

Executive Exchange on  
Coordinated Cross Border  
Transmission of Electricity – an  
Examination of the European Union

September 22 – 26, 2008  
Brussels, Belgium

# OPCOM: role, mission, performance

15.45 + 9.58

2008

CENTRALIZED BILATERAL + DAY AHEAD



6.85

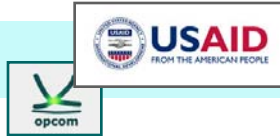
DAY AHEAD

2005

earning every Day Ahead  
your trust



# The Beginning, September 2000



1991-1998  
Integrated Utility RENEL (generation, transmission, distribution)

1998  
Regulatory Authority

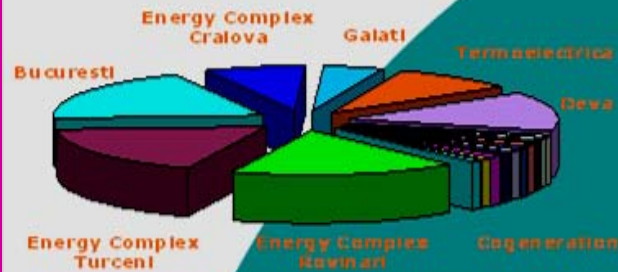
1998-2000  
National Integrated Company + Nuclearelectrica

2000

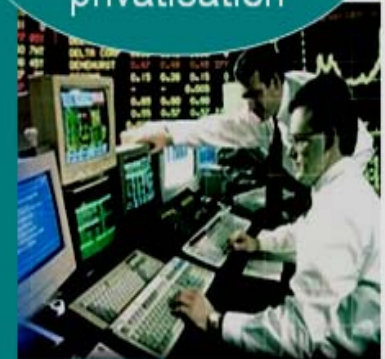
Romania started spot market without privatization.

But the full unbundling of TSO and the National Company's split was perceived as a clear attempt towards competitive structure building.

After 1989, consumption decrease encouraged competition



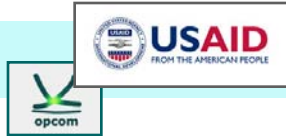
spot market launch before privatisation



2000-2007 increasing opening degree

Romanian Way

# 5 Years Operation, September 2000 – June 2005



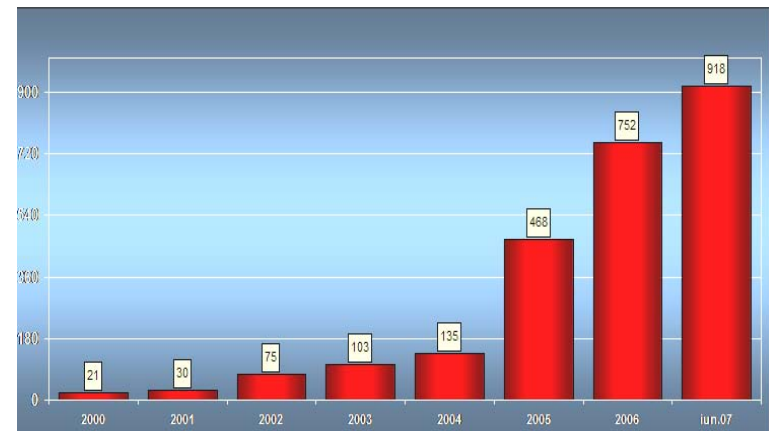
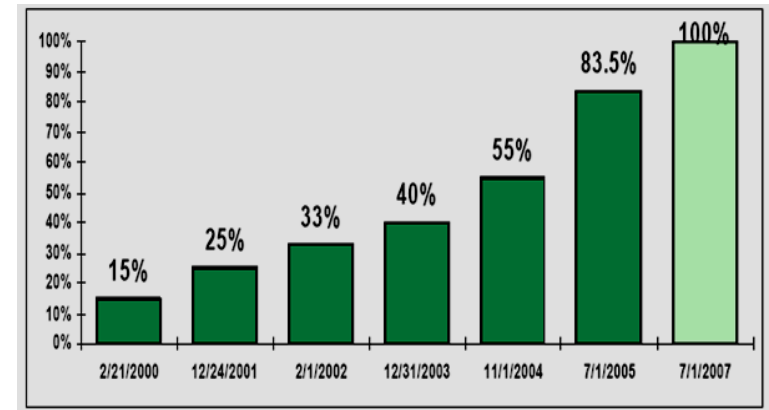
## Bad issues

- Only the Generation voice
- Forecast, as inelastic demand, suppliers not involved
- No penalty for imbalances
- No incentive for supporting the balance
- Price cap, distorting the price

## Good issues

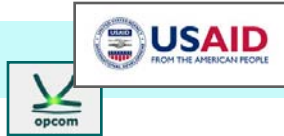
- Competition accepted
- Continuously increased opening degree
- Market matured as structure and participants' behavior
- Need of change acknowledged

## Market opening



Participants' number

# The New Trading Platform. Preparatory Works. 2003 - 2005



Political decision, all the period

European Commission grants

- The Commercial Code of the Electricity Market (ANRE – KEMA)
- The IT trading platform (OPCOM – AREVA T&D, OMX)

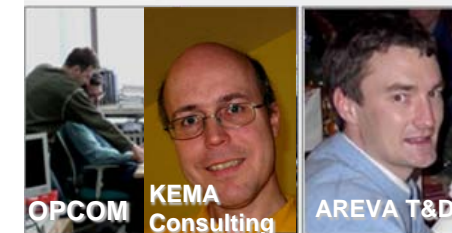
World Bank involvement

Road Map in the electricity field (2003):

- guarantee condition for the WB loan award
- a main pillar for the chapter 14 (“Energy”) closure

Electricity Market Project

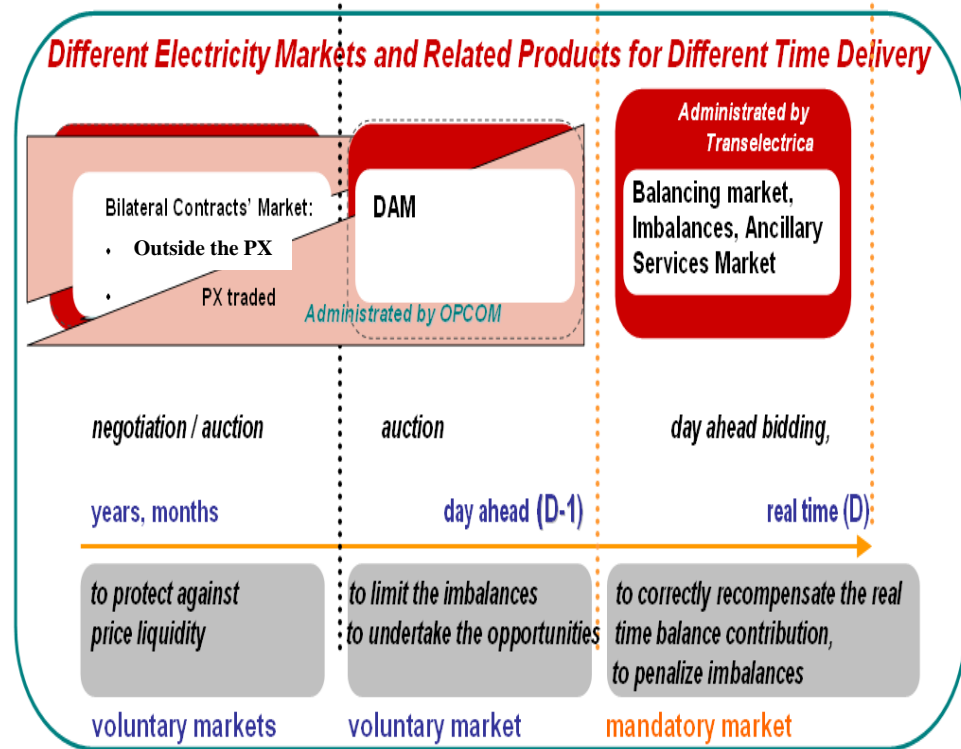
Consultancy Kema – Nord Pool Consulting



# The New Trading Platform. Principles.



- The market is moving from a centrally scheduled system to a self scheduled system
- The market participants have the possibility to negotiate bilateral contracts for exchange of electricity
- A voluntary power exchange is established where the market participants can purchase and sell electricity on hourly contracts for delivery next day by introducing bids expressing their willingness
- There is established a Balancing Market where the TSO can get resources for balancing the electricity system

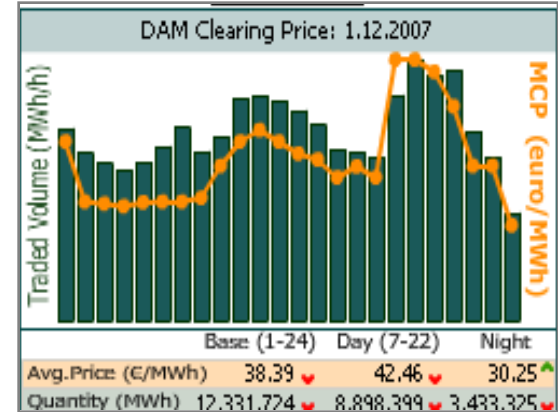


# Electricity Pricing

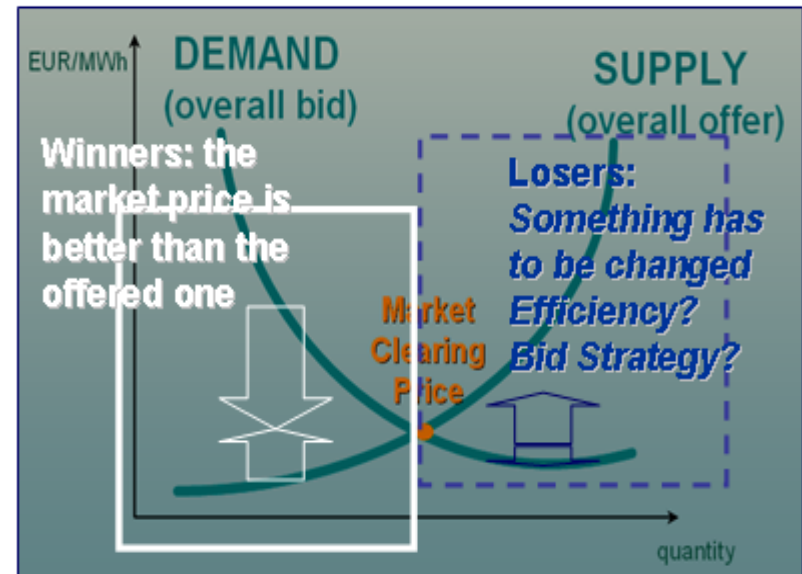


DAM. A new mechanism enabling real price discovery.

## CLOSED AUCTIONS



- The removal of the pool mechanism
- Replacement with two-side closed auction
- Role of the forecast disappears from market clearing price calculation
- The removal of the price cap
- Internal congestions: no impact on market clearing price



# 38 months new DAM operation. Time of statistics. 2005 - 2008



- Liquid spot market (evolving from 469 MWh/h on average in 2006 towards 598 MWh/h on average in the first eight months of 2008, meaning 9.49% of net consumption)
- Increasing number of participants: 81
- Not concentrated market: HHI value, lower than 1000
- Consistent price, its value depending on market conditions

## DAM Trades 01.07.2005-31.08.2008:

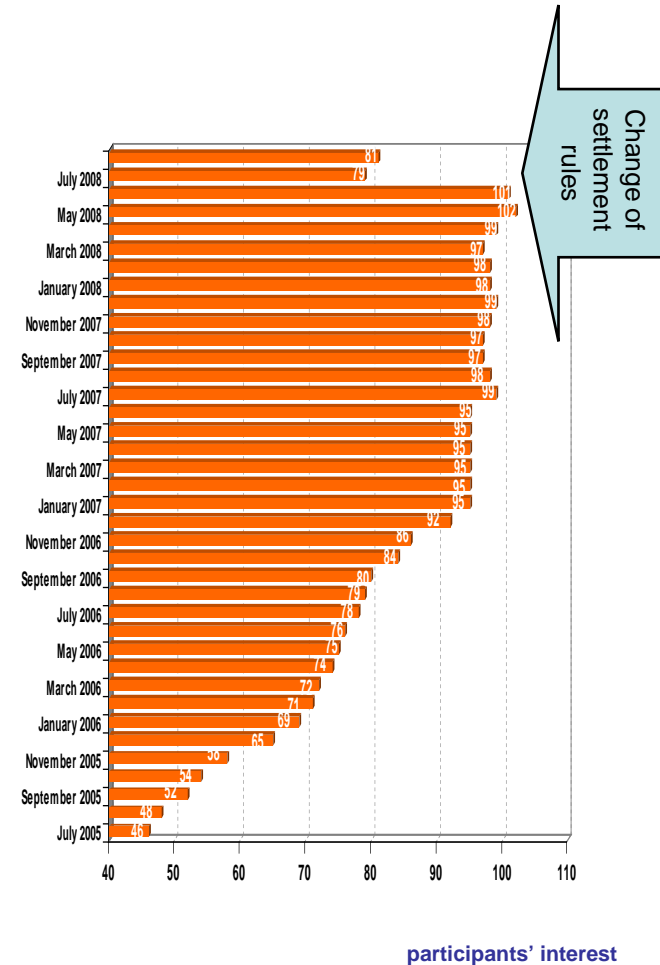
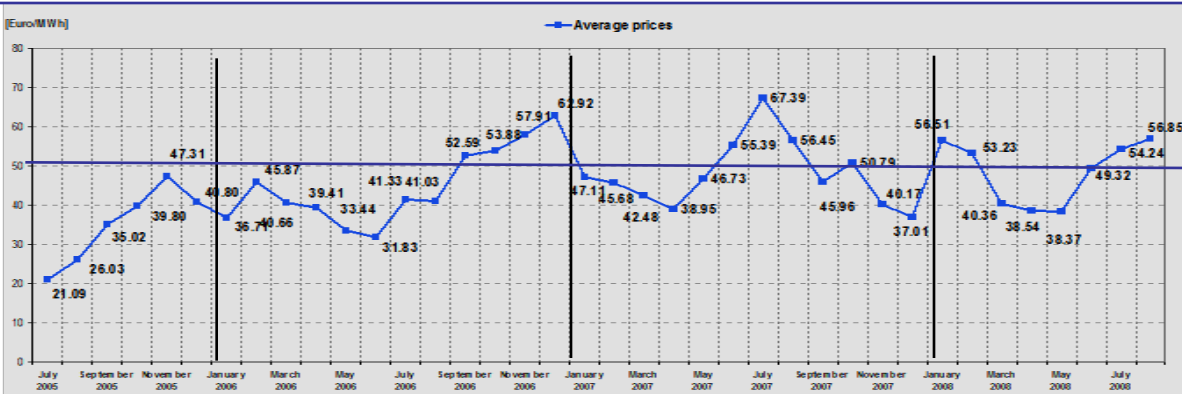
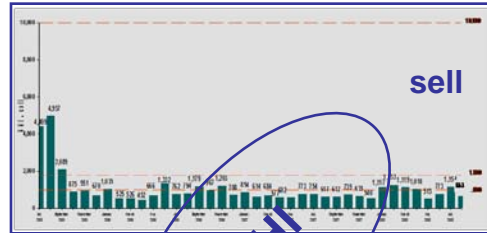
Registered participants : 81

numbers & figures

	2005	2006	2007	2008
Average Price [lei/MWh]:	125.50	157.63	158.95	176.17
Average Price[EURO/MWh]:	34.94	44.78	47.89	48.43

	2005	2006	2007	2008
Volume (TWh)	1.72	4.11	5.04	3.50
Market Shares (%)	6.72	7.74	9.33	9.49

Maximum Market Share(%): August 2007 12.76

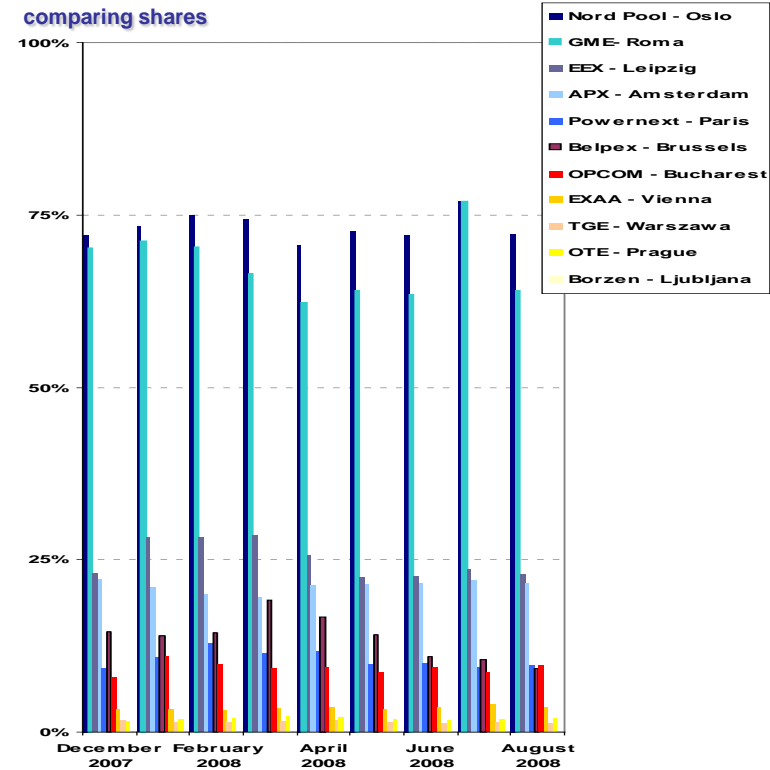
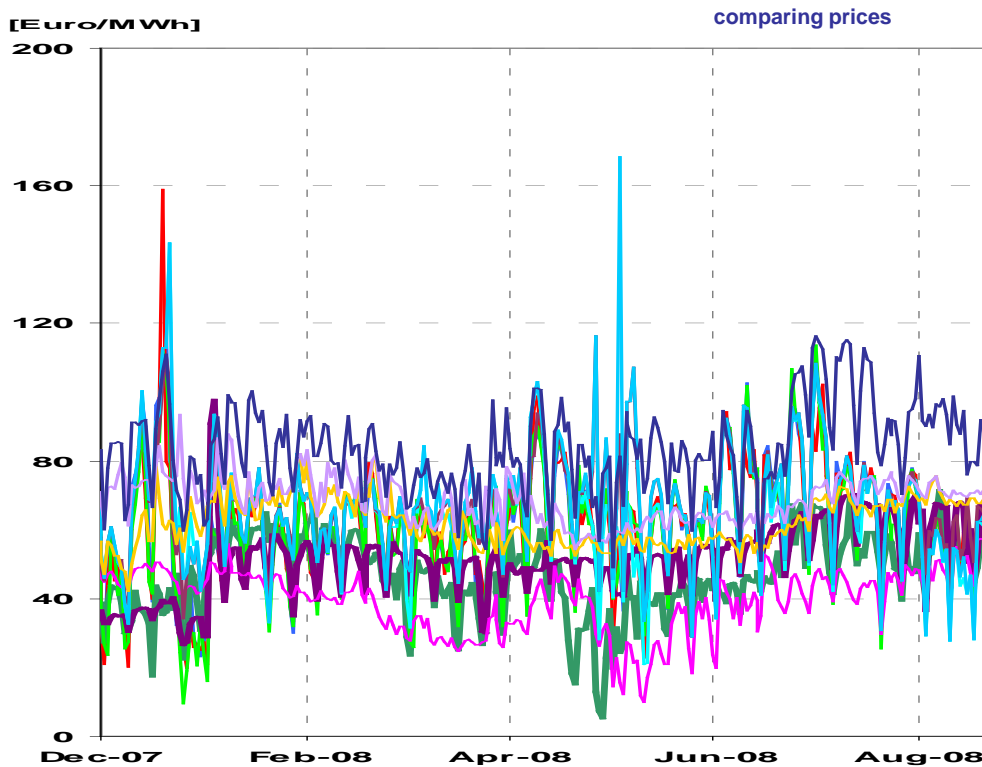




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# Electricity Pricing

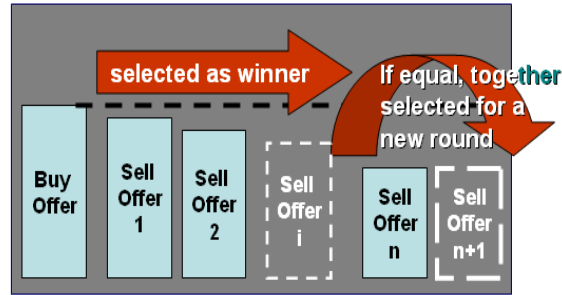
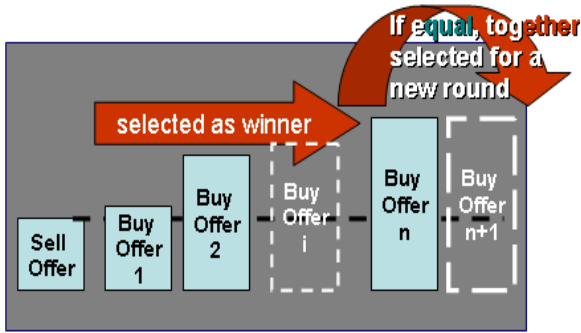


Bilateral contracts centralized markets.  
Transparency of prices.

CMERC Summary Results

Participant Name	Contract	Offer ID	Offer Type	Quantity (MWh)	Price	Settlement Period	Market	Market ID
E.ON Energy	E.ON Energy	CE_1401_1400	sell	5,776.0	5,400	2007-11-22	OT	OT-1401
		CE_1401_1400	sell	5,776.0	5,400	2007-11-22	OT	OT-1401
E.ON Energy	E.ON Energy	CE_1401_1400	sell	5,776.0	5,400	2007-11-22	OT	OT-1401
		CE_1401_1400	sell	5,776.0	5,400	2007-11-22	OT	OT-1401
E.ON Energy	E.ON Energy	CE_1401_1400	sell	5,776.0	5,400	2007-11-22	OT	OT-1401
		CE_1401_1400	sell	5,776.0	5,400	2007-11-22	OT	OT-1401

**PUBLIC AUCTION**



Forward physical delivery.  
Standardization.

**Continuous trading**

Traded Instrument	Concluded Bilateral Contract
FWB_S_01_07	<b>Base load forward</b> contracts for one week delivery period. The name of the instrument contains information concerning the week number of the year and the delivery year.
FWV_S_01_07	<b>Peak load (6:00 – 22:00) forward</b> contracts for one week delivery period. The name of the instrument contains information concerning the week number of the year and the delivery year.
FWG_S_01_07	<b>Off-peak load (00:00 – 6:00, 22:00 – 24:00) forward</b> contracts for one week delivery period. The name of the instrument contains information concerning the week number of the year and the delivery year.
FWB_L_JAN_07	<b>Base load forward</b> contracts for one month delivery period. The name of the instrument contains information concerning the month number of the year and the delivery year.
FWV_L_JAN_07	<b>Peak load (6:00 – 22:00) forward</b> contracts for one month delivery period. The name of the instrument contains information concerning the month number of the year and the delivery year.
FWG_L_JAN_07	<b>Off-peak load (00:00 – 6:00, 22:00 – 24:00) forward</b> contracts for one month delivery period. The name of the instrument contains information concerning the month number of the year and the delivery year.

Average prices per instruments traded on CMBC-CN (Forward Contracts)

Weekly contracts	Average Price* (euro/MWh)
W 20 Off Peak (FWG_S_20_07)	35.99
W 21 Off Peak (FWG_S_21_07)	35.97
W 28 Base (FWB_S_28_07)	49.91
W 29 Base (FWB_S_29_07)	49.91
W 30 Base (FWB_S_30_07)	49.57
W 32 Base (FWB_S_32_07)	51.57
W 33 Bas 2007	
W 34 Bas	
W 35 Bas	
Month	
M SEP Base	
M DEC Base	
21 Nov. 2007	
27.06.2007	
13.06.2007	
27.04.2007	
26.04.2007	



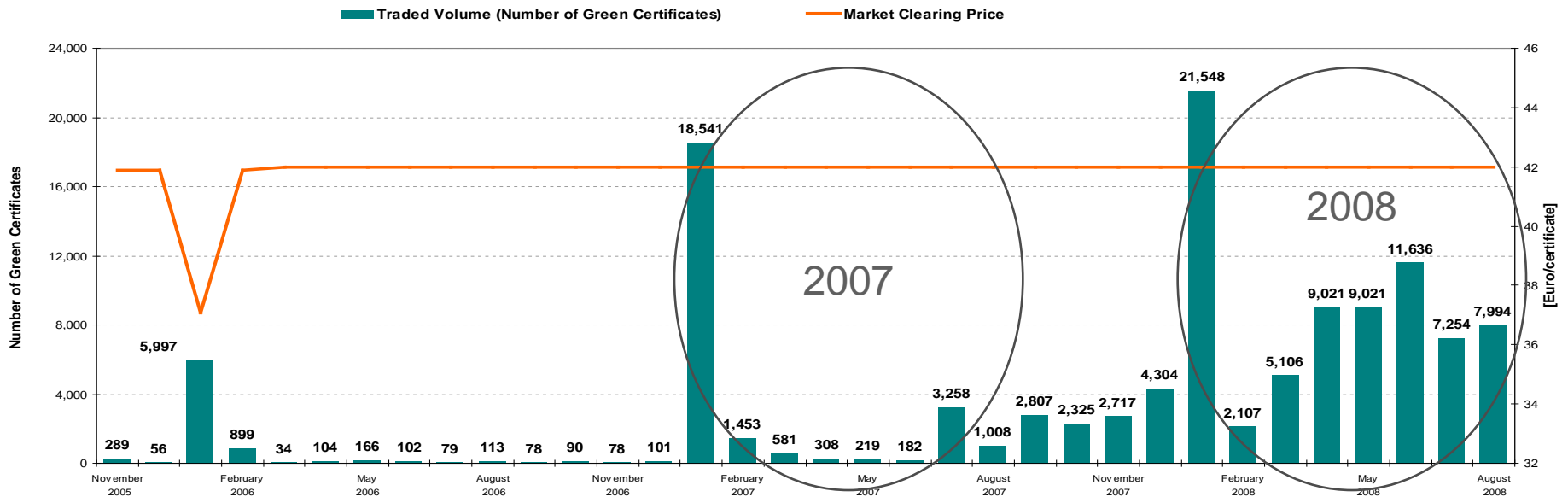
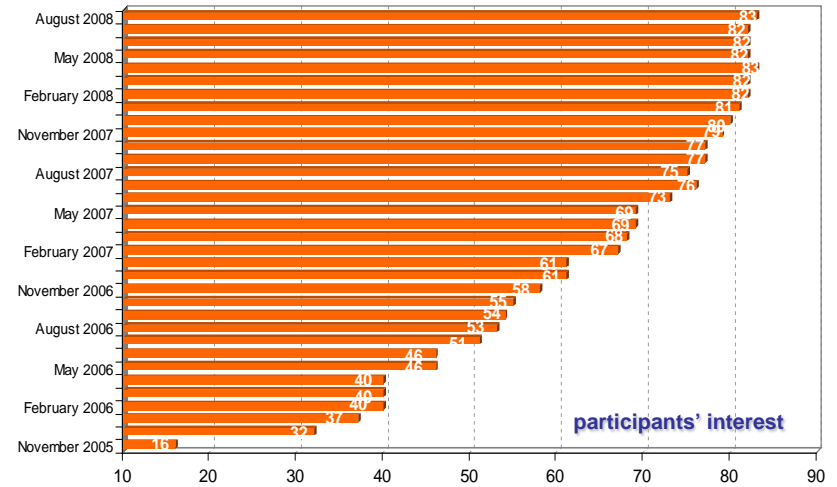
# A price for GREEN. 2005 – 2008.



## CMGC Trades 01.11.2005-31.08.2008:

Registered participants : 83

	<u>2006</u>	<u>2007</u>	<u>2008</u>
Number of Green Certificates:	20,939	41,364	50,032
Average Price [lei/certificate]:	155.00	142.72	151.63
Average Price [EURO/certificate]:	42.00	42.00	42.00



## A summary of the current status

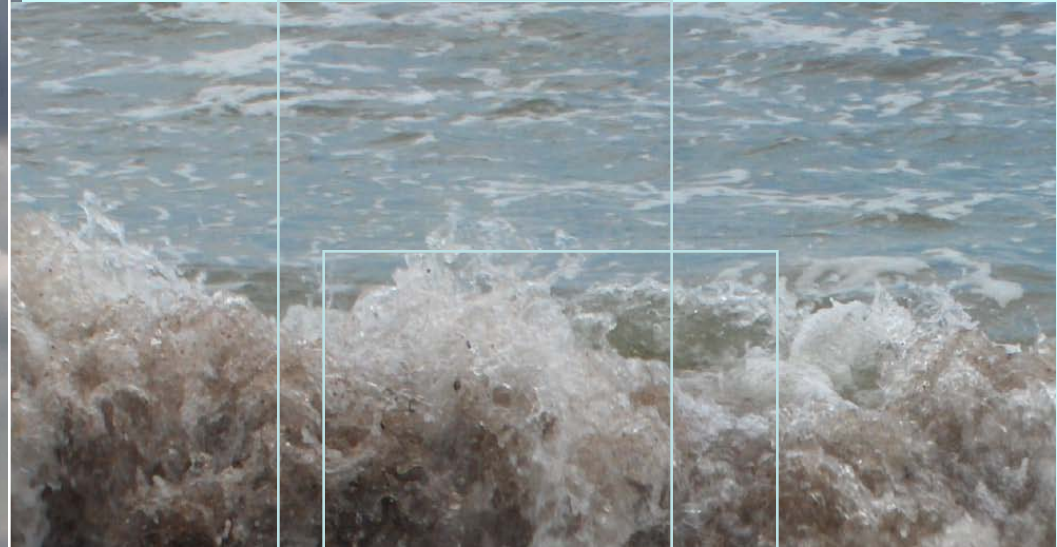


- **Early spot market's start in 2000**
- **8 years gathering experience and supporting the Romanian market liberalization**
- **New Trading Platform's start middle 2005**
- **One of the most liquid power exchange, among first eight markets in EU in the Data Monitor ranking**





[www.opcom.ro](http://www.opcom.ro)



*Thank You for attention !*

