

Romania still unprepared for full electricity market liberalization

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The electricity market for household clients was fully liberalized on 1 January 2021, but most of the customers targeted by this measure haven't signed new contracts on the free market yet. As a result, millions of households in Romania could pay significantly higher electricity bills starting this month until they sign new contracts on the free market.

Electricity producer and supplier Hidroelectrica said that it is not prepared to accept residential customers sooner than two to three months. The company is among the major new entrants on the retail electricity market, and its offer to household clients is among the most favorable.

Blaming the market regulator ANRE for the lack of transparency and poor design of full market liberalization, Energy Minister Virgil Popescu proposed that the residential consumers should get the best offer in the portfolio of their current electricity supplier by default. He added that the Government will pass a bill on this matter in the second half of January.

His proposal is indeed an improvement from the regulations that automatically switch consumers to the worst tariff in their current suppliers' portfolio (the so-called universal service offer) until they sign free-market contracts.

However, the solution is insufficient for various reasons. Firstly, this still does not address the discrimination against independent electricity suppliers (like Hidroelectrica). Secondly, it is unclear why a supplier would hold better and worse offers in its portfolio (rather than offers that address various needs) and who gets to decide which is the best one.