

Official Havrilet: No new investments without free energy market; already problems with meeting demand

Without the liberalisation of the energy market, investors will not come to build new power plants, as Romania already has problems with meeting demand, said on Tuesday senior official with the Ministry of Energy Niculae Havrilet.

He participated in a virtual conference "Electricity in a free market," held by the Bursa newspaper.

"The free market is not a political desideratum, but a law of nature. Without the liberalisation of markets in any sector, we will never have an appetite for investment. Who would invest in an energy production capacity knowing that the price they will get from selling energy will be regulated by the government without having the right to recoup the investment guaranteed?," asked the ministerial official.

As provided for by the country's constitution, Romania's economy is a free market economy, he added.

"That is amply exemplified by the operation of energy markets in general, where if you don't have a free, well-functioning market, you don't have investment. If you don't have investment, which is what is happening right now, there is no interest in investing in new energy generation facilities. When consumption is higher than 8,500 MW, we have problems in ensuring the adequacy of the national grid," said Havrilet.

He added that the Romanian electricity market had once again been successfully liberalised. Unfortunately, Emergency Ordinance (OUG) 114/2018 turned the Romanian energy market - a mature, liquid and stable one - five years back.

"OUG 114 has trampled the free market under, and the recovery was just as forced. The National Energy Regulatory Authority (ANRE) is considered culpable, in my opinion unjustly so. But we have to accept that ANRE stepped in when OUG 114 was abolished, and Regulation 943 provided that from January 1 there should be no more regulated prices," added Havrilet.

From January 1, 2021, the electricity market in Romania has been fully liberalised, and prices are no longer regulated by ANRE.