

## **Romania: Oltenia energy holding complains at regulator decision to change tariffs**

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Tariffs for medium and high voltage power introduced by the National Authority for Energy Regulation affects large industrial customers, including Oltenia Energy Complex.

On 15 December 2014, the National Regulatory Authority for Energy (ANRE) issued for each distribution operator, which amended the order distribution tariffs high / medium / low voltage. Although overall rates were kept relatively the same value (with a very small increase), Low Voltage tariffs were low and those for medium and high voltage was increased. Tariffs for medium and high voltage affects energy intensive industries, including CE Oltenia. Thus, the Oltenia, medium and high voltage tariffs increased by 3.18 lei / MWh, which implies an increase of over 3 million / year cost power distribution CE Oltenia careers. Under these conditions, including the cost of CE Oltenia production will increase, the company release says.

Company representatives say that the advantage of this measures are on behalf of private distribution companies which will basically create money moving from state to private companies. They state that there is no technical explanation for such measure that charge extra large consumers such as CE Oltenia. On the other hand, argue that Transelectrica representatives CEO improperly modified the declaration of availability of energy groups belonging CE Oltenia.

According to the release, although CEO transmitted repeatedly requests that specified that can not keep in reserve some groups because it requires some work, National Power Control Operational Unit has considered these requests. Throughout the year 2014 CE Oltenia applied for slow tertiary reserve service groups that deliver the National Energy System, to cover part of the costs necessary to maintain them in reserve.

"Under these circumstances, if, by order of merit, to reach these groups start, CE Oltenia will be penalized, being obliged to pay imbalances created. Note that if the EC Oltenia not submit bids for PE (no balancing market) platform automatically takes DAM prices (day-ahead market - no). The only explanation for this is that abusive behavior Transelectrica has not actually reserve system, refusing to purchase. In this way, should limit access high producing wind energy imbalance and is balanced by manufacturers classics, without them being paid "the statement said.

The company also believes that the EC declaration of Oltenia groups as available over the Company's management decision represents "a serious abuse". Representatives CE Oltenia shows that, from market coupling (19 November 2014) are significantly disadvantaged producers in Romania with those in Hungary, the Czech Republic and Slovakia. According to the release, in Hungary can be brought in Romania, DAM, 1,100 MW each hour. From Romania to Hungary there was a maximum of 160 MW, average (up to 4 January 2015) was

around 30 MW in each time slot (reserved capacity to transfer from Romania to Hungary at a rate of less than 3 % of what you reserved from Hungary to Romania). This culminated on 5 January 2015 at which point the reserved capacity is zero.

In conclusion, the market coupling was able to grant aid only to producers in Hungary, Czech Republic and Slovakia, Romania is impossible for producers to sell in these countries by DAM. We believe that through this mode, CE Oltenia is clearly a disadvantage in competition with other EU producers. The situation can be solved by Transelectrica and ANRE who have been informed of CE Oltenia teleconferences during peak season. The company also states that, by delaying the application of the Order 78/2014, at this point, CMBC and CMBC-NC (Centralized Market for Bilateral Contracts - no) practically no longer exists. These markets are blocked until they recover OPCOM conventions and participation of all players in the market. Standard contracts imposed by this order were completed on 31 December 2014 and will be implemented.