



QUARTERLY NEWSLETTER



2nd ANRE Six-Monthly Report 2021



Contents:

- ♦ ROMANIAN ENERGY REGULATORY AUTHORITY

 - Mission and responsibilities**

- ♦ ELECTRICITY

 - Significant developments in the electricity market**

- ♦ NATURAL GAS

 - Significant developments in the natural gas market**

- ♦ THERMAL ENERGY

- ♦ IN A NUTSHELL – News and events in the sector with ANRE participation



MISSION AND RESPONSIBILITIES

- ◆ 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.

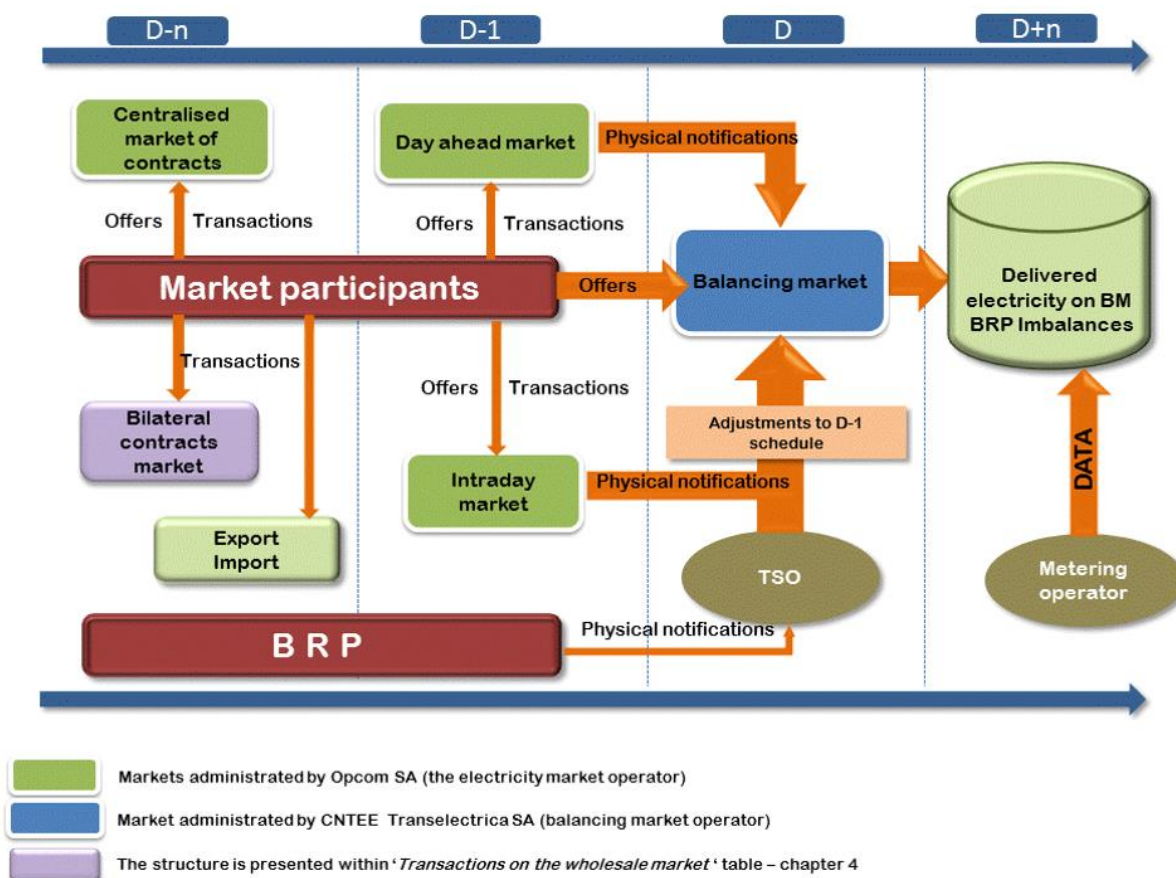
THE ELECTRICITY MARKET

SIGNIFICANT DEVELOPMENTS IN THE ELECTRICITY MARKET

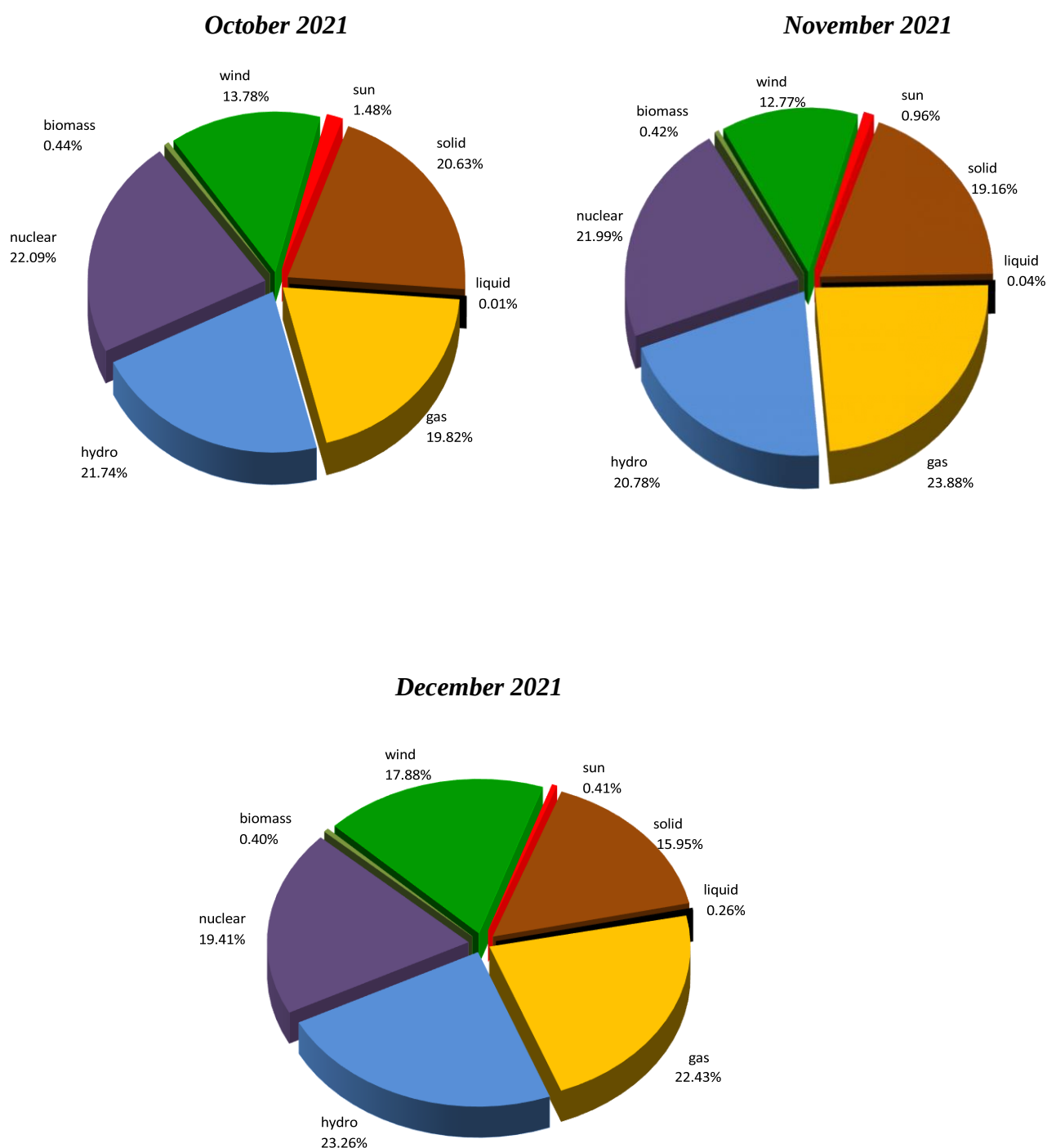
Starting January 1 2021, the regulated tariff for electricity supplied to the households by FUI was removed. Accordingly, to this fact,

the regulated segment of the wholesale electricity market disappeared.

SCHEMATIC STRUCTURE OF THE WHOLESALE MARKET



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

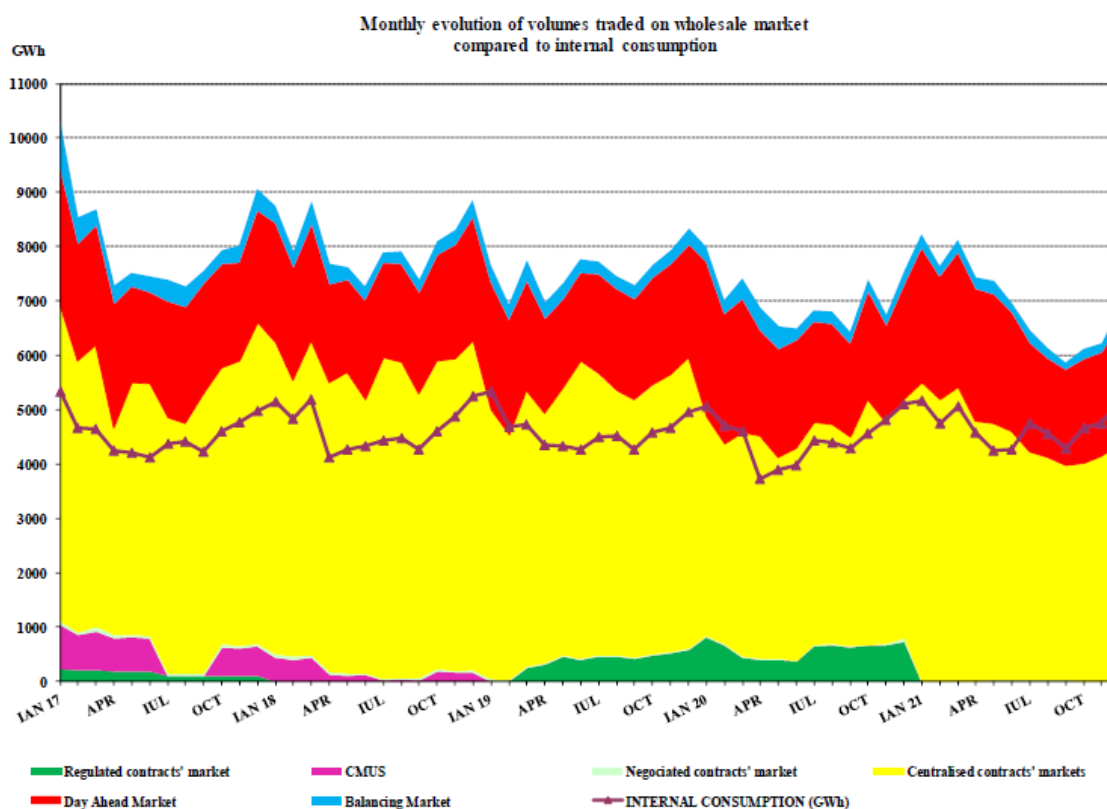


Source: Monthly reports of producers – Electricity Market Monitoring Unit assesment

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

The following graph presents the evolution, starting with January 2017, of the relation between the volumes sold on each market and the estimated internal consumption.

Given the elimination from January 1 2021 of the regulated tariffs for electricity supplied to household customers by suppliers of last resort, the regulated component of the wholesale electricity market has been abolished.

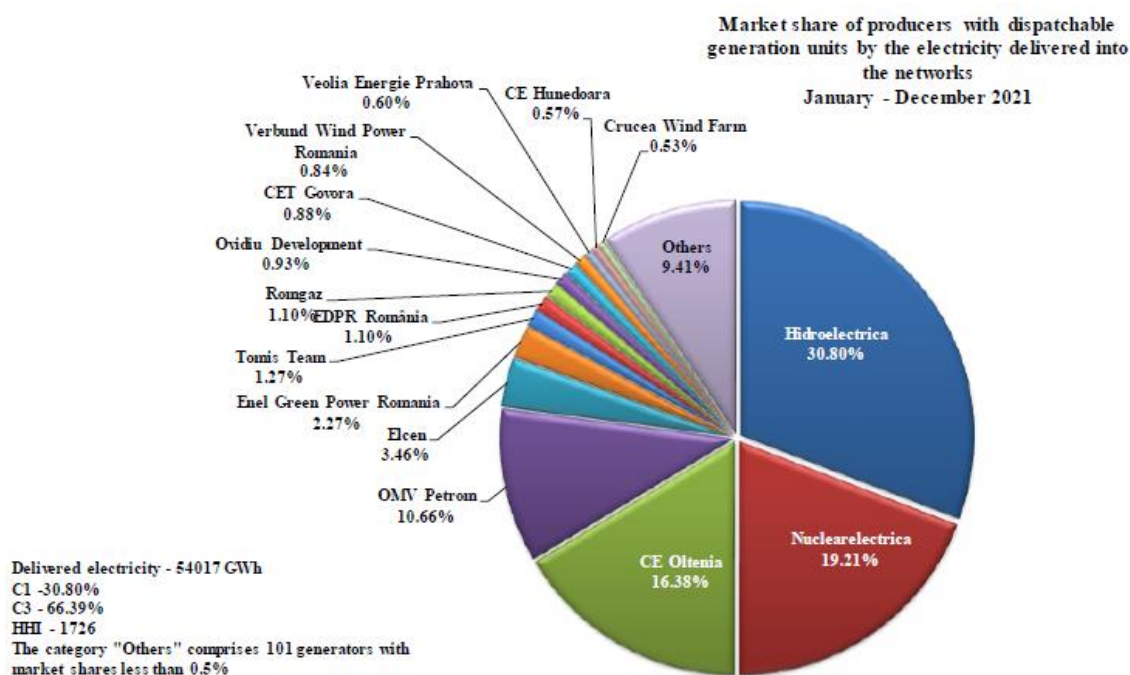


Source: Monthly reports of wholesale market participants, Opcom SA and CNTEE Transelectrica SA – Electricity Market Monitoring Unit assessment

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

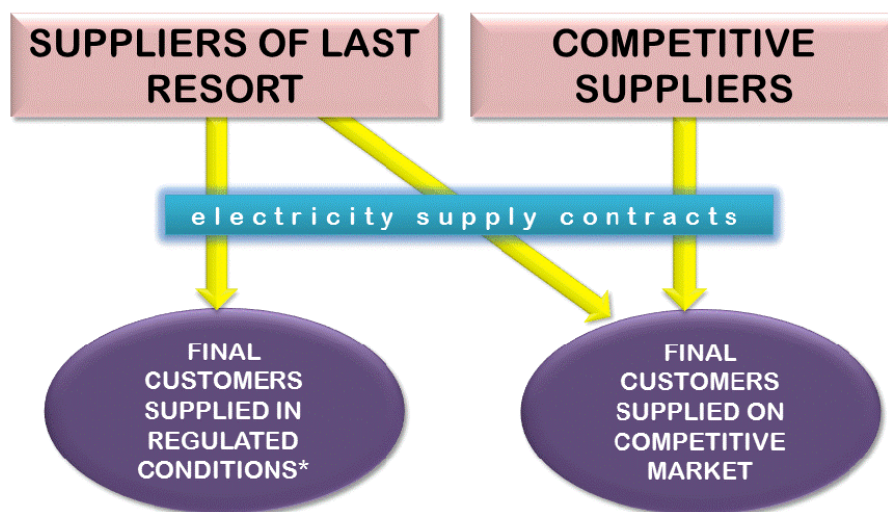
MARKET SHARE OF PRODUCERS WITH DISPATCHABLE GENERATION UNITS BY THE ELECTRICITY DELIVERED INTO THE NETWORKS

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.



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

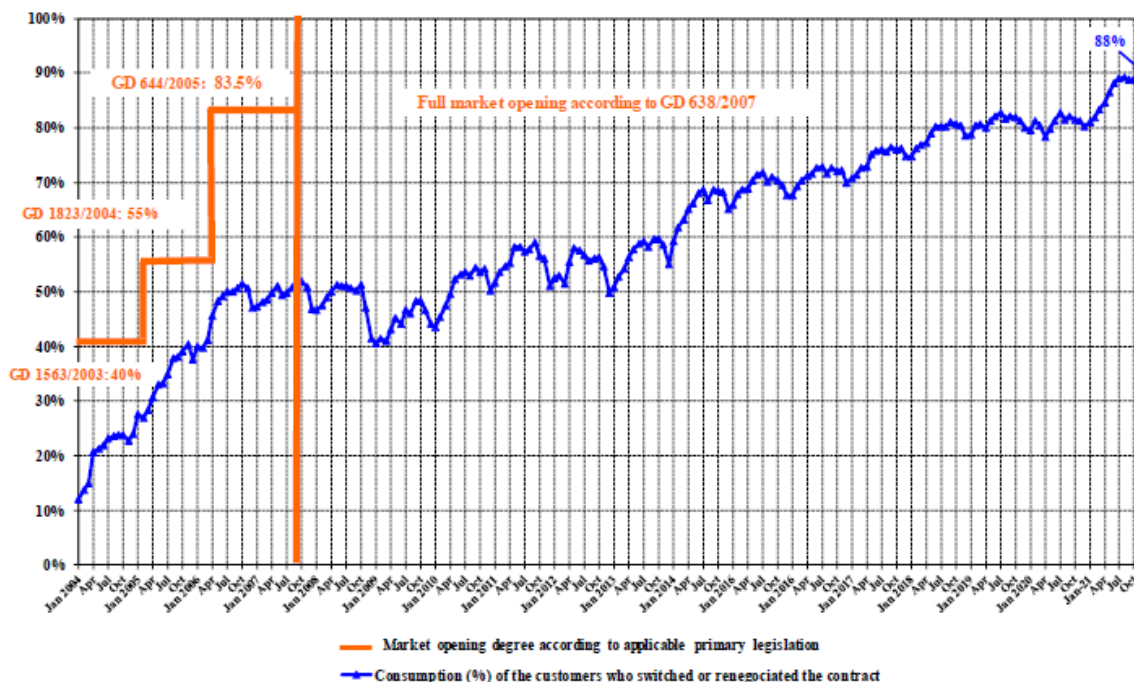
STRUCTURE OF THE RETAIL ELECTRICITY MARKET



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

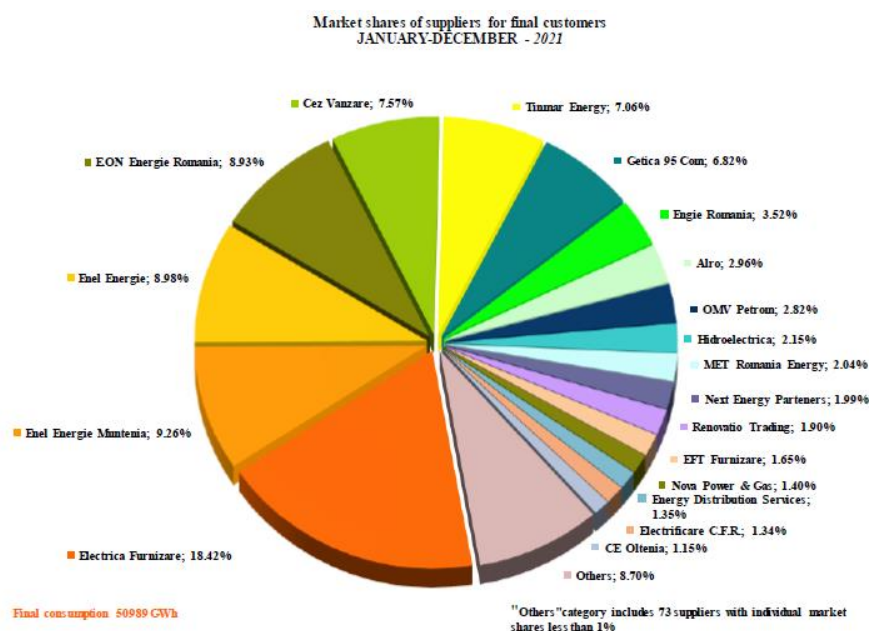
ELECTRICITY MARKET OPENING DEGREE

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 – December 2021. 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

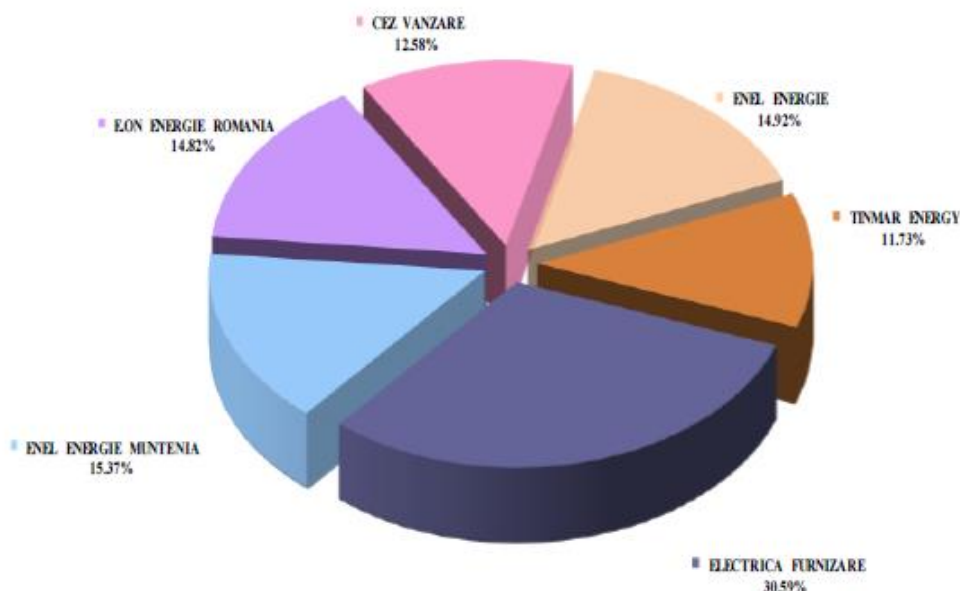
MARKET SHARES OF SUPPLIERS FOR FINAL CUSTOMERS JANUARY – DECEMBER 2021



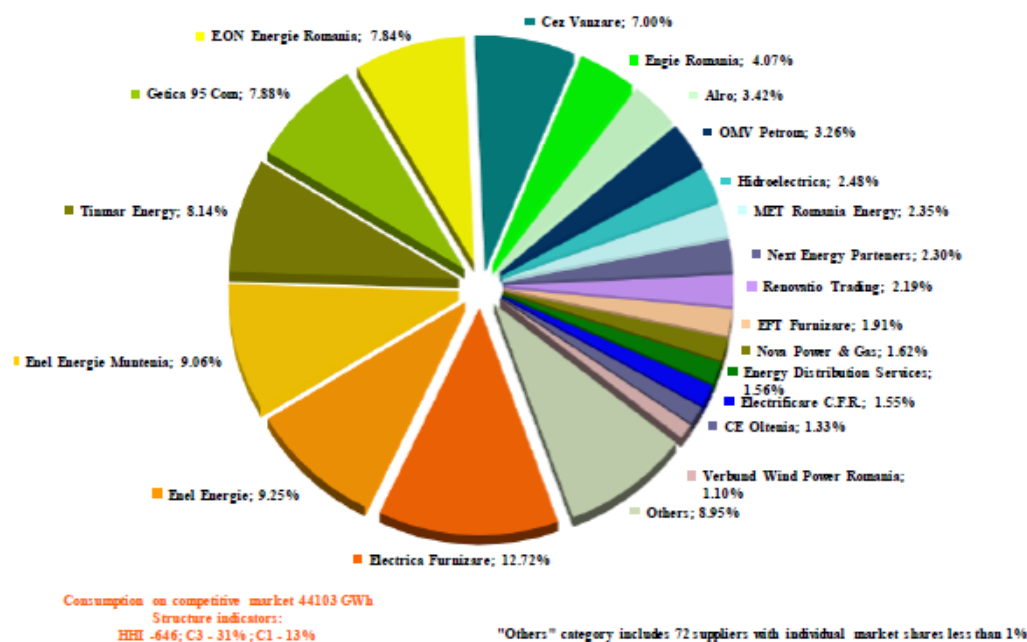
Source: Monthly reports of the suppliers of last resort – Electricity Market Monitoring Unit assessment

MARKET SHARES OF SUPPLIERS OF LAST RESORT FOR THE ELECTRICITY SUPPLIED TO FINAL CLIENTS UNDER COMPETITIVE UNIVERSAL SERVICE, LAST RESORT AND INACTIVE REGIME - JANUARY – DECEMBER 2021

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



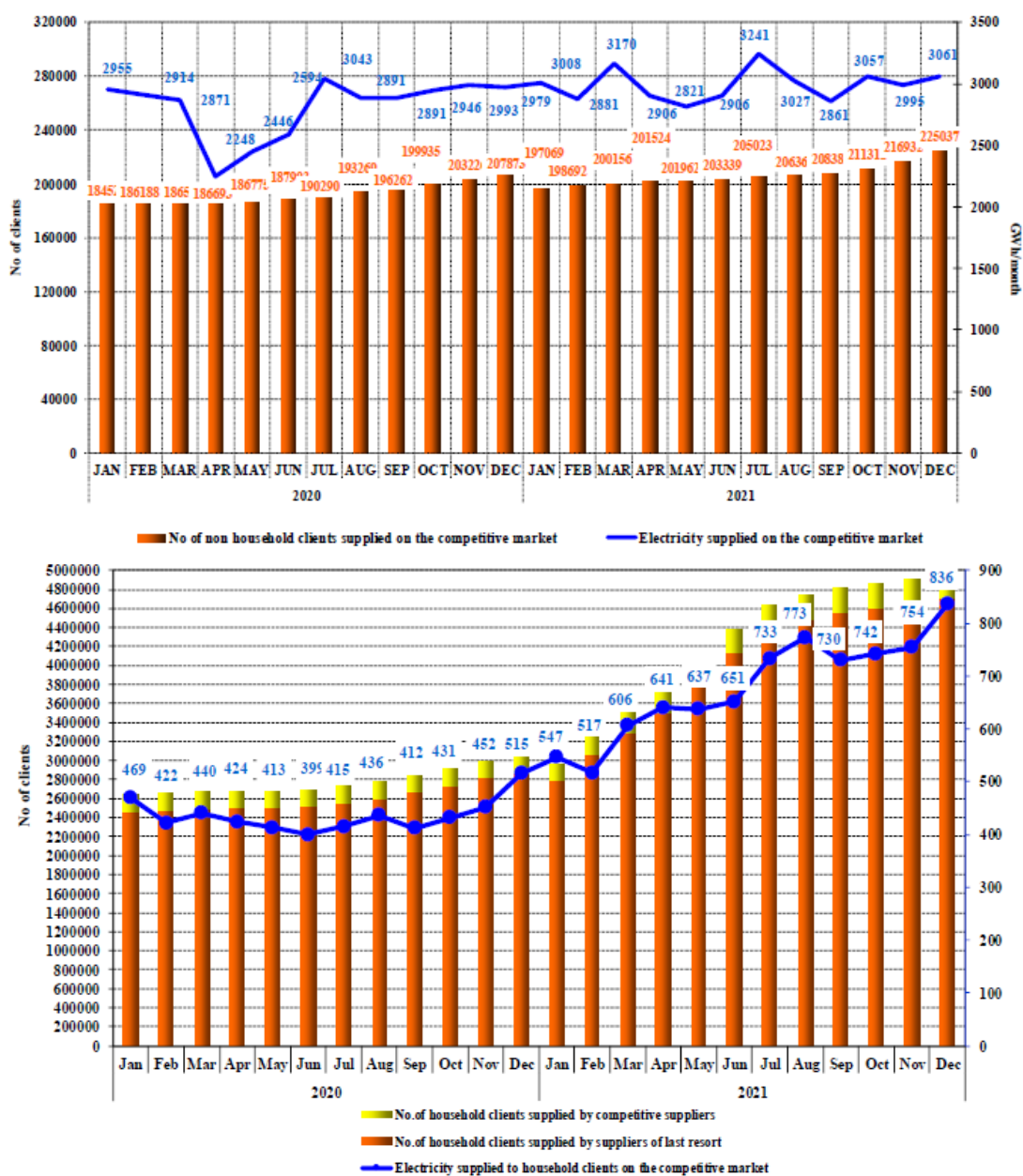
MARKET SHARES OF SUPPLIERS DELIVERING ELECTRICITY ON THE COMPETITIVE MARKET, JANUARY – DECEMBER 2021



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

MIGRATION OF ELECTRICITY FINAL CUSTOMERS TO COMPETITIVE MARKET

The graphics below show the evolution household and non-household customers migration to competitive market.



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

NATURAL GAS

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 last quarter of 2021 was covered by natural gas from domestic production (current and storage) as well as natural gas from import (current and storage).

In October 2021, domestic gas production delivered for consumption was 6.944.159,684 MWh and accounted for 67,65% of the total consumption. In November 2021 delivery for consumption was 9.988.509,614 MWh and accounted for 73,31% of the total consumed sources. Gas production in December 2021, delivered for consumption, was 12.177.676,773 MWh and accounted for 73,34% 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 October 2021 was 3.320.897,860 MWh and accounted for 32,35% of total sources consumed. The import of gas that was delivered for consumption in November 2021 was 2.931.948,890 MWh and accounted for 22,61% of total

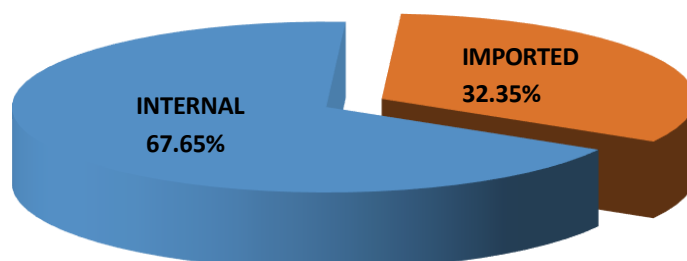
sources consumed and the import that was delivered for consumption in December 2021 was 4.314.018,724 MWh and accounted for 26,16% of total sources consumed. In the calculations of the quantities delivered for consumption, were

also taken into account the exchanges made between sources, respectively between current sources (domestic production/ import)

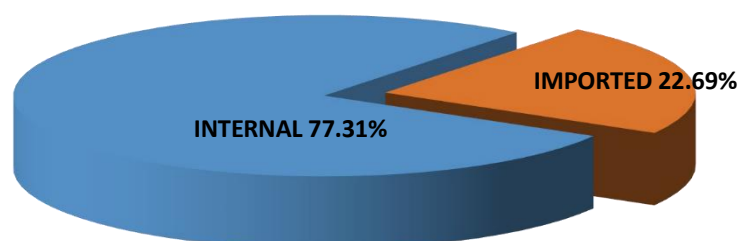
and those in warehouses of underground storage (import / domestic production). These quantities lead to the consumed sources of 10.265.057,544 MWh in October, of 12.920.458,504 MWh in November and respectively 16.491.695,497 MWh in December.

THE CURRENT IMPORT OF NATURAL GAS DEPENDING ON THE SOURCE

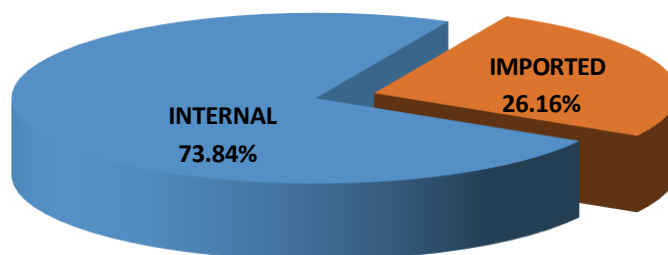
October 2021



November 2021

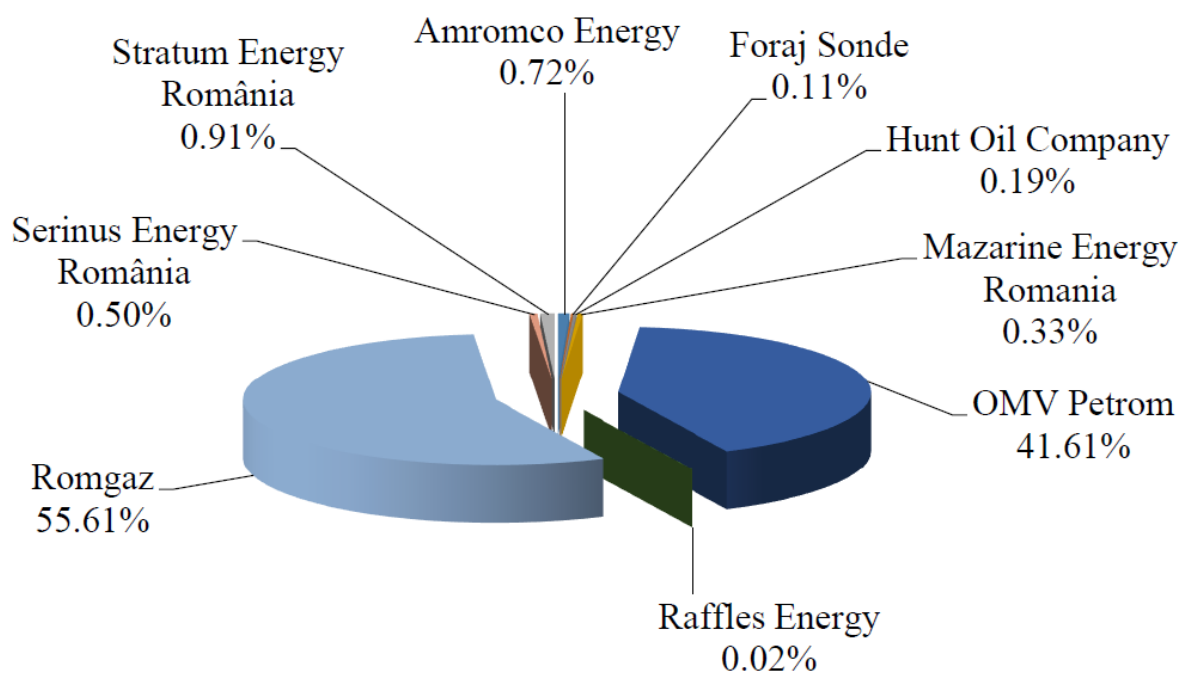


December 2021



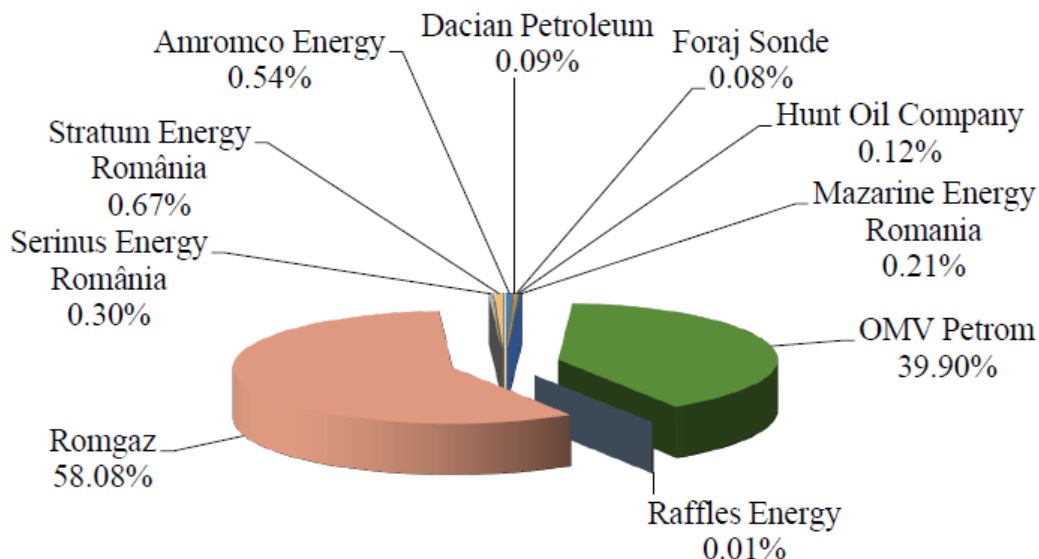
Source: reports on natural gas market processed by ANRE

GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN OCTOBER 2021



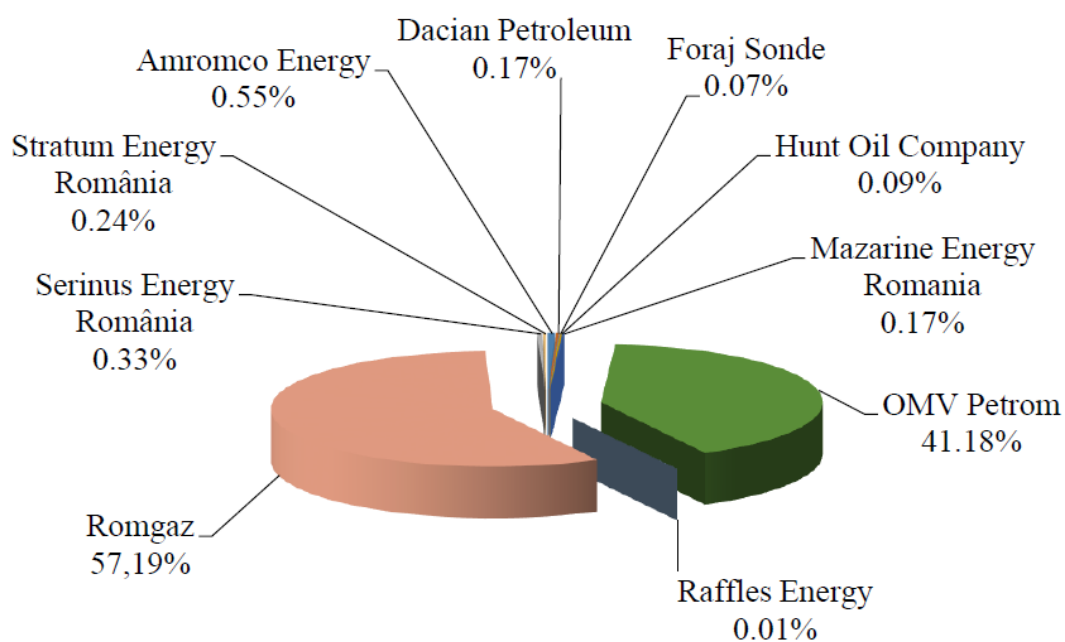
Source: reports on natural gas market processed by ANRE

GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN NOVEMBER 2021



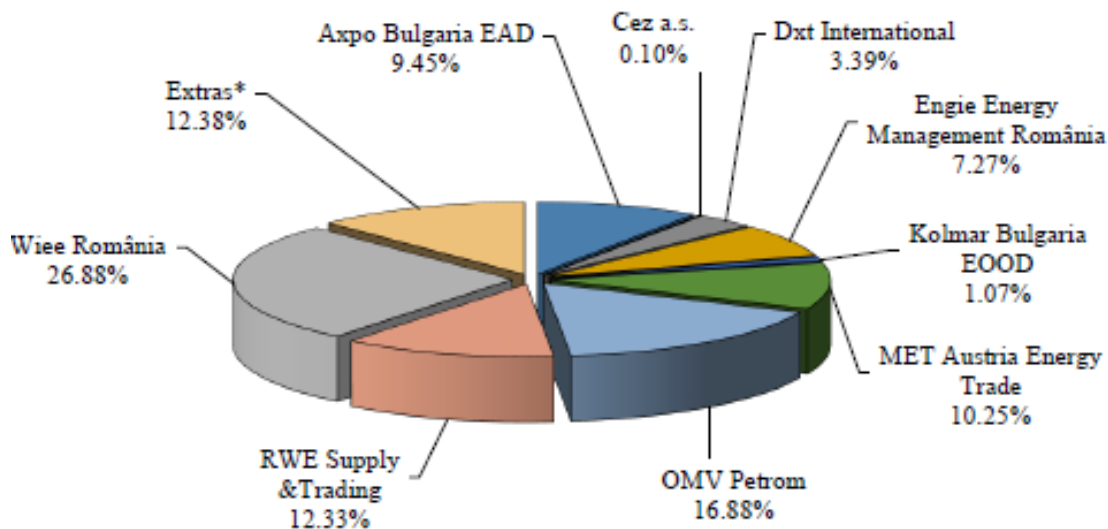
Source: reports on natural gas market processed by ANRE

GAS DOMESTIC PRODUCTION ENTERED IN CONSUMPTION IN DECEMBER 2021



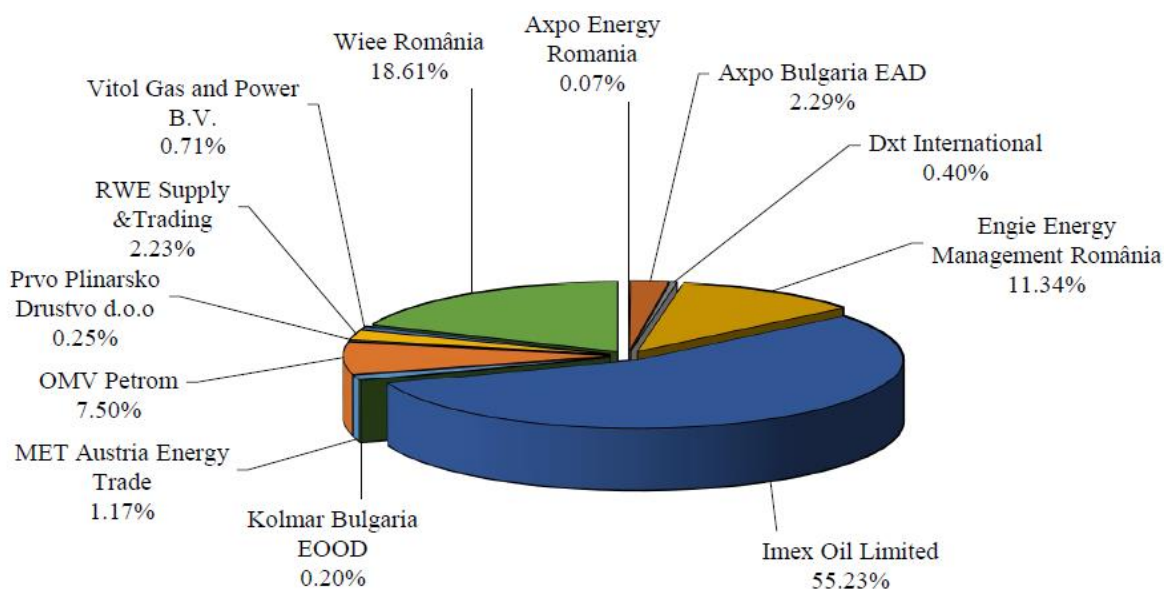
Source: reports on natural gas market processed by ANRE

GAS IMPORT ENTERED IN CONSUMPTION IN OCTOBER 2021



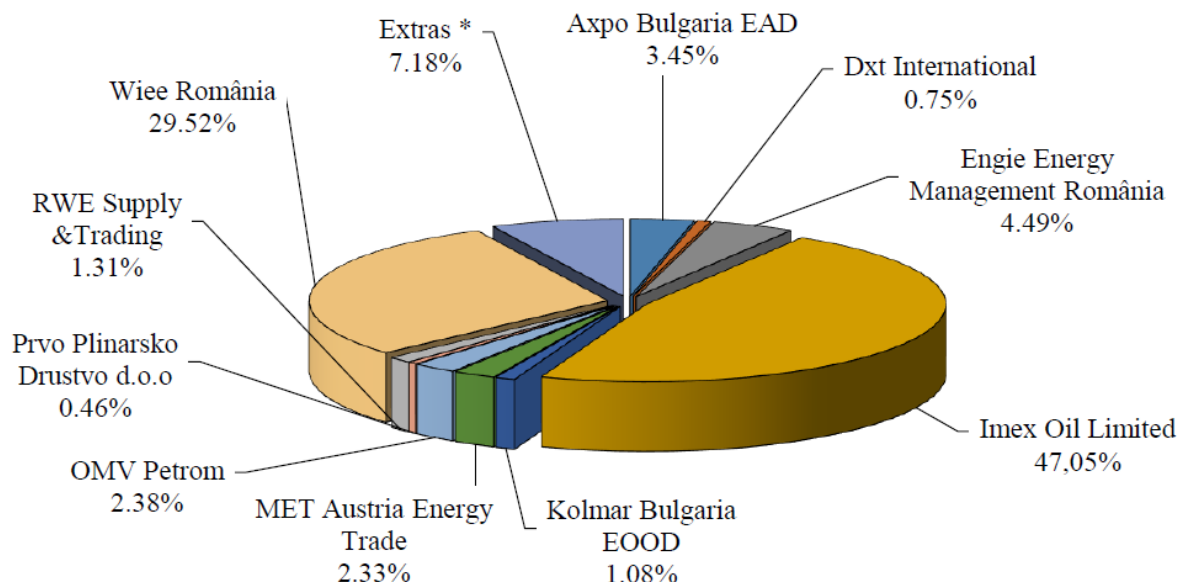
Source: reports on natural gas market processed by ANR

GAS IMPORT ENTERED IN CONSUMPTION IN NOVEMBER 2021



Source: reports on natural gas market processed by ANRE

GAS IMPORT ENTERED IN CONSUMPTION IN DECEMBER 2021



Source: reports on natural gas market processed by ANRE

WHOLESALE NATURAL GAS MARKET

Centralised 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 centralised 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. At the same time, starting with May 2019, transactions take place on the natural gas balancing market, organized and managed by RCE, as a third party, according to the regulatory framework in force.

Starting with July 2020, with the adoption of GEO no. 106/2020, the provisions of the Law regarding the trading of participants in the natural gas market on centralised markets have been amended, in the sense that they have the obligation to bid on centralised markets, in accordance with ANRE regulations.

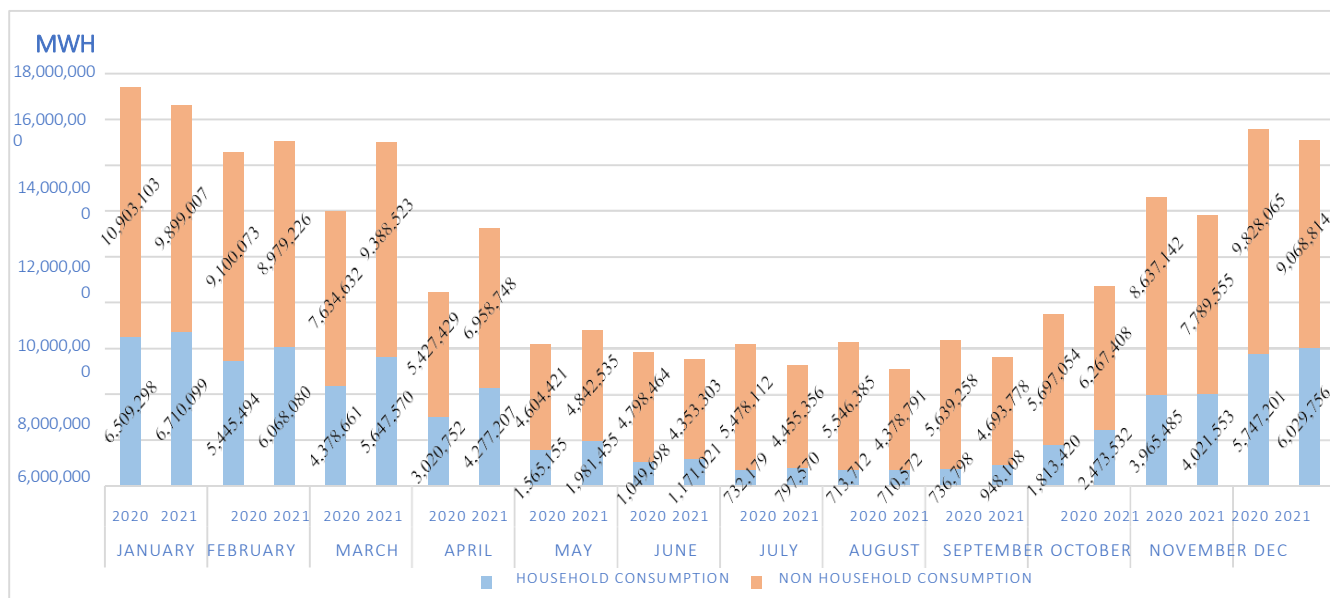
RETAIL NATURAL GAS MARKET

THE SCHEMATIC STRUCTURE OF THE RETAIL NATURAL GAS MARKET



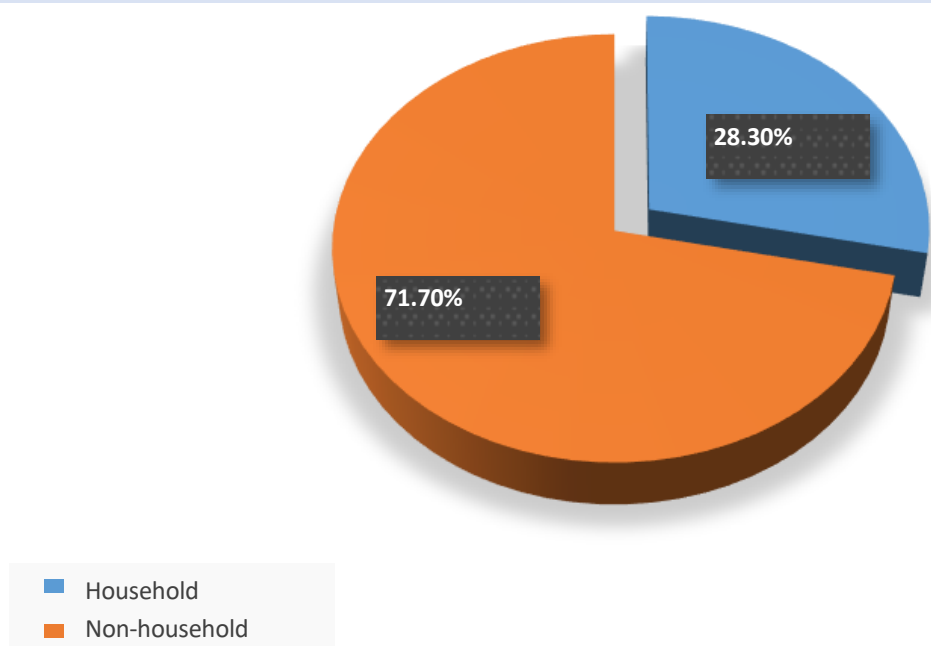
The category of non-household final customers also includes thermal energy producers for the quantities of natural gas used to produce heat in cogeneration plants and in public heat plants (PETs).

CONSUMPTION ON THE NATURAL GAS RETAIL MARKET BROKEN DOWN BY CUSTOMER CATEGORIES 2020 AND 2021



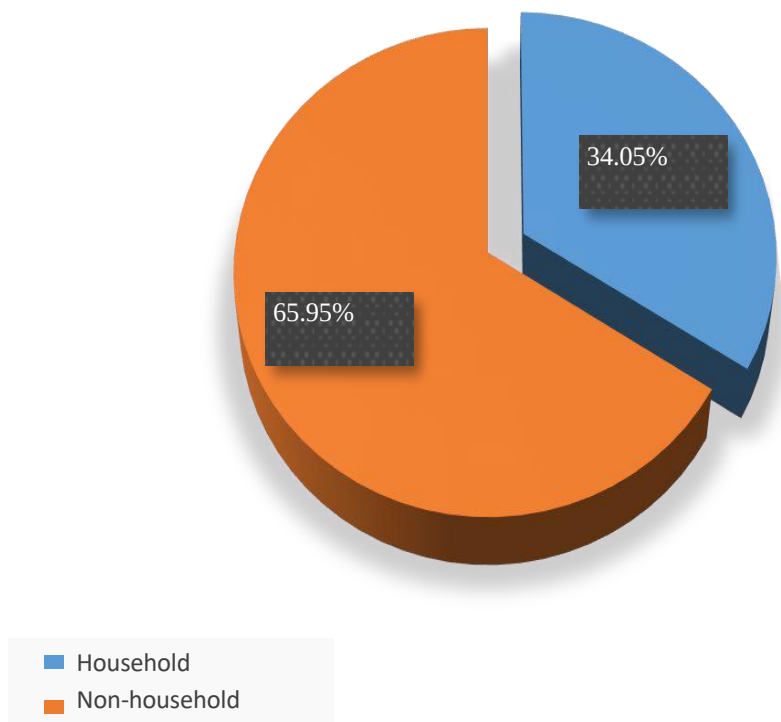
Source: reports on the natural gas market processed by ANRE

SHARE OF FINAL CUSTOMERS CONSUMPTION IN OCTOBER 2021



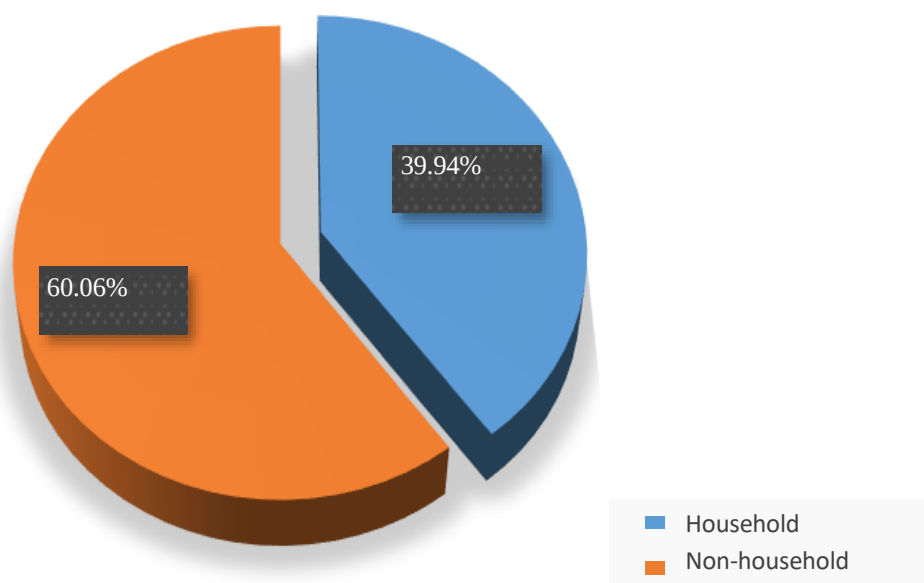
Source: reports on the natural gas market processed by ANRE

SHARE OF FINAL CUSTOMERS CONSUMPTION IN NOVEMBER 2021



Source: reports on the natural gas market processed by ANRE

SHARE OF FINAL CUSTOMERS CONSUMPTION IN DECEMBER 2021



Source: reports on the natural gas market processed by ANRE



THERMAL ENERGY

ANRE MONITORING THE SECTOR

The Methodology for monitoring the public heating supply service in centralised 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 President of ANRE no. 193/2019.

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

- Analysing 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 centralised 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 centralised system;
- Preparation of reports on the state of the public heat supply service in a centralised system.

ANRE IN A NUTSHELL

ANRE CONTINUES THE CONTROL ACTIONS AT THE MAIN SUPPLIERS OF ELECTRICITY AND NATURAL GAS

In 2021 ANRE imposed contravention fines for electricity and natural gas suppliers for non-compliance with ANRE regulations:

Between November and December 2021, ANRE applied a number of 167 fines totalling 2,456,000 lei, as a result of the control actions carried out in the field of electricity and natural gas.



Between January and October 2021, based on the notifications and complaints of the final customers, in parallel with the other types of control actions, ANRE also performed 749 surveillance control actions at the electricity and natural gas suppliers, out of which 534 in the field of electricity and 215 in the field of natural gas. Following the findings, ANRE sanctioned the main suppliers of electricity and natural gas, applying contraventional fines worth 2.365 million lei.

ANRE does not collect revenues from fines, these amounts being collected to the state budget.

UPDATES ABOUT THE “ONLINE PLATFORM FOR SWITCHING THE ELECTRICITY AND NATURAL GAS SUPPLIER AT NATIONAL LEVEL (POSF)”.

ANRE, announced the completion of the public procurement procedure for awarding the service contract for the development and implementation of the “Online platform for switch the electricity and natural gas supplier at national level (POSF)”. The contract was signed on 28.09.2021, by the president of ANRE – Dumitru Chiriță and the general manager of Metaminds – Andrei Cruceru. The duration of the contract is of 11 months and has a value of about 10.85 million lei, without VAT.

The platform for switching electricity and natural gas supplier (POSF) is needed to meet the overall objective of the project “Developing the institutional capacity of the National Energy Regulatory Authority to simplify the process of switching the electricity and natural gas suppliers”.

Thus, the adoption of measures to simplify administrative procedures for all final customers engaged in the process of switching the electricity and gas supplier will lead to the data interoperability, as well as meeting the new European rules which require that all Member States shall ensure that a supplier switch should take no longer than three weeks (21 days) from the date of the request, and, by no later than 2026, the technical process of switching supplier shall take no longer than 24 hours and shall be possible on any working day.

The project is co-funded by the European Social Fund through POCA 2014 – 2020, with a co-financing rate of 98% from the total project value of about 19.9 million lei.

EVENTS IN THE SECTOR WITH ANRE PARTICIPATION

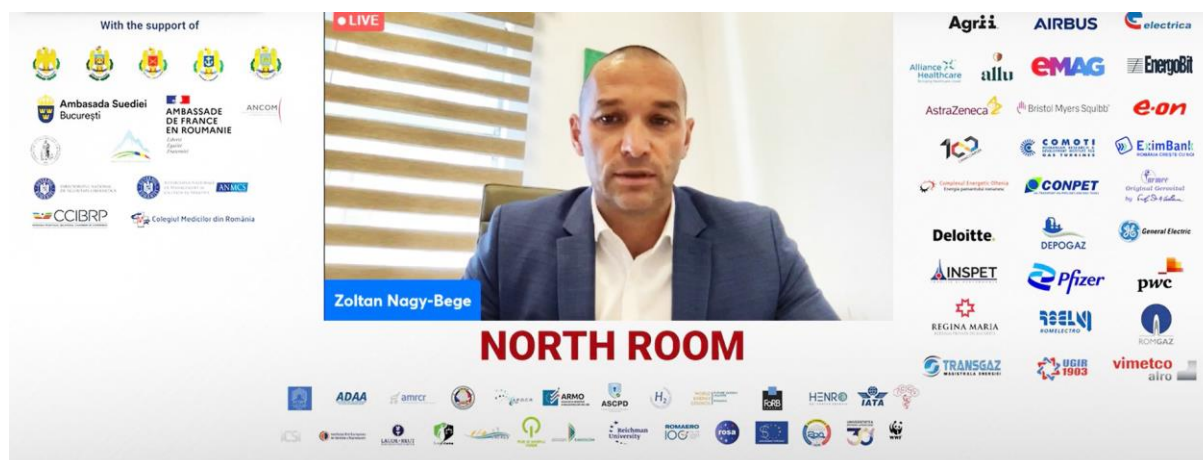
On October 20, Mr. Zoltan Nagy-Bege, Vice President of ANRE, participated as a speaker at



the ETCSEE — Energy Trading Central & South Eastern Europe event, which consisted of conferences and networking events dedicated to energy industry communities. The ETCSEE event explored all the major developments regarding electricity trading and gas markets, market surveillance and renewable energy - with

over 50 high level speakers and over 400 participants.

The 6th event of the series "Together we protect Romania", the Summit "Building the Post-Pandemic World: The path to a more sustainable, resilient and safe society" was organized online by the MediaUno Press Group and the National Institute of Statistics and took place in Bucharest, between November 1-12, 2021. There were 10 days of debates at the highest level, with the participation of over 400 leaders and experts from politics, business and the social sector, representing over 20 states and international organisations. Mr. Zoltan Nagy-Bege, Vice President of ANRE, participated as a speaker at the Oil and Gas panel of this event.



The President of ANRE, Mr. Dumitru Chiriță, participated on December 7 at the inauguration of the gas drying station at the Bilciurești storage depot in Dâmbovița County. Along with the ANRE president, at the event also attended the Prime Minister of Romania, Mr. Nicolae Ciucă and the Minister of Energy, Mr. Virgil Popescu.



The 4th edition of the Romanian International Gas Conference took place in Bucharest, in hybrid format, on December 13-15, under the theme: “The natural gas sector, among the imperatives of decar-

bonisation, accessibility of prices and security of supply”. The event was organised by the Petroleum and Gas Employers' Federation (FPPG), with the support of the Energy Policy Group. Mr. Zoltan Nagy-Bege, Vice President of ANRE, participated as a speaker.