

Electricity producers, both state and privately owned, will have to sell at least 40 % of their production on non-spot markets, according to an emergency ordinance drafted by the Romanian Government at the end of last year, which is currently under debate in Parliament.

However, another provision has been added to the draft since: the suppliers will have to cover at least 40 % of the electricity delivered to end-users from non-spot markets. The non-spot markets are any markets except for the day-ahead market and intraday market. The new provision was introduced by the Senate, which passed the bill on 21 February, and it is aimed at avoiding a problem that occurred despite the producers' obligation to sell part of their output under long-term contract: namely, the buyers are usually traders and not suppliers.

It is assumed that the spike in the end-user electricity prices experienced starting mid-2021 is largely attributable to suppliers' "short position" resulting from not securing long-term contracts to match the predictable deliveries.

Another significant cause is, however, the insufficient electricity generation capacity in Romania, and this is confirmed by the rising net trade deficit. The main outcome of the supplementary provision is that the intermediaries will play a slightly less important role in the market.