

The draft order of the National Energy Regulatory Authority (ANRE) on amending previous legislation, which was recently put for public debate, states that long-term supply contract means any contract with a delivery duration greater than or equal to one month.

The Romanian Electricity Suppliers Association (AFEER) said that the approval of the legislation related to the new bilateral contracts opens new opportunities for the Romanian electricity market, by making more flexible the wholesale transactions established between the market operators.

AFEER President Ion Lungu said that ANRE took an important step, since the previous order, defined the long-term contract as the one concluded for a period of at least one year. The new definition is closer to what the European Union considers by this term. As early as 2016, the European Parliament stated that long-term means before the market timeframe for the next day. He is convinced that, with the development of the internal market, the increase of its flexibility and liquidity, ANRE will continue, as soon as possible, the updating of the internal legislation, so that it reflects exactly the European one. AFEER considers that, by amending the previous order, an important provision of the EU regulations, which show that prices are formed according to supply and demand, is taken into account in domestic legislation, and market rules encourage free price formation and avoid actions that prevent price and supply price formation.

The new ANRE order also has beneficial implications on the balancing market, regarding the application of the 15-minute imbalance settlement interval. Moreover, in another draft order, it is foreseen to modify the ANRE orders that contain references to trading/delivery/settlement intervals lasting one hour, in the sense of modification, by using the phrase "settlement interval" and establishing the duration of this interval at 15 minutes. Restrictive interpretations of domestic law have maintained the fear of wholesale market participants of concluding directly negotiated bilateral contracts, which would allow transactions to be settled within 15 minutes of any delivery period. These changes will increase the flexibility and liquidity of the electricity market, including the adjustment of imbalances to 15 minutes. Lungu reminded that, as of 11 February, the 15-minute product is available on the border between Romania and Hungary within the unique coupling of intraday markets. This will increase the opportunities for market participants to adjust their trading positions on the domestic market closer to physical delivery, thus increasing the benefits of electricity trading and reducing their costs related to imbalances in case of deviations from the program. All this will lead to more competitive prices for consumers in Romania.