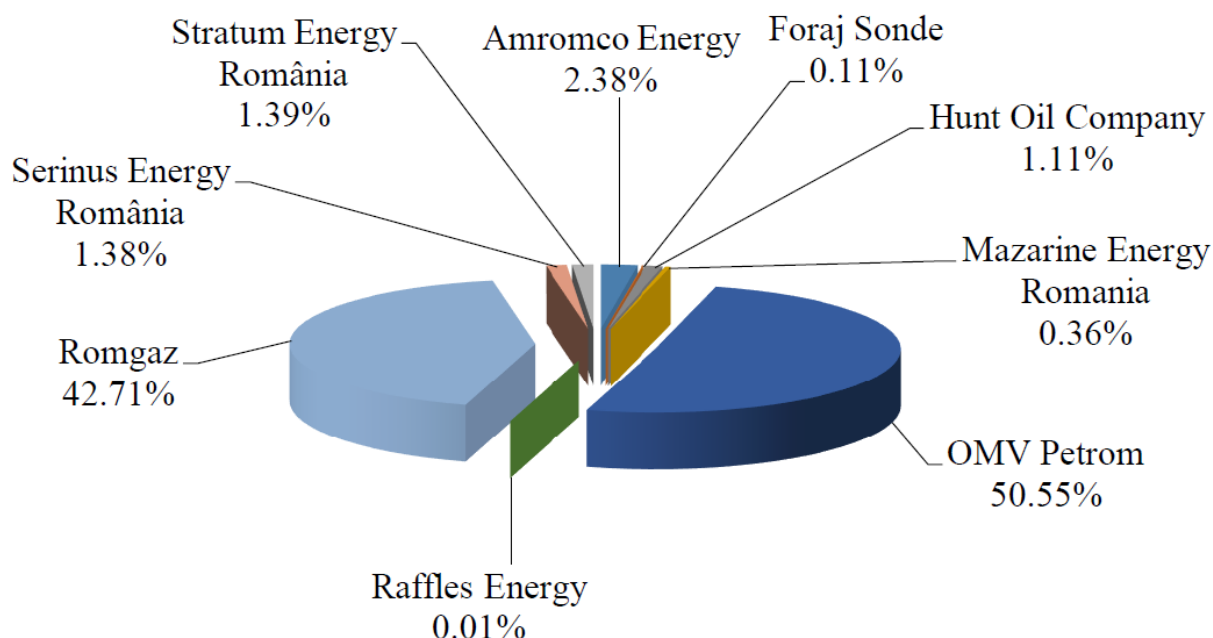
Source: reports on natural gas market processed by ANRE

3.4. GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN AUGUST 2020



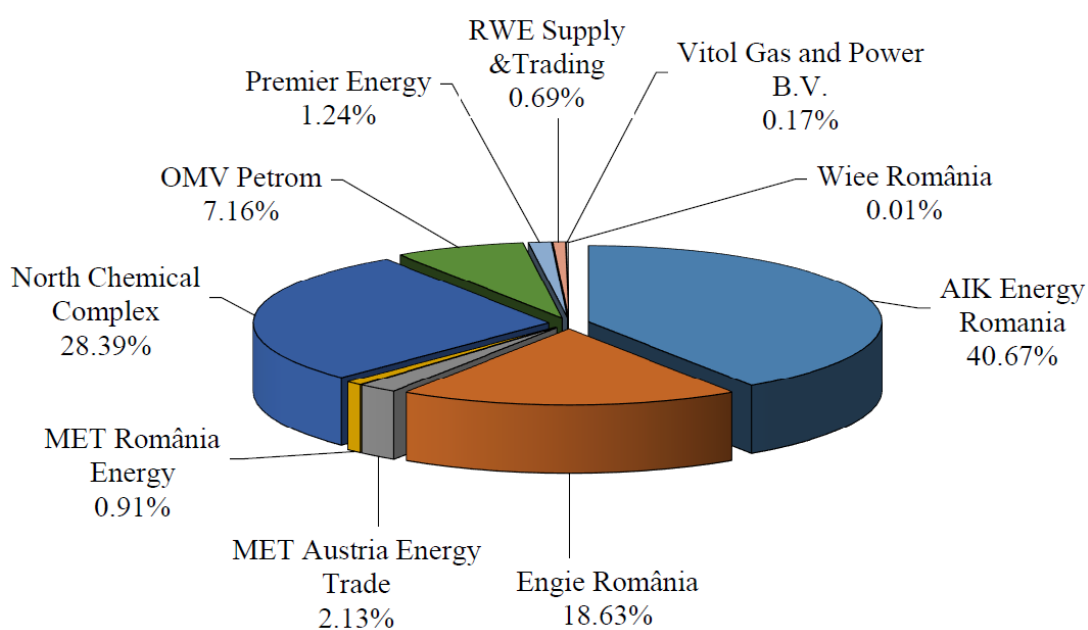
Source: reports on natural gas market processed by ANRE

3.5. GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN SEPTEMBER 2020



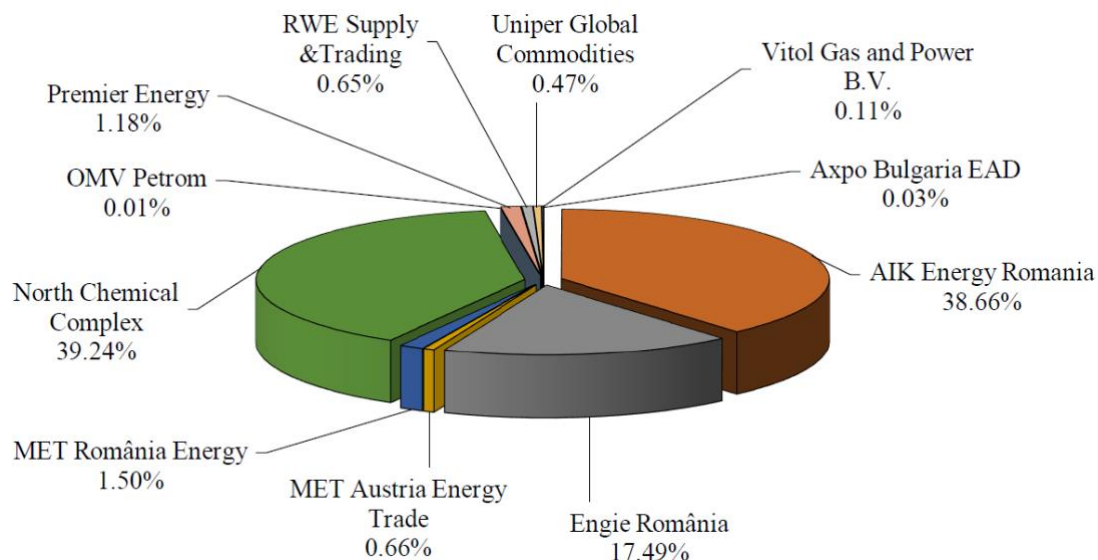
Source: reports on natural gas market processed by ANRE

3.6. IMPORTED GAS ENTERED IN CONSUMPTION IN JULY 2020



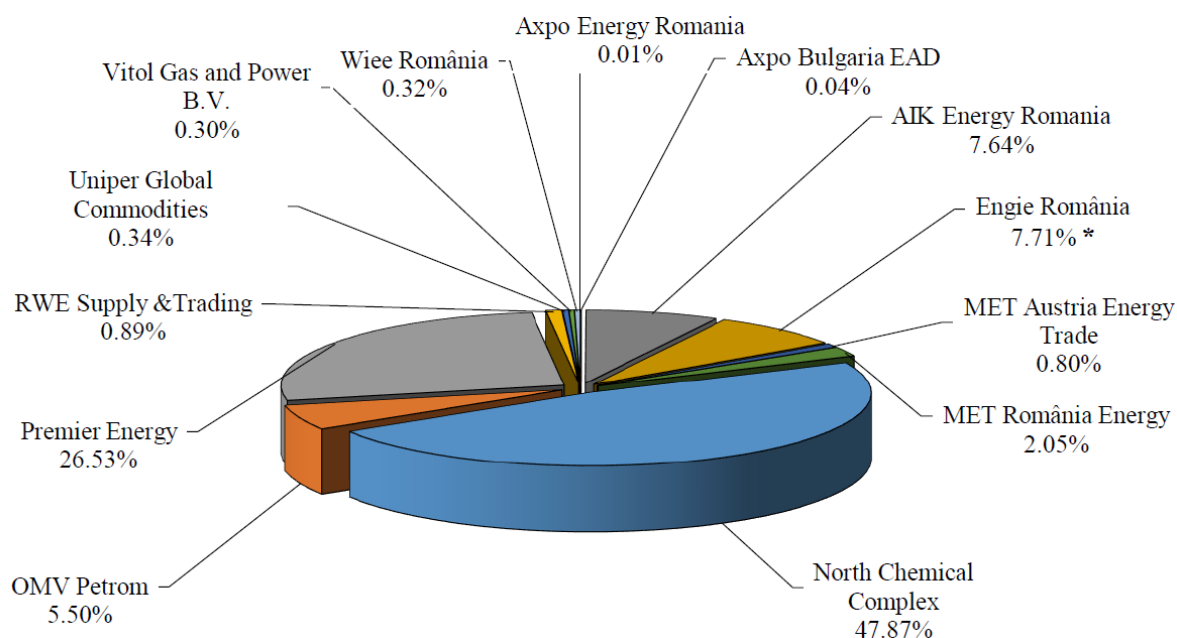
Source: reports on natural gas market processed by ANRE

3.7. IMPORTED GAS ENTERED IN CONSUMPTION IN AUGUST 2020



Source: reports on natural gas market processed by ANRE

3.8. IMPORTED GAS ENTERED IN CONSUMPTION IN SEPTEMBER 2020



* represents a swap between current domestic production and external sources extracted from underground storage depots

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

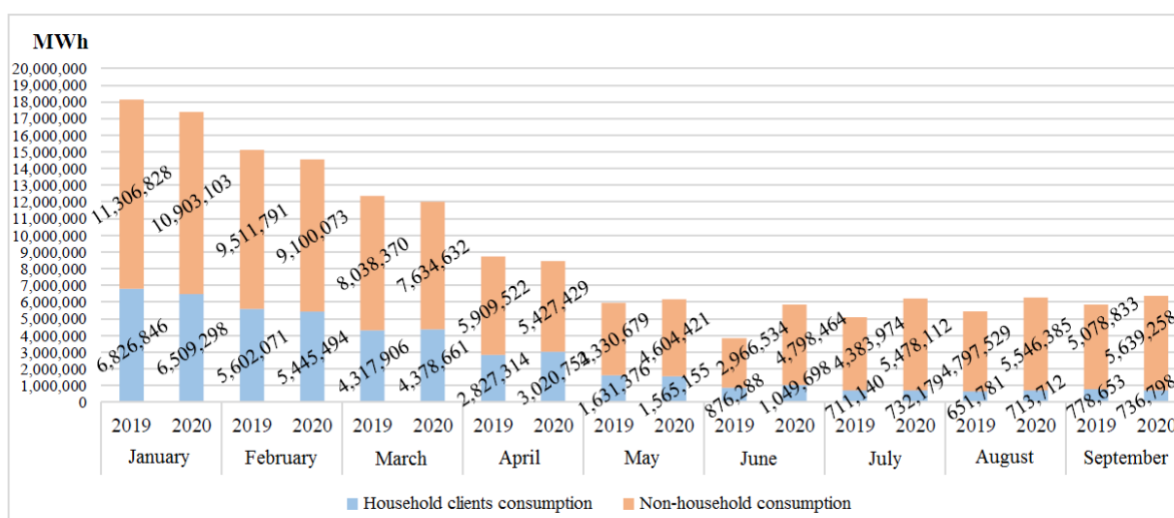
A. THE SCHEMATIC STRUCTURE OF THE RETAIL NATURAL GAS MARKET



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

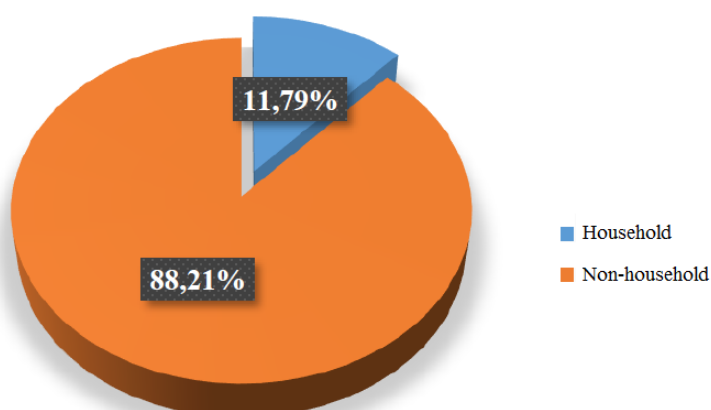
used to produce heat in cogeneration plants and in public heating plants (PETs).

B. CONSUMPTION ON THE NATURAL GAS RETAIL MARKET BROKEN DOWN BY CUSTOMER CATEGORIES 2019/2020



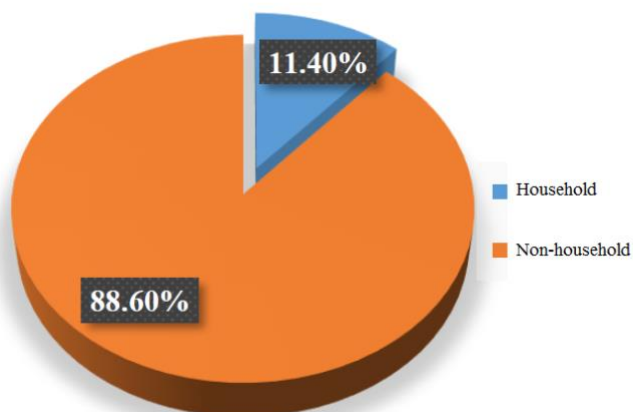
Source: reports on the natural gas market processed by ANRE

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



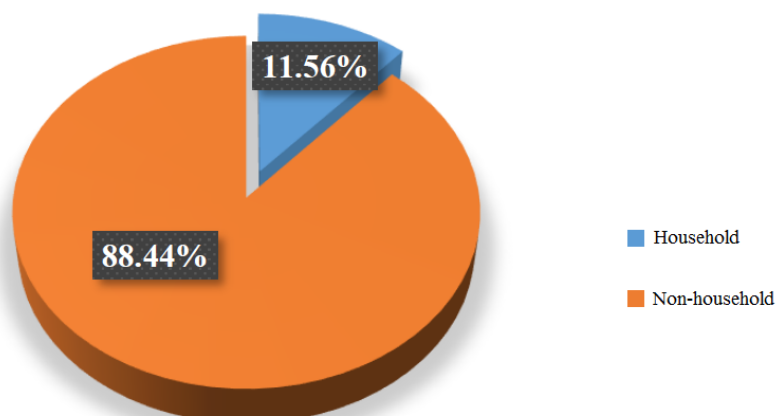
Source: reports on the natural gas market processed by ANRE

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



Source: reports on the natural gas market processed by ANRE

C.3. SHARE OF FINAL CUSTOMERS CONSUMPTION IN SEPTEMBER 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

- The ninth edition of the Energy CEO Forum & Awards Gala, organized by the online publication "The Diplomat - Bucharest", took place on July 23 at Athenee Palace Hilton, Bucharest. Professionals from the energy industry participated, both from the private sector and representatives of state authorities and academia. The main topics of discussion were The Green Deal 2020, interconnection of energy systems, better connection of renewable energy sources to the grid, promotion of innovative technologies, promotion of EU energy standards, cross-border cooperation for access to clean energy sources. Mr. Zoltan Nagy-Bege, ANRE vice-president, participated in the event as a juror at the Awards Gala.



- The online conference "Liberalization of electricity and natural gas markets", organized by the Romanian National Committee of the World Energy Council (WRC-CME) and Electrica Furnizare SA, took place on July 9, 2020. The topics addressed were the impact of the liberalization of electricity and gas markets, electricity and natural gas, the impact of the SARS-Cov2 corona virus on the energy sector, new market mechanisms, the interconnection of energy systems, the development of natural gas markets, solutions to support "clean" energy sources, user problems vulnerable. Mr. Claudiu Dumbrăveanu, General Manager of the Energy and Prices Market Department in the ANRE chair participated as a speaker.

- On July 21, 2020, the XXXIV edition of the ENERGY FOCUS Conferences took place, where issues related to the influence of investments in increasing the competitiveness of the Romanian energy sector were debated. The event was attended by representatives of the Parliament, the Ministry of Economy, ANRE, market companies, analysts, specialists, representatives of the profile media. Mrs. Maria Mănicuță, director of the Tariffs, Monitoring, Natural Gas Investments Department within ANRE, participated as a speaker.



- On September 16, the event "Together we protect Romania" took place, organized by the MediaUno Press Group and the National Institute of Statistics. Representatives of the Government and public authorities, ambassadors and participants from the business environment analyzed the socio-economic evolution generated by the COVID-19 epidemic during the conference at

the Bucharest Diplomatic Club. In the opening of the event, Prime Minister Ludovic Orban briefly presented the effects of COVID-19 and the measures identified and implemented by the Government to avoid blocking the economy. Messages of solidarity

and exhortations to personal responsibility were also sent by H.E. Mr. Adrian Zuckerman, US Ambassador, H.E. dna. Michèle Ramis, Ambassador of France, H.E. Mister. David Saranga, Ambassador of the State of Israel, H.E. Mister. Roelof van Ees, Ambassador of the Kingdom of the



Netherlands, Mr. Nicolae-Ionel Ciucă, Minister of National Defense, Mr. Nelu Tataru,



ROMANIAN ENERGY REGULATORY AUTHORITY

Department of International Cooperation, Communication and Relation with Parliament



Minister of Health. In the second part of the official program, Mr. Tudorel Andrei, president of the National Institute of Statistics, Dr. Raed Arafat, Secretary of State MAI, Mr. Aurel Simion, Secretary of State in the Ministry of Agriculture and Rural Development, Mr. Niculae Havrileț, Secretary of State in the Ministry of Economy, Energy and Business

Environment, Mr. Adrian Tănase, general manager of the Bucharest Stock Exchange gave speeches. On behalf of ANRE, Mr. Dumitru Chiriță, the President of ANRE and Mr. Marius Vladu, Director of the Department of International Relations, Communication, Relations with Parliament participated.