

## **Romania: ANRE, Five suppliers failed to comply with contractual obligations**

**Categories :** [SEE Energy News](#)

**Date :** March 15, 2017

Romanian Energy Regulatory Authority ANRE has identified five companies that have not fulfilled their contractual obligations on the Centralized Market for Universal Service (PCSU).

According to ANRE, in the period from January 24 to January 28 the company THREE WINGS has not complied with the obligation of sales of contracted amount of electricity.

As of January 24, the four suppliers, ARELCO POWER, ENERGY DISTRIBUTION SERVICES, KDF ENERGY and ALPIQ ROMINDUSTRIES, are responsible for the violation of a regulatory framework on the market for universal service.

Rules relating to PCSU and Framework contract for the sale/purchase of electricity traded on the centralized market for universal service, foresee that after the transaction the seller undertakes to sell to the buyer the agreed amount, and the buyer undertakes to buy this amount at the contracted price.

Earlier this year, the price of electricity on the day-ahead market (DAM) has been increased four times, which led to a situation that large number of customers terminated contracts on PCSU in order to sell electricity at a higher price on the DAM market. Increasing the price on DAM, led to the bankruptcy of other suppliers. This has caused dysfunction on the balancing market, too and more suppliers of last resort have reported exposure on the balancing market, due to non-fulfillment of contractual obligations by other suppliers or their bankruptcy.

Supplier Arelco Power declared bankruptcy on February 21 upon its own request, and the week before, ANRE revoked supply license from the company for failure to fulfill contractual obligations towards customers. Earlier this month, one of the largest suppliers and electricity traders TRANSENERGO Com has also entered the bankruptcy process.

Arelco Power and Arelco Energy informed ANRE on January 27 that they are not able to supply end-consumers, considering the conditions and trends on the electricity market, and asked ANRE to ensure that the suppliers of last resort take over these consumers according to the place of consumption, in accordance with the Regulation on the reserve supply.

However, this regulation stipulates that the takeover of end-consumers by suppliers of last resort is only possible in cases of suspension, expiry or revocation of the supplier license.

At the same time, ANRE has found that there were no applicable legal and contractual conditions for the termination of the supply contracts concluded by these companies with end-consumers, and that the two companies have unilaterally breached several clauses of

the supply contract. In order to provide backup supply for these consumers, ANRE has decided to withdraw the supply licenses for the companies Arelco Power and Arelco Energy.

By this measure, ANRE confirmed its determination to strengthen the monitoring of market participants and promote zero tolerance for behavior that could increase costs to customers or even jeopardize the supply, it is said in ANRE statement.

In the first half of January, two large suppliers, Enel Energie and Electrica Supply, were obliged to take over electricity supply to consumers who were in the previous portfolio of other two suppliers that could not comply with the supply contracts, Eco2Energy Choice and TRANSENERGO Com.