

Romania: Futures market also affected by Coronavirus outbreak

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The effect on falling spot market electricity prices is obvious. But, the coronavirus outbreak also affected the futures market in Romania.

A review of the contracts signed on OPCOM's centralized market for bilateral contracts (PCCB) shows how prices fell for the coming month, marked by the sharp decline in economic activity, due to the coronavirus pandemic. The traded quantities are quite small, but the price evolution from forward contracts can be an important indicator for future developments.

For example, on 3 March, OMV Petrom, which operates the gas-fired power plant in Brazi, the largest of its kind in the country, sold electricity to CEZ with delivery throughout the year 2021 at the price of around 55 euros/MWh. However, on 27 March, OMV Petrom concluded two contracts, also with delivery in 2021, at the price of 48.5 euros/MWh, one with Electrica Transilvania Nord and another with Electrica Furnizare. So the same seller reduced the price by more than 11 %, for the same type of contract, in just three weeks.

Although not to the same extent, similar behavior could be observed with Hidroelectrica. On 6 March, it signed with Electrica Furnizare contract for 2021 delivery at a price just below 55 euros/MWh. On 17 March, Hidroelectrica also sold electricity, with the same delivery period, at the price of 52.8 euros/MWh, to Electrica Transilvania Nord and Transelectrica.

Industrial electricity consumption has decreased sharply in the last period, and could drop even more as the period of economic inactivity is prolonged. CEZ, the company that distributes electricity in one of the eight network areas in Romania, informed that 120 large consumers in Oltenia have sent information related to the reduction of electricity consumption, and some of them announced that they will cease their operation completely after 1 April. High voltage consumption in Romania has decreased by 40 %.