

# Romania - New Centralized Market for Electricity Trading

Prior to 1 April 2014, the markets operated by OPCOM for the trading of electricity were: (i) the centralized market of regulated bilateral contracts in which offers are not subject to standardised volume and delivery terms; and (ii) centralized market of negotiated bilateral contracts in which the offers are subject to standardised power, daily load shape and delivery terms. From 1 April 2014 the Centralized Market of Double Continuous Negotiated Electricity Bilateral Contracts (“**CM-double negotiated bilateral contracts**”) became operational, whereupon OPCOM concluded an agreement with Trayport system in this respect, although the trading activity did not start until 16 May 2014. The CM-double negotiated bilateral contracts operates as an “over-the-counter” type market and is likely to be more successful due to its increased flexibility in comparison with the regulated bilateral contracts and the negotiated bilateral contracts centralized markets. At the time of writing, 39 participants have registered on the CM-double negotiated bilateral contracts.

## 1. Registration and Withdrawal

Any Romanian legal entities licensed by Romanian Energy Regulatory Authority (“**ANRE**”) may register for transactions on CM - double negotiated bilateral contracts. Registration is voluntary and open to all licensed entities. Prior to their registration, the participants are required to sign the standard participation convention. Withdrawal from the market requires a written notice.

## 2. Trading Process

The trading process on the CM-double negotiated bilateral contracts is composed of the following phases:

- (a) Conclusion of the standard bilateral agreements (i.e. EFET);
- (b) Submission of the eligibility list;
- (c) Introducing the sale and/or purchase offers by the participants on the trading platform;
- (d) The pre-closing and closing phases (when errors can be corrected);
- (e) Publication of the transaction results.

### 2.2 Conclusion of the Standard Bilateral Agreements

The participants to the CM-double negotiated bilateral contracts are able to trade energy under bilateral agreements, agreed upon before the participation to the trading activity, based on the template of the EFET standard. However, for a transitory period of 6 months from the closing date of the first transaction (i.e. 16th May 2014), the participants may use other types of agreements, provided that they are published on the website of OPCOM.

The bilateral agreement will regulate all aspects of the sale and purchase of electricity, except for the delivery profile, the price and the delivery period. Each participant has the obligation to respond to all requests received from any other participant to the CM - double negotiated bilateral contracts, in order to negotiate the respective bilateral agreement. In this regard any participant receiving a request is entitled to perform a risk analysis on the participant sending the request. Following the risk analysis, the latter can be classified in different risk categories and be subject to different contract terms.

### **2.3 Submission of the Eligibility List**

Each participant to CM - double negotiated bilateral contracts shall prepare and submit the eligibility list including all the members with whom they intend to conclude electricity transactions, making a distinction based on sale/ purchase and product. The eligibility list must include at least 4 eligible participants and will be published on the website of OPCOM. Each participant has the obligation to update the eligibility list in case of any changes.

### **2.4 Trading**

The trading activity is continuous and performed online from the workstations of the registered market participants and shall observe the following principles: i) the trading sessions are organized in the working days, according to the schedule for offers established by OPCOM; and ii) the participants may simultaneously make buy offers and sale offers.

During the trading session, a transaction can be cancelled by the market operator within a maximum period of 10 minutes from the transaction, if the participant so requires.

The electricity offers are standard in terms of power, daily load shape and delivery periods. Offers include the following standard elements:

- delivery profile of electricity;
- delivery periods: 1 year, 1 semester, 1 trimester, 1 month, 1 week, 1 week-end, 1 day;
- minimum hourly offered power for trading: 1MW (the hourly power offered for trading must be multiple of 1 MW);
- quantity of electricity;
- the price expressed in lei/MWh;
- starting delivery date.

Any offer introduced by the participants amounts to implicit acceptance of the conditions covered by the sell/purchase agreements and the proposed conditions regarding the quantity and price of the offers. The participants can enter/modify, suspend/activate and/or cancel the sale/buy offers and have access to all offers on the market during the whole trading process.

The trading of electricity may be performed in two ways, respectively:

- by selection (“click” access) and acceptance of the eligible sale/buy offer in the trading platform. The non-eligible offers cannot be subject of this trading method;
- by automatic correlation:
  - (a) If offers are introduced in the trading system by eligible partners and satisfy compatibility conditions where the highest buy price is at least equal to the sale price, respectively the lowest sale price is at least equal to the buy price.
  - (b) If offers are introduced in the trading system by non-eligible partners and satisfy compatibility conditions, the market operator suspends the orders and implements the intermediation procedure. This requires the identification of a 3rd partner who will accept the intermediation of the transaction between 2 partners, who are on its eligibility list, but are not mutually eligible and are unable to trade directly.

### **2.5 The Pre-Closing and Closing Phase**

After the opening and the running of the auction session, a pre-closing phase of 15 minutes follows, as part of the closing of the offering period. At the closing of the sale-purchase stage OPCOM will send to the participants the CM - double negotiated bilateral contracts confirmation for trading, in accordance with the results, which can be:

- Signed by the parties (after the closing of the transaction the agreement will include the

trading confirmation, as an integral part of the agreement);

- Unsigned by the parties (an agreement will be signed in accordance with the agreed template integrated with the details of the trading confirmation).

## **2.6 Publication of the Transaction Results**

At the end of every trading session, the market operator will publish on its website the results of the transactions, separate for each product that was traded, respectively: the prices, the quantities, the maximum purchase price and the minimum sale price.

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