

energy - draft laws published in November 2017

The draft Order on the approval of the contribution for high-efficiency cogeneration and some provisions regarding its invoicing was published on the website of the National Regulatory Authority for Energy on 29 November 2017.

In the draft order, the following main amendments / additions are proposed to the Order of the President of the National Regulatory Authority for Energy no. 119/2013 on the approval of the contribution for high-efficiency cogeneration and some provisions on the way it is invoiced:

- repealing the Order of the President of the National Regulatory Authority for Energy no. 119/2013 regarding the approval of the contribution for high-efficiency cogeneration and certain provisions regarding its invoicing, published in the Official Gazette of Romania, Part I, no. 845 of December 30, 2013;
- the amount of the contribution for high efficiency cogeneration starting 1 January 2018;
- export exemption from the payment of the contribution for high efficiency cogeneration;
- provisions on invoicing the contribution

The draft can be viewed at:

<http://www.anre.ro/download.php?f=fq6Eig%3D%3D&t=wOutwdHbn8%2BcmLPfvrV5ps%3D>

The draft Order on the application for the year 2017 of the provisions of art. 21 par. (2) and Art. 27 of the Regulation for the qualification of the production of electricity in high efficiency cogeneration and verification and monitoring of the fuel consumption and the production of electricity and heat in high efficiency cogeneration approved by the Order of the President of the National Regulatory Authority for Energy no. 114/2013 and the provisions of art. 21, art. 22 and 23 of the Regulation on establishing the method for collecting the contribution for high efficiency cogeneration and the payment of the bonus for electricity produced in high efficiency cogeneration approved by the Order of the President of the National Regulatory Authority for Energy no. 116/2013 was published on the website of the National Regulatory Authority for Energy on 20 November 2017.

The proposal became necessary following the entry into force of GEO no. 64/2016, amending and supplementing the Law on Electricity and Natural Gas no. 123/2012, in the sense of liberalizing the purchase price of natural gas, without differentiated prices for the usage of heat (household / non-household consumer), with a view to applying for the year 2017 the regulations that are part of the regulatory framework of the support scheme.

The draft can be viewed at:

<http://www.anre.ro/download.php?f=fq6Bgg%3D%3D&t=wOutwdHbn8%2BcmLPfvrV5ps%3D>

Draft Order for the approval of the Competition Selection Regulation with a view to designating suppliers of last resort and amending some regulations in the electricity sector

was published on the website of the National Regulatory Authority for Energy on 27 November 2017.

The draft was created for the competitive selection of the suppliers of last resort starting 1 July 2018, as well as for the amendment of certain regulations in the electricity sector.

The proposed regulation establishes the stages, deadlines and criteria for competitive selection for the designation by NRAE of the suppliers of last resort as well as the conditions for the start and end of their activity.

The draft order was published on the NRAE website as a discussion document, initially on 15 May 2017, and this version includes the following changes:

- integration in the text of the Regulation of proposals submitted by economic operators and accepted by NRAE;
- modifying the start date of the first designation period from 1 April 2018 to 1 July 2018;
- the abolition of the eligibility criterion applicable to both obligated SLRs and optional SLRs, regarding the performance in Romania of the electricity supply activity for a cumulative period of 24 previous calendar months;
- the change of the selection criterion, namely the capability, for both mandatory SLRs and optional SLRs, referring to consumption locations and not clients
- modifying the designation of obligatory SLRs, i.e. the compilation of the merit order of the suppliers in each network area, not by limiting their number (the first 10 providers), but by introducing the minimum number of nationally served locations (2000 consumer locations, average of the last 12 months reported);
- modification, in correlation with the specific regulations in the elaboration phase, of provisions regarding the purchase of electricity from CUSM and the prices applied by SLR;
- rephrasing some articles for a better understanding
- supplementing the Order with provisions regarding the amendment of NRAE President Order no. 88 / 2015 for the approval of framework contracts for the supply of power to household and non-household customers by the last resort suppliers, the general conditions for the supply of electricity to the end users by the last resort suppliers of the electricity bill model and the electricity consumption convention model used by the suppliers of last resort.

The draft can be viewed at:

<http://www.anre.ro/download.php?f=fq6Dgw%3D%3D&t=wOutwdHbn8%2BcmLPfvrV5ps%3D>

The draft Order for repealing the Order of the NRAE President no. 83/2013 on the approval of the Pricing Methodology for the electricity sold by producers on the basis of regulated

contracts and the quantities of electricity from the regulated contracts concluded by the producers with the suppliers of last resort was published on the website of the National Regulatory Authority for Energy on 22 November 2017.

The draft order aims at repealing the Order of the NRAE President no. 83/2013 approving the Methodology for the pricing of electricity sold by producers on the basis of regulated contracts and the quantities of electricity from the regulated contracts concluded by the producers with the suppliers of last resort (hereinafter referred to as the "Methodology") following the conclusion, on 31 December 2017, of the last stage of the Regulatory Tariff Elimination Schedule was published on the website of the National Regulatory Authority for Energy on 22 November 2017.

Consequently, as of January 1, 2018, the regulated contracts between the producers to whom the Methodology and the suppliers of last resort are removed.

The draft can be viewed at:

<http://www.anre.ro/download.php?f=fq6ChA%3D%3D&t=wOutwdHbn8%2BcmLPfvrV5ps%3D>

The draft Order for the approval of the conditions for the application of the fees Component of the Competition Market was published on the website of the National Energy Regulatory Authority on 22 November 2017.

The Draft Order aims to establish the conditions for the application of the Competitive Market Component fees by the suppliers of last resort, considering the repeal of the Order of the NRAE President no. 176/2015 for the approval of the regulated electricity fees applied by the suppliers of last resort to household customers who have not exercised their eligibility right as well as the conditions of application of the regulated fees and the fees of the competitive market component published in the Official Gazette of Romania Romania, Part I, no. 959 of December 24, 2015, with subsequent changes resulting in the closing on 31 December 2017 of the last stage in the Schedule for the elimination of regulated fees.

The draft order proposes:

- Establishment of the conditions of application of the Competitive Market Component fees applied by the suppliers of last resort to household and non-household clients in their own portfolio, under the terms of the repeal of the Order of the NRAE President no. 176/2015, namely:
 - (i) Establishing the hourly zones specific to the CPC differential fee;
 - (ii) The application in invoices of the CPC fees, and
- Repealing NRAE president order no. 176/2015;

The draft can be viewed at:

<http://www.anre.ro/download.php?f=fq6Cgg%3D%3D&t=wOutwdHbn8%2BcmLPfvrV5ps%3D>

Draft order for designating suppliers of last resort was published on the website of the National Regulatory Authority for Energy on 22 November 2017.

The draft Order aims at designating suppliers of last resort for the period from 1 January 2018 to the date when the first designation period begins on their competitive criteria (the entry into force of the award decisions on the basis of competition by suppliers of last resort), in accordance with the provisions of the Competition Selection Regulation to designate suppliers of last resort, a document published on the NRAE public website for consultation.

This order does not change the designation method of suppliers of last resort. By NRAE Order no.35 / 2014, in force, the following licensees of power supply have been designated as suppliers of last resort:

- F.F.E.E. ELECTRICA FURNIZARE S.A.;
- ENEL ENERGIE MUNTENIA S.A.;
- ENEL ENERGIE S.A.;
- E.ON ENERGIE ROMÂNIA S.A.;
- CEZ VÂNZARE S.A.

The necessity of drawing up the draft order results from the fact that, through the NRAE Order no. 35/2014, the SLRs were designated "until the implementation of a competitive selection mechanism of the SLRs and their designation on the basis of this mechanism, but no later than the date of the complete elimination of the regulated fees", the regulated fees being applicable until on 31.12.2017, according to the schedule for the elimination of regulated fees, contained in the Memorandum of Understanding signed by the Government of Romania with the European Commission on 13 March 2012.

The draft can be viewed at:

<http://www.anre.ro/download.php?f=fq6BiQ%3D%3D&t=wOutwdHbn8%2BcmLPfvrV5ps%3D>

The draft Order for the approval of the Regulation on the organization and running of simultaneous auction with a decreasing price on the centralized market for universal service

was published on the website of the National Regulatory Authority for Energy on 20 November 2017.

Regarding the regulations in force, this draft Order amends and supplements the following aspects:

- Centralized Universal Service Market (CUSM) becomes a mandatory market for Suppliers of last resort (SLRs) in a voluntary market for bidders (sellers) and SLRs;
- A SLR will be able to participate in an auction session in only one quality, auction participant or auction buyer;
- Registration of CUSM participants, both buyers and sellers, will be done according to the OPCOM registration procedure and by signing the CUSM participation agreement;

- Several types of auction sessions were introduced: annual and quarterly;
- The opening dates of the auction sessions are established, fixed calendar dates, namely: for the quarterly auction session - the first Monday of the month before the delivery period, for the annual auction session: - the third Monday in March;
- Trading products will be standard in terms of specific intervals (band products and 1 or 2 top products depending on the type of auction session chosen and the demand profile);
- The SLR no longer transmits to NRAE the hourly profile of the estimated consumption for its own final customers served under the universal service and the purchase bids on each trading product related to an auction session.
- Purchase offers are transmitted by the SLR registered as buyer by auction to OCUSM through the CUSM computer platform and are of the type quantity-price (pSLR). Transmission of purchase offers is a mandatory condition for SLR to participate as a buyer by auction.
- Pmin and Pmax are no longer set for indicative bids. Auction participants will submit indicative pairs of hourly-price pairs. Thus the indicative offer includes: 3-5 pairs of hourly-price quantity for each trading product (a minimum of 3 pairs); where:
- The method by which trading products were set up is amended, namely: the starting price for each trading product will be determined by OCUSM, based on an algorithm based on indicative bids and a required surplus, and the maximum bidding volume (MBV), for each trading product, will be set by OCUSM according to the auctioned quantity.
- Introducing the obligation for auction buyers to lodge financial participation guarantees;
- The formula for calculating the value of the financial participation guarantee for bidders has been modified, the value will be determined on the basis of the indicative bid submitted by them and the pmed, 6 months = the average weighted price of the transactions concluded on the futures markets during the last 6 calendar months, preceding the month in which the auction session is held, with delivery during the auction period;
- OCUSM will determine the difference between the price announced for a round of auctions and the price of the previous round, based on a confidential calculation formula that takes into account the surplus of the bid recorded in the previous round for each trading product.
- Introducing the obligation of buyers by auction to constitute financial payment guarantees;
- The framework contract for the sale and purchase of electricity traded on CUSM is elaborated by OCUSM, following analysis in a working group established with the market participants and following the public consultation process;

- The buyer by auction may refuse to conclude a sale / purchase contract established after a bidding session for the trading product (s) for which the following condition is met

$$p_i > p_{SLR,i}$$

where:

p_i = closing price of the auction for the product i [lei/MWh];

$p_{SLR,i}$ = the price from the purchase offer of the SLR regarding said product.

- Amending / supplementing the conditions for the execution of the financial participation guarantee constituted by the auction buyers and the winning bidders and their paying the penalty in the case of non-conclusion of the contracts and / or failure to establish the performance / financial guarantee of payment. Exception: the bidder who refuses to conclude a contract / sale agreement in accordance with the condition in the above paragraph will not have its financial participation guarantee executed.
- Amending and supplementing the OCUSM competency chapter.
- Amending and supplementing the provisions on the rights and obligations of SLRs and bidders

The draft can be viewed at:

<http://www.anre.ro/download.php?f=fq6AiA%3D%3D&t=wOutwdHbn8%2BcmLPfrrrV5ps%3D>