



# A DECADE IN REVIEW: AN EXTERNAL PERSPECTIVE ON THE ROMANIAN ELECTRICITY MARKET

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**kelag**  
INTERNATIONAL

# 1 ABOUT KELAG INTERNATIONAL

- Kelag International is fully owned by Kelag Austria
  - 100+ year company
  - 1.5GW installed hydro power in Austria
- Kelag International Ljubljana is former Interenergo
  - Bigger part utility company, 200+ installed MW of hydro, wind and solar
    - Assets across in ES, FR, IT and SEE
    - Wind in RO
  - Smaller part trading company
    - Quite extensive portfolio (from FR to GR)
    - Re-entering RO trading

## Trading map

Slika: Prisotnost na mednarodnih trgih in energetskih borzah

<b>EPEX Spot</b> Nemška energetska borza	<b>OPCOM</b> Romunska energetska borza
<b>EEX</b> Evropska energetska borza	<b>SEEPEX</b> Srbska energetska borza
<b>OTE</b> Češka energetska borza	<b>IBEX</b> Bolgarska energetska borza
<b>OKTE</b> Slovaška energetska borza	<b>ICE Endex</b> Evropska borza energetskih derivatov
<b>Swissgrid</b> Švicarsko omrežje	<b>GME</b> Italijanska energetska borza
<b>HUPX</b> Madžarska energetska borza	<b>HENEX</b> Grška energetska borza
<b>BSP Southpool</b> Slovenska energetska borza	
<b>CROPEX</b> Hrvaška energetska borza	



## 2 MAIN DIFFERENCE BETWEEN INTERNAL VS EXTERNAL

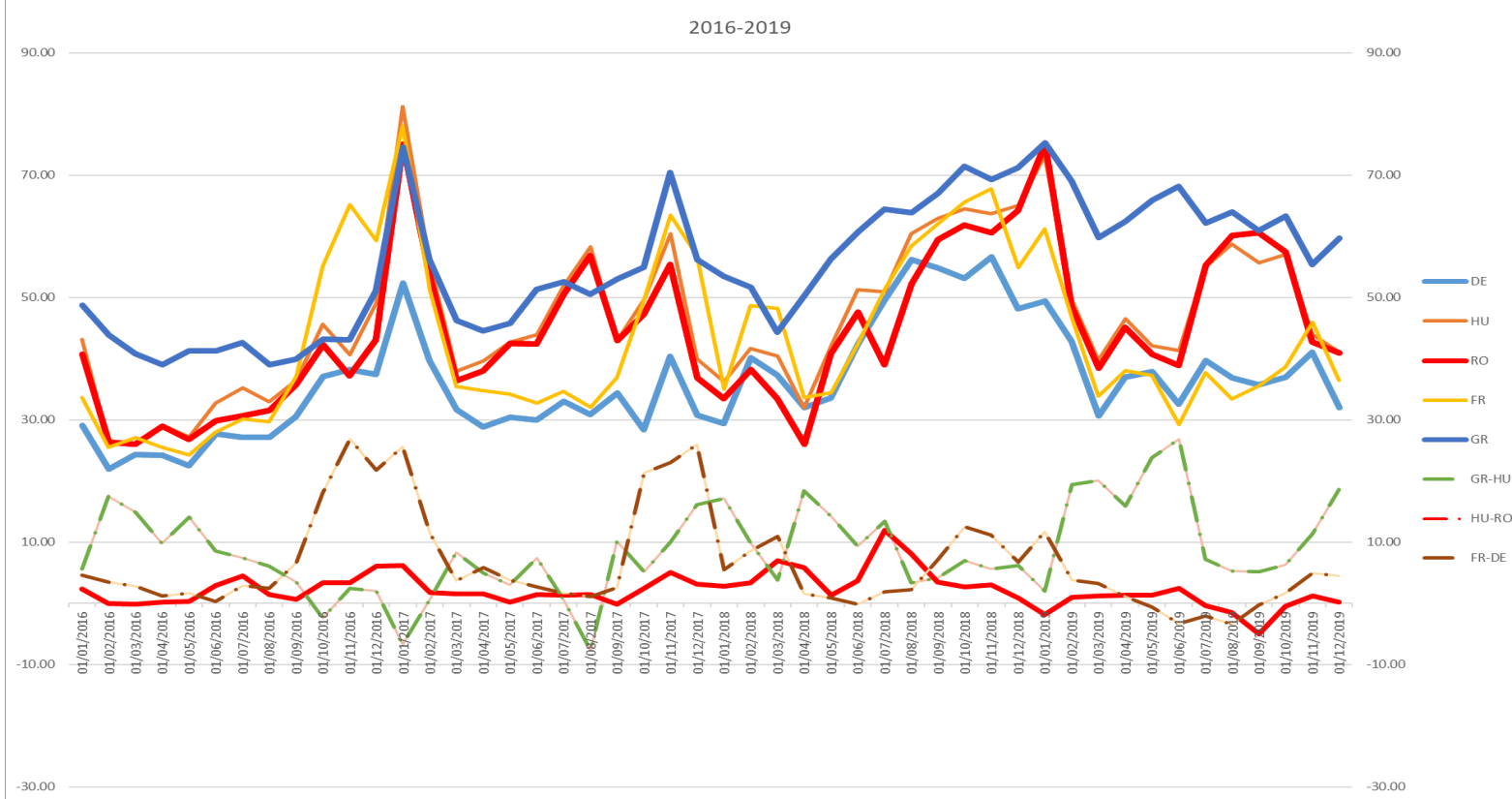
- Companies coming to the market from the outside are more interested in the relative Electricity prices (“spreads”) than absolute prices:
  - Trading (also speculator) behavior
  - Import if domestic price high enough, export if domestic price low enough
  - Market coupling does this through the TSO & exchanges on DAM
  - There is almost no difference between domestic or foreign traders
- Domestic companies (producers and suppliers/consumers) are more exposed to absolute prices
  - Consumer need to buy for his own consumption
  - Producer need to sell his own production
  - They should be in the opposite camp regarding the interests of the price

**Both groups are necessary for the efficient market and should be welcome on the market.**

Main changes for Electricity market in Romania in the last 10 years:

- Producers are exposed to international prices (CO2 mostly)
- Better integration (more CBTC) and country is less long
- Some vertical integration
- Rollercoasters with the regulation

# 3 RO MARKET IN 2016 – 2019 – TRANSITION TO SHORT



RO delivers between DE and GR price

Usually discounted to HU, but transitioning to net importer, this is masked by good hydrology in 2018 and only shows in 2019

Traded volumes drop in 2019 while contracted volumes are still high from 2017/18.

In this period market fully centralized at OPCOM

\*FR Delivers Q4 and Q1 above DE in this period and there is a relation

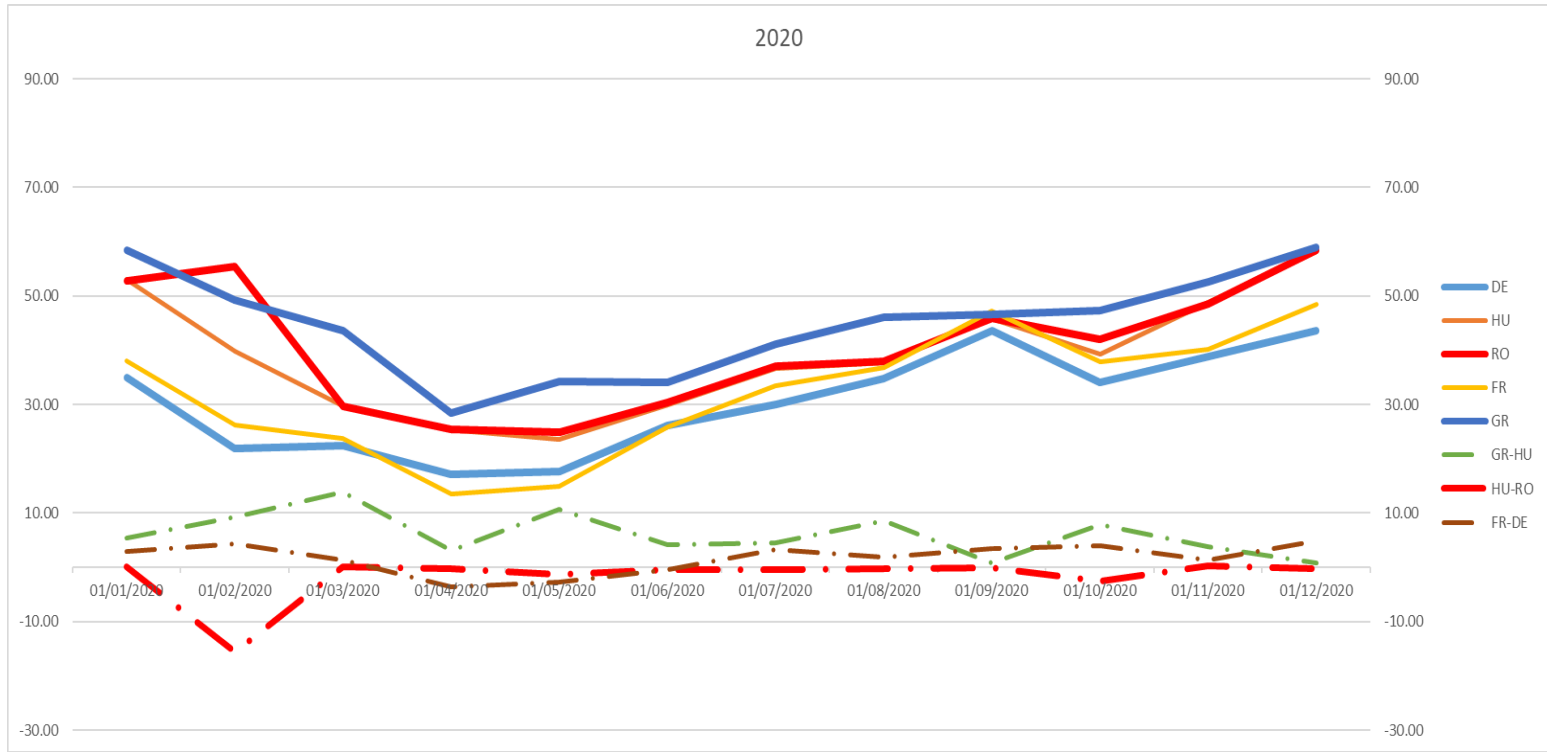
Average prices	Co2 (€/ t)	OPCOM DA (€/MWh)
2016	5.4	33.33
2017	5.8	48.17
2018	15.5	46.46
2019	24.7	50.38

Traded volume per year (TWh)				
Year	PCCB-LE	PCCB-NC	PCCB-OTC	Total Traded
2016	46.41	1.83	25.44	73.68
2017	43.88	5.37	25.1	74.35
2018	42.12	8.11	22.85	73.08
2019	21.35	9.45	16.21	47.01

Contracted volume per year (TWh)			
PCCB-LE	PCCB-NC	PCCB-OTC	Total Forward Delivery
35.8	0.9	18.2	54.9
39.4	3.1	21.3	63.8
41.15	6.4	23.5	71.05
32.2	8.8	20.1	61.1

Net position(TWh)		
Export	Import	Net
8.59	3.52	5.07
6.53	3.72	2.81
5.41	2.87	2.54
3.59	5.11	-1.52

# 4 2020 - COVID



RO still delivers between DE and GR price

RO has a premium to HU as it is short country with expensive production for 40€/MWh

There was a lot of uncertainty for Q1-2020 delivery in 2019.

Traded steady at 46TWh, contracted volumes lower.

\*FR still delivers above DE but not much premium in the winters

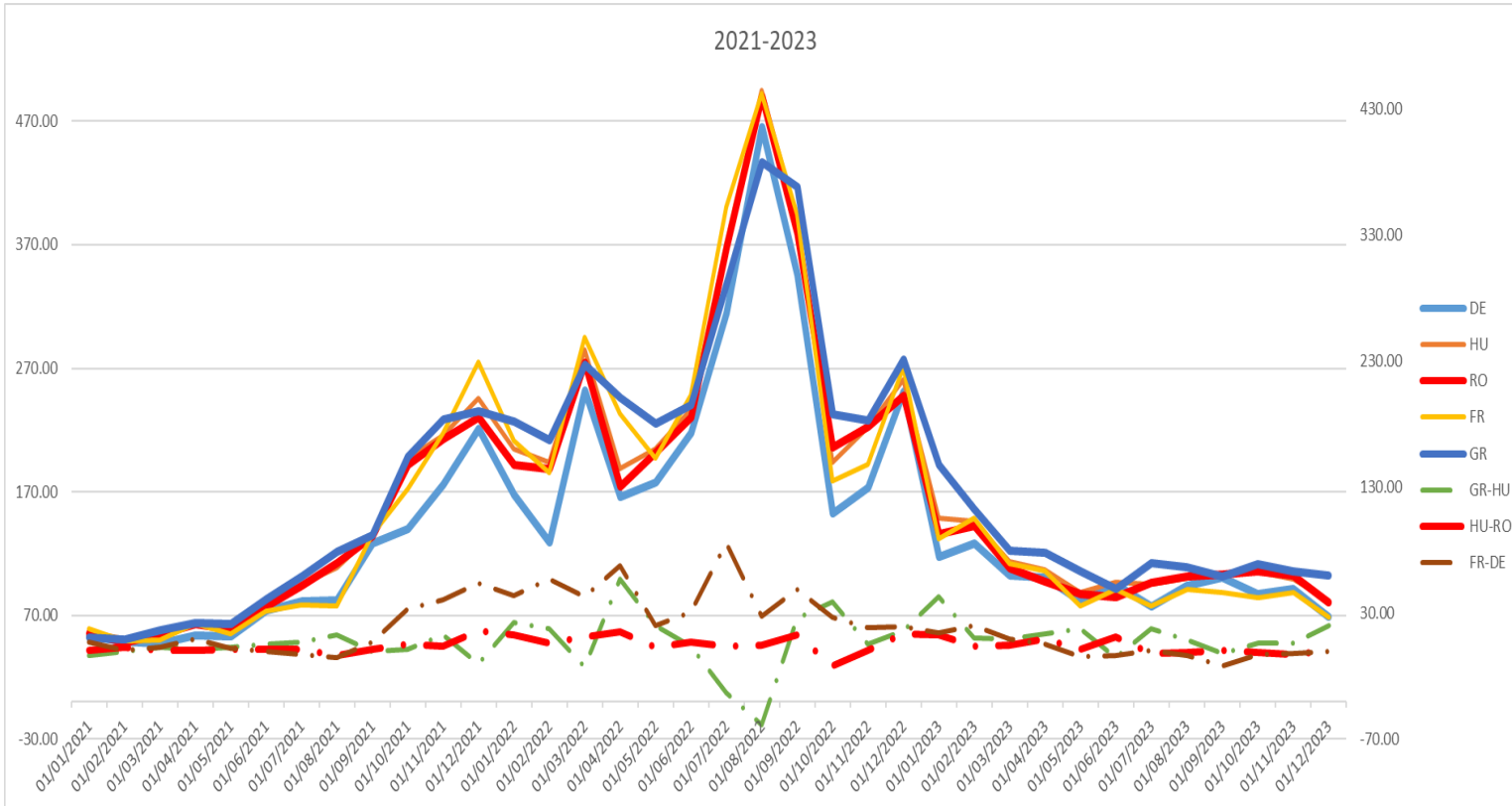
Average prices	Co2 (€/ t)	OPCOM DA (€/MWh)
2016	5.4	33.33
2017	5.8	48.17
2018	15.5	46.46
2019	24.7	50.38
2020	24.5	40.64

Traded volume per year (TWh)				
Year	PCCB-LE	PCCB-NC	PCCB-OTC	Total Traded
2016	46.41	1.83	25.44	73.68
2017	43.88	5.37	25.1	74.35
2018	42.12	8.11	22.85	73.08
2019	21.35	9.45	16.21	47.01
2020	14.88	12.02	19.34	46.24

Contracted volume per year (TWh)				
Year	PCCB-LE	PCCB-NC	PCCB-OTC	Total Forward Delivery
2016	35.8	0.9	18.2	54.9
2017	39.4	3.1	21.3	63.8
2018	41.15	6.4	23.5	71.05
2019	32.2	8.8	20.1	61.1
2020	22.1	10.2	17.5	49.8

Net position(TWh)			
Year	Export	Import	Net
2016	8.59	3.52	5.07
2017	6.53	3.72	2.81
2018	5.41	2.87	2.54
2019	3.59	5.11	-1.52
2020	4.81	7.64	-2.83

# 5 2021-2023 – ENERGY CRISIS



\* FR is the highest market from Q3-21 to Q1-23

RO delivers close to HU, above DE but in the most crucial months it is below HU.

GR can be significantly below HU in the peak months.

RO also discounted to HU in the very high months

Market starts decentralizing from the OPCOM, but limited volume assumed.

**First high prices in 2022 then trader taxation, single buyer mechanism and regulatory risks effectively killed the market in 2022 and 2023.**

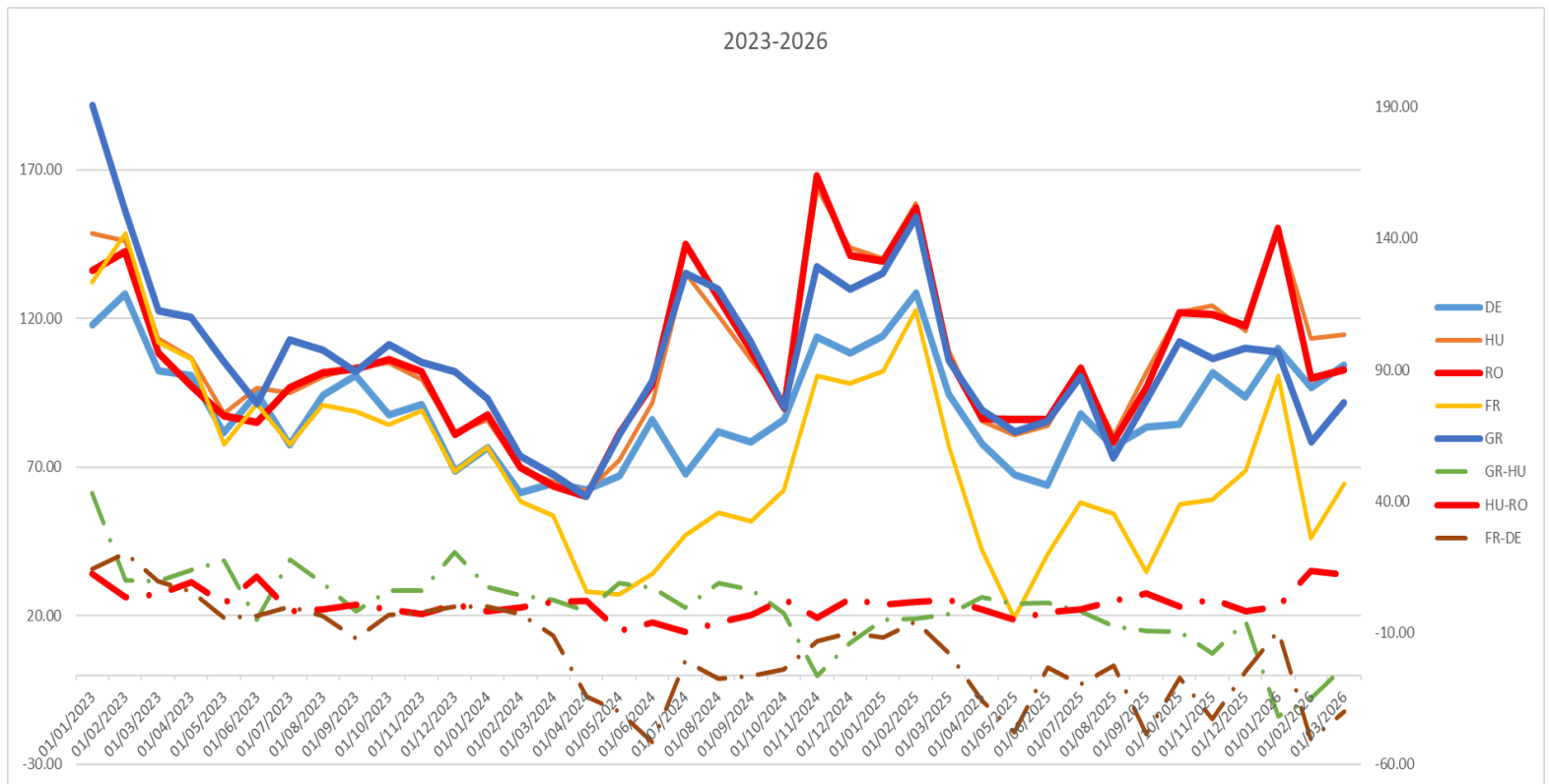
Average prices	Co2 (€ / t)	OPCOM DA (€/MWh)
2021	53.5	111.41
2022	80.5	265.30
2023	83	103.74

Traded volume per year (TWh)				
Year	PCCB-LE	PCCB-NC	PCCB-OTC	Total Traded
2021	10.15	14.2	22.15	46.5
2022	3.52	0.85	4.22	8.59
2023*	1.58	0.42	5.1	7.1

Contracted volume per year (TWh)			
PCCB-LE	PCCB-NC	PCCB-OTC	Total Forward Delivery
18.45	12.1	19.8	50.35
12.3	4.8	16.4	33.5
6.8	0.6	8.2	15.6

Net position(TWh)		
Export	Import	Net
5.92	8.12	-2.2
4.6	5.46	-0.86
13.11	3.1	10.01

# 6 2023-2026 – RETURN TO NORMAL ?



Normalization of the prices after the crisis

RO begins between DE and GR  
 GR becoming significantly lower market later 2024  
 RO Net position becoming longer

\*FR becomes significantly discounted to DE

Bigger volumes trading outside of OPCOM is a fair assumption at this point.

Average prices	Co2 (€/ t)	OPCOM DA (€/MWh)
2023	83	103.74
2024	65	103.51
2025	75	108.17
2026	*70*	*120.38*

Traded volume per year (TWh)			
<b>2023*</b>	1.58	0.42	5.1
<b>2024</b>	17.53	0.35	15.42
<b>2025</b>	5.6	0.18	6.6

Contracted volume per year (TWh)			
6.8	0.6	8.2	<b>15.6</b>
12.1	0.45	11.45	<b>24</b>
13.9	0.2	5.5	<b>19.6</b>

Net position(TWh)		
13.11	3.1	<b>10.01</b>
10.84	11.2	<b>-0.36</b>
14.51	12.1	<b>2.41</b>

## 7 2026 – GOING FORWARD

### Price development:

- GR prices lower after 2023 (outside cooling season)
- RO Net position becoming longer
- Increased CBTCs on ROBG and BGGR means prices closer to GR and more spread to HU
- CBAM (after initial two weeks) having limited effect on market efficiency

Without Iran crisis, prices were probably going lower.

### Iran crisis is now making prices unpredictable:

- Availability of LNG for GR, ITA and TR ?
- High gas prices and lower CO2 makes coal units in SEE profitable
- Now with higher gas (and Electricity) prices, non-EU countries will have more interest to cover their demand and not import from EU
- UA less impact for Q3 but critical for the winter

### Market development:

- After decrease of trading in 2021-2023 volumes coming slowly back
- Bigger spreads to HU should attract more traders
- Volume estimations less certain due to bilateral trading
- GR market has significantly better liquidity than any point in the past, can be a race for a local hub

### The volumes will probably not return to before 2021 due to:

- Regulatory experience
- Less available conventional energy as a baseload on the long term
- Vertical integration of some players in RO and in SEE
- Generally, less trading in SEE due to good volatility in CWE
- Nonetheless there will still be some volume