

Romanian electricity market has been manipulated in the past year through transactions that ended in OPCOM power market exchange with price and quantity variables, stated energy market regulator (ANRE) report.

Market report analysis is an explanation notice of justification of new trading rules adopted by ANRE, with effect from 1 January 2015 and which do not allow for energy trading contracts at prices varying amounts.

According to the report, experts of ANRE believes that Operators say they should be allowed contracts with flexible pricing (pricing formulas) and uncertain quantities, because it would encourage long-term contracting and contracting capabilities of the energy produced by the high variability of production, ie those based on renewable energy. auction at a price that does not matter, in most cases, only a 1% share price contract is a manipulation of the electricity market (auction price can be as big or however small, because it does not matter for the parties will engage in contract, but will give a false indication of other stakeholders and reduces the transparency of the tender in question). Market actors electricity traders were harshly complaining that ANRE hinders the market development by establishing mandatory trading and fixed quantity of electricity prices, which will enable long-term contracts. Instead, ANRE experts say that the purpose of concluding long-term contracts is mainly medium to provide parts on a price and a fixed, well-defined, allowing budgeting expenditures / revenues (are tools insurance against the risk of volatility).

Any other type of contract transfers the risk from one party to another, but in a transparent way that distort market outcomes, extremely dangerous effects on other participants," the document states.

Traders gave ANRE examples of the low prices of sale of electricity on the spot market lately, which, in their opinion, are determined primarily with offers from renewable energy producers. These producers can afford lower prices because they cover a large part of the costs from the sale of green certificates, adding that unrealistic prices threaten the viability of producers classics but which contribute to the safe operation of the system.

The conflict between ANRE and market participants comes amid a shower of regulator fines that gave them this year for OPCOM contracts in which energy was traded at prices varying amounts. Also OPCOM energy exchange operator has been sanctioned for this reason. All fines were challenged in court.

ANRE representatives explained also the issue of issued sanctions against the traders: "Since January 2013, ANRE found on OPCOM a significant number of offers for sale at minimum, respectively maximum price bids placed by some participants, which are distinguished by the fact that some of the characteristics (power, volume, delivery price) does not comply how to define described in the Regulation on the organized trading of bilateral contracts for electricity.

According to the definition provided in the Regulations, both offers of sale and purchase of electricity placed on OPCOM should include specifying delivery firm profile (band / peak / load), power delivery, the quantity of electricity for delivery, delivery time and price offered for the auction which must include the injection network component of the transmission tariff. The negative effects of the introduction of variable elements of power and price bids contents are not neglected.

Not mentioning the exact amount of power and therefore offered and / or trading price change from the originally published on offer is likely to introduce highly distorted market signals related to the development of average price of indicators of OPCOM SA concentration calculated based on the amounts tendered or traded.

ANRE explains that the lack of credible benchmarking cancels one of the most important characteristics of this market - transparency - and negatively influences decisions on bids of the market. Moreover, the quantities in the contract modification after starting execution will further requires parties, becoming, in fact, negotiated bilateral contracts outside the centralized market, without meeting the conditions imposed by the Energy Act clear.

Need to define these characteristics as firm resulted from the need to ensure transparency of information, the existence of clear price signals, comparable and non-discrimination among participants. For these reasons, the information received at the time the tenders in the market, either for sale or purchase is required, according to the ANRE, will remain unchanged to avoid misleading participants and to ensure fair competition in the market .