

30 August 2021

TO: Mr. President Dumitru Chiriță
Mr. Vice President Zoltan Nagy-Bege
Mr. Vice President Mircea Man
Mr. General Manager Claudiu Dumbrăveanu

Subject: EFET¹ letter on the reporting and 'centralised market obligations' in Romania

Following introduction of reporting and centralised market obligations in Romania, EFET would like to provide feedback to ANRE from market participants on how this is affecting engagement in the market and willingness to conclude transactions. In doing so, we hope to ensure that ANRE is well-informed and better able to fine-tune market rules to enable positive developments to the benefits of Romanian consumers and avoid unintended setbacks.

The reporting requirement specified under Article 6 and Annex 1 of ANRE order 144/2020 extends to all gas volumes entering the Romanian gas market whether for consumption inside Romania or for re-export. The reporting of contracts is a significant concern for our members: they are considered to be highly confidential to the contracting parties and are normally protected unless there are specific proceedings. While we recognise that ANRE wishes to ensure orderly development of a secure market, a lower level of disclosure should be sufficient. Where EU Security of Supply Regulation 2017/1938 provides for instances where supply contracts need to be reported, the scope of the obligation is limited to agreements for significant volumes directly affecting the Member State and exceeding 28% of its annual gas consumption. Even in those instances, the reporting obligation refers to the parameters for physical supply, not the price of the contracted commodity. We therefore recommend removal of this obligation or a reduction to the information required by the Security of Supply Regulation. Individual transactions remain reportable under REMIT.

We further note that the obligation for 40% of the volumes to be channelled through the centralised gas market already constitutes an interference with the freedom to trade. However, the additional mechanism to dampen price volatility on the wholesale market (i.e. Art. 6 (2) and (3) of ANRE Order 144/2020 - the $\pm 15\%$ collar) influences free price formation and deters bids and offers from being placed. Volatility in the wholesale market can be a positive signal that the market is working effectively in signalling scarcity or oversupply. Individual customers can be protected from volatility in the wholesale markets via their supply contracts, leaving producers, importers, traders and suppliers to manage price and other risks. Market

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

participants can best respond to events if they have full freedom to define the prices of bids and offers, which count towards the obligation, and their choice of trading venue should not be limited. Our members have commented that these exchange trading obligations discourage them from participating more actively and do not promote liquidity as was intended. On that basis we recommend that they are removed or reduced progressively to zero.

The Romanian gas release programme has, so far, had positive effect in helping to generate market liquidity. We are pleased to note this success and support that the programme should be maintained and extended.

Furthermore, in order to promote confidence in the market that trading positions can be taken, we note in other jurisdictions the success of appointing market makers. Suppliers with significant market share – in particular the historical market player – can underwrite a level of liquidity through commitments to transact on both bid and offer sides of the market within a spread agreed with the regulatory authority. This also helps to provide a level of price transparency which is valued by consumers.

To conclude, the obligations imposed on companies trading in Romania are in excess of what is necessary for effective supervision of the market. As they are also reported as being onerous, this makes the market less attractive and translates into risks and costs that must ultimately be factored into prices charged to Romanian consumers. We therefore encourage the Romanian Authorities to revise the provisions outlined in this letter and we remain at your disposal should you wish to discuss the potential solutions further.

Kind Regards,



Davide Rubini,
Chairman of EFET TF CSEE-G



Doug Wood
Chair of EFET Gas Committee
Member of EFET Board