

## CMS: Romania makes changes to electrical sector legal framework to align with EU rules

### **Romania recently enacted secondary legislation for the implementation of EU Regulation 2019/943 for the internal market in electricity.**

In December 2019, the Romanian National Energy Regulator (ANRE) approved Order 236 for the approval of rules for elimination and/or mitigation of the impact of measures or policies restrictive to the formation of prices on the wholesale electricity market, which came into force on 1 January 2020. Order 236 aims to:

- Encourage the free formation of wholesale electricity prices.
- Restrict the application of provisions for priority supplies to last resort suppliers until 31 December 2020.
- Allow for directly negotiated bilateral long-term electricity contracts (PPAs) outside of organised markets.
- Facilitate the selling of power output through aggregation.

### **Key provisions**

The key provisions of Order 236 are as follows:

- Wholesale electricity prices will be formed on the basis of demand and supply.
- Market rules will encourage free formation of prices and there will be no minimum or maximum threshold on wholesale electricity prices, including price balancing.
- Electricity trading may be carried out in the following market categories:
  - ◆ Day-ahead, intraday and fix-term markets (OPCOM markets);
  - ◆ Deregulated markets (piete nereglementate), which bring in practice the possibility for directly negotiated bilateral power purchase agreements (PPAs) with physical delivery (a legislative aim previously expressed by ANRE officials during 2019);
  - ◆ Electricity exchanges (burse de energie electrica); and
  - ◆ Markets for energy trading, capacities, balancing services and system services in all time intervals.
- Final customers may participate in organised electricity markets directly or by aggregation if their approved installed power is over 500 kW. If less than 500 kW approved power, final customers can participate in organised electricity markets only by aggregation.
- Producers, traders and energy storage operators are free to enter and exit the wholesale market as they see fit financially and economically while electricity producers are responsible directly or indirectly for the sale of their power output.>
- The obligation of electricity producers to sell to last resort suppliers at regulated tariffs to ensure household consumption will apply only until 31 December 2020 (instead of 28 February 2022 as previously stated); for the first six months, the maximum deliveries will be at the level of 75% of household consumption, followed by a maximum level of 60% for the last six months of the year.
- The electricity supplier will use all market mechanisms for the purpose of purchasing the electricity necessary to cover the consumption of its final customers and for achieving a balanced position in the market.

*For more information on this eAlert and opportunities in the Romanian electricity sector, contact local CMS experts [Varinia Radu](#) (Partner) or [Ramona Dulamea](#) (Senior Associate, Bucharest).*