Leading Energy Market Reform in Romania

Niculae Havrilet, the President of Romania's energy regulator ANRE, discusses change in the Romanian energy sector and the steps taken to ensure continued future development.

European Times: What is the role of ANRE in the Romanian energy sector?

Niculae Havrilet: ANRE's role is very important, because it provides a regulatory framework that promotes transparency, predictability and stability. Also none of our secondary regulations are done without public debates. These conditions are necessary to attract investment in the Romanian energy sector, which derives benefits for all stakeholders.

European Times: What are the principal challenges for ANRE in 2015?

Niculae Havrilet: The main challenge for 2015 lies in the liberalisation of household energy markets, which will inevitably bring price increases. Price increases are required to create the necessary conditions for competition, ensuring that investors achieve their targeted return on investment. In order to facilitate price increases, we have put into force a pre-market mechanism that targets estimated price increases according to the timetable for phasing out the regulated tariffs to households. One of our key tasks is to educate consumers to get the best energy deal possible. In the natural gas sector for instance, following the recent discussions held by the Romanian Government with the representatives of the International Monetary Fund, European Union and World Bank, the parties agreed to increase the price of natural gas from domestic production as July 1, 2015 and as a result, we estimate that the average price to final customers will increase by about 11%. %. In the electricity sector, due to the maintaining of regulated prices to households at the same value as the one in the second semester of 2014 and to the reduction of the high efficiency cogeneration contribution, a decrease by 0.5-1% of the electricity bill to households is envisaged in the second semester of 2015.

The achievement of European Commission targets related to the production of energy from renewable sources has encouraged further development, particularly in biomass sources. Serious efforts are also being put into achieving European targets for energy efficiency. In this respect, ANRE aims to run an information campaign for final consumers from Romania regarding the use of renewable energy and its benefits to daily living and to family budget that can be obtained by simply applying energy efficiency measures.

European Times: What progress is being made with energy sourced from biomass?

Niculae Havrilet: Romania has a good supply of biomass, largely as a result of its forests. We have registered some success using biomass for public heating, particularly in the city of Suceava in the north of the country. We have been actively engaged in developing regulations for the biomass energy sector and expect increased investment throughout 2015. In addition, beside biomass, the biogas sector has also a great potential in Romania, especially in small and medium-sized communities, where biogas sources can be the engine behind the expansion of local activities such as tourism, small industry, agriculture and agro-industry. This potential can be developed through a national program for biomass and biogas but also through direct cooperation between companies with notable results in the field.

European Times: Market liberalisation and price increases are changing the investment environment in Romania. What incentives exist to attract future energy sector investors?

Niculae Havrilet: Romania has positioned itself as an electricity supplier to Hungary, Slovakia and the Czech Republic. The potential of export markets will drive investment as investors seek to expand power generation capacity in line with greater demand. Increased electricity supply will also enable us to shift the emphasis of household energy consumption from gas to electricity, releasing increased quantities of gas for industrial applications and reducing our reliance upon gas imports. Everything possible has been done to smooth the way for international energy trading, including the installation of an OTC platform on our stock exchange.