

Under the new regulations, the three merged regional distribution networks operated by Romanian electricity supplier and distributor Electrica must charge the lowest of the distribution fees currently charged by the three standalone companies. Moreover, the prices should remain constant over the whole regulatory period (2021-2023). The merger of the three subsidiaries of Electrica might cost it up to 128 million euros.

The possible financial losses incurred due to the flat distribution fee set under this procedure can be recovered, if demonstrated by the company, in the next regulatory period. However, it is still not clear when these draft regulation will come into effect. Last month, the shareholders of Electrica approved the merger by absorption of the three electricity distribution companies within the Group: Electrica Transilvania Nord, Electrica Transilvania Sud and Electrica Muntenia Nord, the absorbing company being Electrica Transilvania Nord. In the distribution area, the continuation of the process of transformation, modernization and optimization of the business model, in relation to the provisions of the regulatory framework, is an essential stage of Electrica's strategy. The main objectives pursued in the short- and medium-term are to increase the quality of services provided to 3.8 million consumers, while improving operational performance and optimizing costs to the final consumer. In the long run, the goal is to prepare the organization to meet the challenges posed by the trends that mark the energy industry (decarbonization, decentralization, digitalization). Electrica is the most important national operator of electricity distribution networks: it covers 18 counties, from three geographical areas, representing 40.7 % of Romania's territory. The three distribution companies within the Group manage 198,988 kilometers of transmission lines and serve approximately 3.8 million end consumers. In 2019, the distribution operators within the Electrica Group distributed approximately 17.7 TWh, which represents approximately 40 % of the total electricity distributed nationwide to end consumers.