

Romanian aluminium producer Alro, the largest electricity consumer in the country, will have to cover some 30 % of its electricity consumption on the spot market, after several suppliers have terminated their contracts with the company.

Increased prices on the spot market have forced the suppliers to terminate their supply contracts, which were not covered by long-term contracts with producers for the amounts sold in advance to Alro, but this also leaves the company exposed to higher production costs.

Last month, Chairman of the Board of Directors of Alro Marian Nastase warned that this could happen. He said that in 2020 the price in day-ahead market was very low, and suppliers thought it would be even lower in the future. They sold electricity on the market under long-term contracts, based on assumptions that they will buy cheaper electricity in the day-ahead market during 2021. However, prices in the day-ahead market rose, among other things, because of the decarbonization efforts. When the delivery deadline came, those suppliers who did not secure needed amounts of electricity, preferred to terminate contracts and face penalties, then to purchase electricity on the spot market at current prices.