

Romania: Green certificates trading business

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Renewable energy producers have received last year from the sale of green certificates about 376 million euros, which maintained the upward trend of impact in consumer bill, according to the report *The evolution of competition in key sectors*.

'The impact of green certificates to the final consumer bill in 2013 was 40.04 euro / MWh (8.92 euro / MWh) , while the average price of electricity supply on the regulated market established by ANRE, in 2013 was 155 lei / MWh '.

The document indicates also that, given recent changes in the legal framework, the exemption from the provisions of Law no. 220/2008 a percentage of the amount of electricity delivered to final consumers (provision aimed mainly large energy consumers), we can estimate that the impact on the rest of final consumers could rise.

In 2013, following the application of the support capacity installed in power plants that benefited from the system to promote renewable energy reached 4349 MW and production related to 6279 GWh.

The share of electricity from renewable sources in gross electricity consumption total was 40%, the fulfillment of the proposed national electricity target for 2013 is 116%.

Market share of the largest producer of electricity from renewable sources decreased from 94% as register in 2005 to 18% in 2013 due to higher investments in this market and entry of new competitors. This has led to a fragmented market structure, HHI value (number of green certificates issued for renewable energy producers) in 2013 was only 908, below 1,800, which delimit markets moderate concentration of market power those with excessive concentration.

'From the point of view of competition, green certificates market was, in 2013, characterized by a decreasing value of HHI, 908, with a moderate level of concentration of market power. However, bear in mind that the market is a market for green certificates complements the production and marketing of electricity, the purpose of issuing green certificates and trading of which is precisely to allow energy from renewable sources have a competitive price. The development of this market was the result of applying a support directly reflected in the invoice consumers, producers of RES-E being encouraged financially through green certificates and by legal rules that ensure taking the whole amount of energy produced in Power System the guaranteed priority over other producers of electricity from conventional sources, "the report says.

Also, given recent changes in the legal framework, the exemption from the provisions of Law no. 220/2008 a percentage of the amount of electricity delivered to final consumers (provision aimed mainly large energy consumers), we can estimate that the impact on the rest consumers could increase.

The share of electricity from renewable sources in 2013 was supported by 11.1% of gross final consumption of electricity, 14% below the legally established for 2013.

The promotion of renewable energy was applied in 2013 for a production of 6279 GWh of electricity, which were issued green certificates 12,612,322, of which 10,133,040 for trading green certificates and trading postponed from 2479 .282 certificates.

Green certificates issued in 2013 producers of electricity from RES were offered and traded on the two market segments: 51.83% centralized market for green certificates (CMGC) and 42.69% bilateral contracts market for green certificates (PCBCV). The remaining 5.48% were transferred from the manufacturer to the account provider for the same quality economic operator which has double the renewable energy producer and supplier.

Statement of green certificates issued for trading by type of renewable energy sources in 2013 was as follows: 64.41% producers of wind, hydro producers 11.12%, 18.93% of photovoltaic sources and 5.54% of biomass, including gas stations landfill.

Centralized Market Green Certificates (CMGC), 2013, green certificates were traded at a weighted average price of 190.71 lei / CV or 42.66 euro / CV, while the Green Certificates Market for Bilateral Contracts (PCBCV), green certificates were traded at a weighted average price of 204.31 lei / CV or 46.23 euro / CV.

Income unit of renewable energy producers who benefited from the promotion system in 2013, recorded an average of 93.5 € / MWh, respectively 413.2 lei / MWh. Share in income of green certificates E-RES producers increased from 47.14% in 2005 to 61.71% in 2014, marking an increase of support for producers.

Energy production from renewable energy sources in higher costs to producing energy from conventional sources. As a result, the price of RES-E producers could sell the energy produced in the electricity market, in the absence of additional support (green certificates) would be much higher than that of conventional energy, which would make the production of this type of energy is unsustainable on its own producers.

As a result, the grant support in the form of green certificates is considered absolutely necessary to ensure the presence producers of electricity from renewable sources in the market. The sale of green certificates to electricity suppliers provide producers additional revenue to cover higher costs they incur related to the use of renewable energy.

The duration of the notified measure by the end of 2016, the deadline by which new users can enter the system. According to art. 3 paragraphs. (2) of Law no. 220/2008, the promotion system established by law shall apply for a period of 15 years for new plants, 10 years for hydroelectric installations upgraded / refurbished 3 years for existing hydropower plants and 7 years for installations reused.

The estimated budget for the implementation of the support scheme established by Law no.220/2008, a decision that records the amount of 80.713 billion lei (about 19.5 billion euros) for the entire duration.

Following the implementation of measures to reduce the level of support, including measures

of adjustment due to overcompensation, the provisional budget support scheme is 78.135 billion lei.