

THE FUTURE OF ROMANIAN ELECTRIC POWER MARKET IN THE FRAME OF INTEGRATION INTO EUROPEAN UNION

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Abstract

The Romanian electric energy (power) market, as a consequence of imposed correlation with European energy market, is now in a challenge, in order to establish new directions and strategies.

1. THE CONTEXT OF ENERGY MARKET

The Romanian electric power market, as a consequence of imposed correlation with European energy market, is now in a challenge, in order to establish new directions and strategies. The most important elements which make this market reorientation necessary are, in our opinion:

- According to European's directives, the companies from this sector of activity must underline the difference between distribution and delivery.
- This is seen by the companies as a cost, an important one
- This separation will determine a more competitive market
- Obtaining production capacities is now an official purpose for the companies in this field
- On the market, we have a lack of balance as a consequence of competition existence only in distribution sector, but not also in the production one
- There are important problems in the production sector, especially in the thermal power stations where we have problems with an inefficient privatization and reorganization and a financial blocking generated by old debts;
- Lack of transparency and problems in surveillance of the operations in the energy market;
- In legislation it is a difference between the Romanian laws and the European ones;
- The prices of electric power are in an ascendant trend;
- The implementation of market mechanisms and the opening of market are highly applied but the benefits are not visible yet
- The power generation sector, specially the thermic one has serious problems with unapplied European standards, which suppose big investments, but also paying the debts.

2. SOLUTIONS AND ADAPTATION POSSIBILITIES

New directions and trends in the electric power market, in the frame of alignment to the criteria of European market are visible now. The delimitation between the delivery and the distribution was made to underline the contribution of each activity to the resultant. Another purpose of this directive was to create the basis of a loyal market competition by selling-off it to the final consumer. The distribution became simply a logistical problem.

The proper solutions differ from a company to another. An example is Electrica Muntenia – the biggest company in this field. For this company, the separation between distribution and selling-off of energy will determine a division of this company in four units: CEZ Distributie, CEZ Vanzare, Cez Trade and CEZ Servicii, the last one becoming a deliverer of services for the other companies. CEZ Trading will have as a main activity domain the acquisition of electric power, playing on the en gross market.

A situation of power deliverers in the Romanian market is shown in the table 2.1

Table 2.1. Most important electric power delivers on Romanian Market

No.	Company	Sales (mil EURO)
1	Energy Holding	295
2	Petprod	90
3	EGL Power&Gas	61
4	Euro P.E.C	51
5	Enol Grup	45

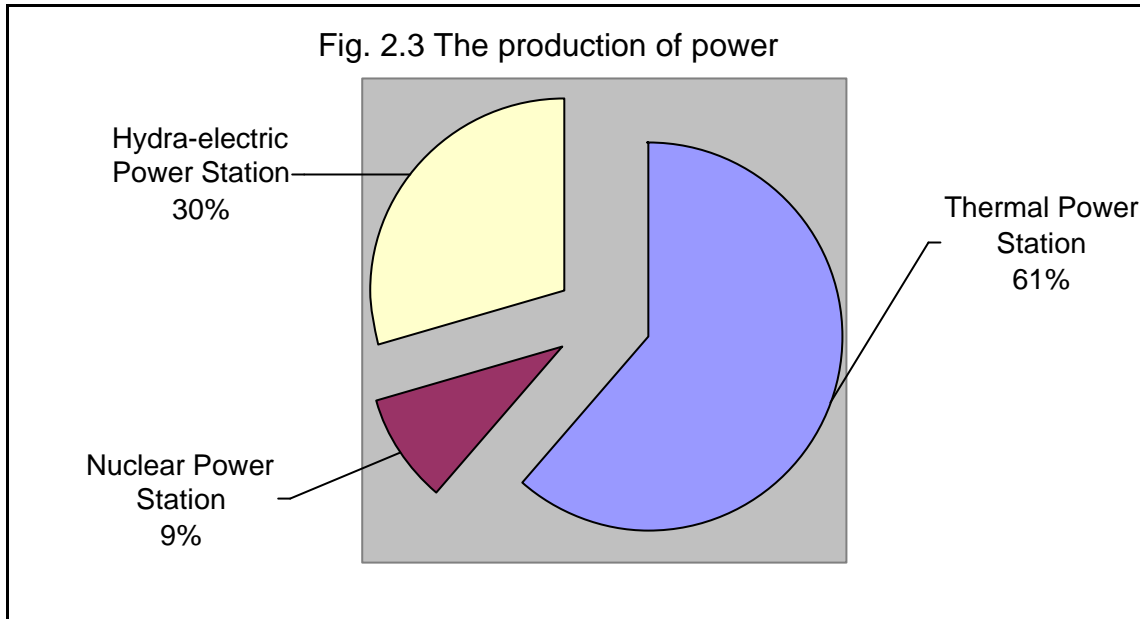
The production of electric power seems to be the energetic sector with biggest problems because of needed investments. The solution for this problem are different and also the opinions of the specialist's. The privatization of the entire production sector seems to be the easiest solution, especially because competition generates a lot of investors. In table 2.2 we have the situation of Romanian power production:

Table 2.2. Romanian power production

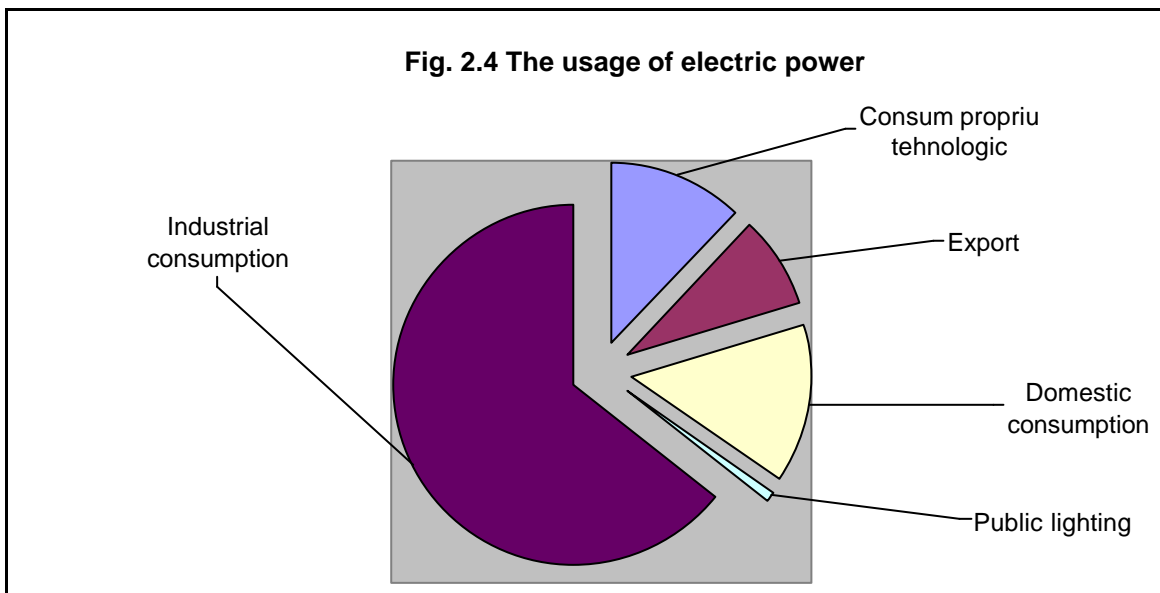
No.	Company	Market share (%)
1	Hidroelectrică	31.7
2	Complexul Energetic Robvinari	11.4
3	Complexul Energetic Turceni	11.4
4	Electrocentrale Bucuresti	11
5	Nuclearelectrică	9.1
6	Complex energetic Craiova	7.6
7	Electrocentrale Deva	5.9
8	Independent production	5.8
9	Termoelectrică	3
10	RAAN	1.7
11	Electrocentrale Galati	1.4

A new trend generated by privatization delay and also by the augmentation of electric power price is the production of power provided by users. As an example we have Alro Slatina, the most important power user, with a market share of 7%, which will make an investment of one billion Euros for a production unit. This trend is generated by cost of

electricity as a consequence of cost in thermo sector, the most important in electricity production.



The use of electricity in industrial sector represents the most important destination of Romanian power production, as we can see in figure 2.4. - The usage of electric power.



3. RECOMMENDATION

The fundamental purpose of strategies in this sector must be the founding of a free power market, and for that, we need some strategic intervention:

- The distinction between distribution and production on the one side and the exploitation of infrastructure, on the other side;
- A more transparent power market

Those two objectives can be achieved by a coherent strategy that will establish new rules on the market. The BRM must have a more important role in the power auctioning. This is the main solution for a transparent market.

Another important element is the concordance between Romanian legislation and the European one and also the implementation of some independent entities for market control.

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