

Romania: Severe disturbances on electricity market, Regulator cancelled the OPCOM long term contracts

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Romanian energy market regulator ANRE adopted an order on new rules that prohibits trading on power market OPCOM for contracts with price and quantity variables, valid from 1.1.2015. Most electricity suppliers believe that with this decision the market receives a negative blow as they will halt entering into long-term contracts.

Traders commented that so far they have concluded long-term contracts on OPCOM with quantity and price variables. Everyone uses different formulas to adjust to evolving quotations on OPCOM. Moreover, wind and solar energy producers have no way to sell fixed quantities. Their output is floating and can hardly be expected. Long term contracts will disappear and it will influence also balancing spot market.

ANRE explained that the new regulation will force trading operators to adjust their demand in the spot market, intra-day market and the balancing market. Energy Law obliges the market to be transparent and non-centralized. To have transparent transactions market must target quantities and prices. Nothing prevents energy suppliers to contract long term. They just need to change strategy on which they "play" on the market. "

ANRE Order is published in the Official Gazette and will come into force next year stipulated that bids must be firm, characteristics or values of the auction precisely determined, and after the transaction they determine accurate values fixed, constant the level established trading throughout the period of validity of the contract, the total quantity and price schedules and transaction.

Order establishes two new products on OPCOM, market trading with extensive tendering and processing contracts. Suppliers are completely dissatisfied with the decision to approve tenders it may be that ANRE did not take no account of their opinion.

Traders argue that there were no public discussion of these new trading rules, all operators opposed and still ANRE approved rules against the will of the market.

Traders say that, from the application of the new rules classic power producers will benefit in the balancing market.