

Romania: Statkraft leaving power market ?

Categories : [SEE Energy News](#)

Date : January 25, 2017

Pintilie, AFEER (The Association of Electricity Suppliers in Romania): "The signals are clear: many traders will disappear; small will be absorbed by larger ones. Market shares will be redistributed. Some companies will probably remain financially strong enough to support a business at the edge of survival and sometimes even at a loss, afterwards when the market is resettled they will try to take advantage of the new market share, then trying to recoup losses. But it is a lottery".

"We live in the time of discounts and offers with favorable prices and selling the story behind the product is becoming increasingly important in the field of energy supply".

Amid a major reorganization of its activities and optimization across multiple countries, Norwegian Statkraft Group has decided to close its branch in Bucharest. "We still remain active in Romania, through the parent company (Statkraft Markets GmbH), but with limited exposure and we no longer have a local office in Bucharest", says Daniel Pintilie, Country Manager at Statkraft Romania, stating that "the current state of the energy market in Romania does not encourage electricity trading activities and there are obstacles to be removed". After closing the branch in Bucharest at the end of the first quarter 2017, Pintilie intends to remain active in the energy field. As the representative of the Association of Electricity Suppliers in Romania (AFEER), Daniel Pintilie speaks in an interview for InvesTenergy about reinvention and challenges of energy suppliers, changes in market trading and supply, future plans of AFEER as well as expectations in the power industry field from the current government.

- After 10 years of activity in Romania, the company Statkraft has decided to withdraw from the local energy market. Is it an official announcement? What is the reason?

- Statkraft carried out a major reorganization of its activities and optimization across multiple countries. Closing the branch in Romania will not require the withdrawal from the market entirely. Given that plenty of activities in Romania since 2013, was carried out through its parent company - Statkraft Markets GmbH, closing the Bucharest office and branch - Statkraft Romania SRL, comes as a natural result of this process of cost optimization.

Meanwhile, the current situation of the energy market in Romania does not encourage electricity trading activities. There are bottlenecks to be removed. Just remember some of them:

- Lack of diversified trading platforms. Now transactions type "OTC - Over The Counter" may be completed only on OPCOM, a platform that is much too bureaucratic;

- transactions are not allowed in flexible profiles (hourly profiles);

- bilateral transactions are not permitted directly outside OPCOM;
 - impossibility, on certain OPCOM platforms (ex.PCCB) to choose trading partners or block those who do not qualify, due to credit problems or integrity;
 - inability to modify or negotiate standard contracts approved by OPCOM (ex.PCCB);
 - a functional part of green certificates market;
 - reports are heavy, demanding and often unnecessary.
 - When will you close the local branch in Romania? Statkraft will continue to perform transactions with electricity in our country?
 - We have proposed closing the branch in Bucharest at the end of the first quarter 2017. However, we will remain active in Romania through the parent company (Statkraft Markets GmbH), but with limited exposure and we will no longer have a local office in Bucharest.
 - You asked ANRE for provisional withdrawal of license for Statkraft Romania?
 - The request for withdrawal of the license for branch in Romania is a part of the company reorganization described above.
 - Mr. Pintilie, as you have been a Country Manager at Romania Statkraft, what was its business success? Were there any unfulfilled goals?
 - At first, Statkraft was focused on cross-border energy transactions. Later, my role was to make the company known and to position Statkraft as one of the strongest energy traders, especially as one of the most experienced partners in optimizing the sale of renewable energy. I think we have succeeded and thus we leave behind a solid name with an unbeatable reputation in a market changing and challenging. I think after all these years, Statkraft has come to be recognized as a model of conduct and professionalism and one of the toughest international energy traders.
- Nostalgia of unfulfilled goals is not my thing, it would not help at this time. There is always room for improvement. I nevertheless conclude this mandate with a gratitude for the work well done and achieved results, and with a gratitude for the trust of Statkraft for all these years.
- What are your next plans?
 - I can assure you that I will remain active in the energy field.
 - Mr. Pintilie, you are a member of the AFEER Steering Committee. At the annual conference of the Association you have had a presentation of maximum interest for suppliers, future and challenges. Why and how reinvent electricity suppliers?
 - The digitization and diversification of services associated with electricity supply are just

some of the measures to which some providers resort to. I think that in a very short time, energy prices will not be the only issue that will matter. Additional services or products, which will accompany the energy supply will become a point of attraction. For example, the phone offers that accompany the energy; can be from various merchants coupons that will soon accompany these energy offers.

"We live in the time of discounts and offers with favorable prices and selling the story behind the product is becoming increasingly important in the field of energy supply".

- What are the challenges for suppliers?

- Reinventing is no longer optional, but mandatory in a supply market that is increasingly more difficult. High costs to purchase electricity from the spot market, small profits from selling electricity to consumers, competing aggressively with low prices and apparently unsustainable customers who do not pay on time or who frequently change their supplier, creating unpredictability - are just some of the challenges for the energy providers.

- How the trading market is presented and how it will develop?

- Landscape of the market supply has become very dynamic lately and not necessarily in a positive sense: sale of the companies, internal reorganization, insolvency or disappearance of major players. The signals are clear: many traders will disappear; small will be absorbed by larger ones. Market shares will be redistributed. Some companies will probably remain financially strong enough to support a business at the edge of survival and sometimes even at a loss, afterwards when the market is resettled they will try to take advantage of the new market share, then trying to recoup losses. But it is a -lottery.

- AFEER (The Association of Electricity Suppliers in Romania) is celebrating 10 years of activity in the energy market in Romania. Are you satisfied with the results? What are the steps/initiatives of AFEER for the next period?

- AFEER celebrated 10 years of existence and active presence in the energy market in Romania. I believe that the Association of Electricity Suppliers in Romania has already achieved a high degree of maturity, being an important voice in the dialogue with the authorities and other specialists. We thank once again to members who have been there all the time and supported us in our efforts. From the beginning, AFEER has linked its name to numerous initiatives to improve the legal framework and mechanisms to optimize the energy market. We tried to respond promptly to all requests of our members or the authorities, leaving a permanent mark of consistency and expertise among professionals. And in the future, our efforts will focus on the same core values related to smooth functioning of the energy market: fair competition, transparency, non-discriminatory market access, social responsibility, ethical management.

- What are your expectations from the new government?

- Romanian energy system is in crucial need of vision and firmness from experts and not politicians. The mission of the new government is a difficult one: an energy system with

outdated technology, high operating costs, low competitiveness, lack of flexibility of the authorities over lack of predictability of regulatory or legislative bodies - just to name few of the major challenges at the moment.

I wish the new government to encourage performance, fair competition and transparency. Learn from the past mistakes and open to the future wisely. To continue the good things started by its predecessors and fight to put Romania on the competitiveness map. To fight corruption and legislative instability. Depoliticize the main regulatory institutions and to limit their involvement in the management of the large energy companies.

There's no time for experiments. We have all the resources necessary to become an energy hub and a landmark of liquidity in this part of Europe. We should remain confident and optimistic about the future of Romania and the functioning of our energy system.