



ALL ABOUT HUMAN ENERGY

Current Romanian gas market context and reform suggestions



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FPPG - the voice of the oil and gas industry in Romania



15 AFFILIATED
COMPANIES



48.53 bil. lei (10.3 bil.€)
TURNOVER



> 20.000
EMPLOYEES

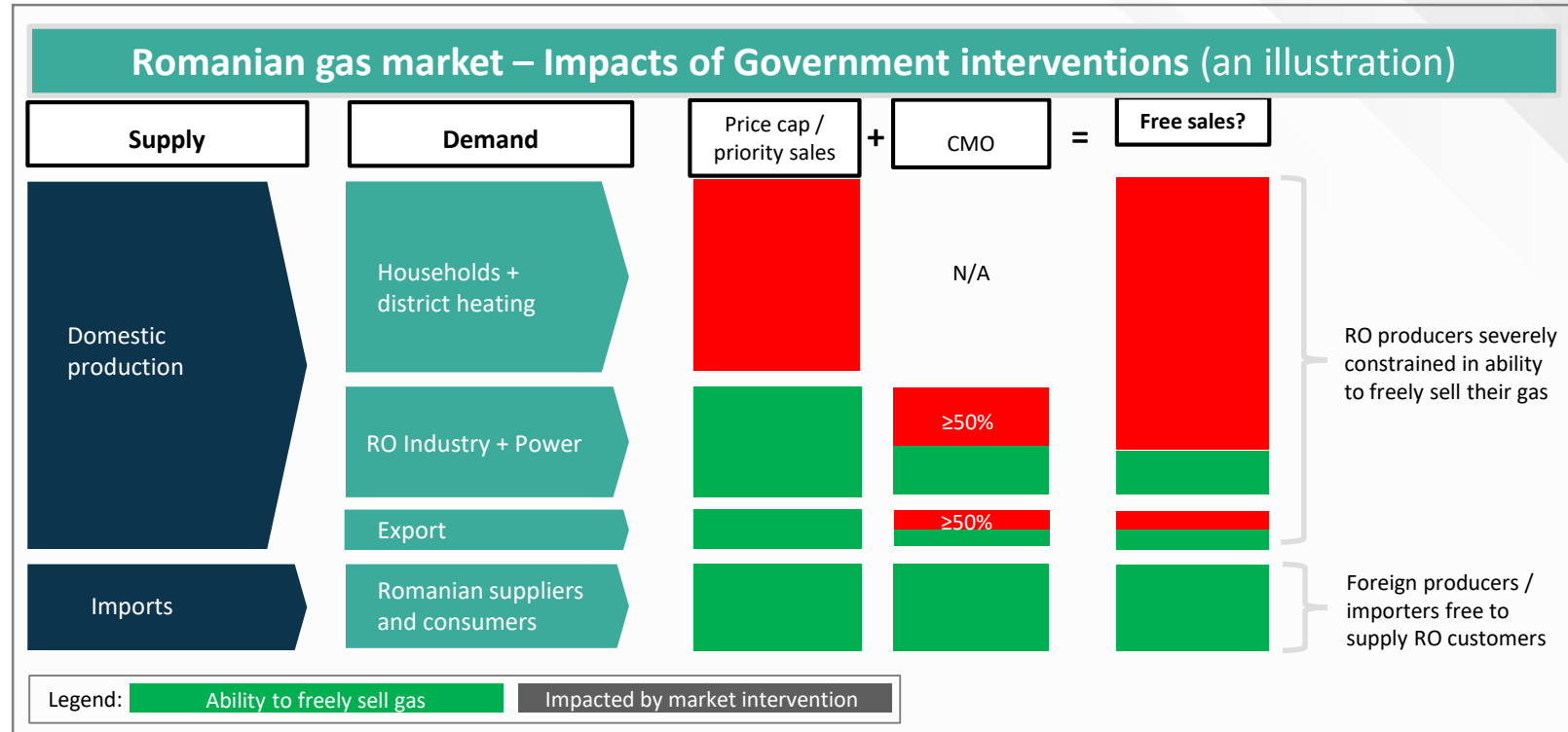


> 90 %
GAS PRODUCTION

PRINCIPLES

- equal rights among members
- unitary, democratic and statutory management of the entire activity
- apolitical nature
- *stability, predictability and competitiveness of the legislative framework*

IMPACT OVERVIEW on producers' ability to freely sell the gas



- Romanian producers severely constrained in ability to freely sell their gas production (can sell only ~30% of planned production without restrictions)
- Exposure to significant penalties in conjunction with ambiguous legislation
- Foreign producers / importers free to supply RO customers
- the CMO does not appropriately achieve its stated objectives to foster competition, transparency and liquidity in the Romanian gas market, rather to the contrary

SUMMARY of suggested solutions

- Develop and implement a targeted support scheme for vulnerable consumers effective April 2020 latest and repeal the wholesale price cap and the priority supply
- Substitute CMO with a temporary mechanism in line with EU framework:
 - consider introduction of standardized, transparent, non-discriminatory auction procedure where producers offer gas deliveries (limited in duration and volume)
 - in any case such auction procedures should not create an imbalanced model between market participants obligations, thus creating a real reference price for the gas market
- Avoid negative impacts on trading and producer fiscals from the 2% ANRE contribution by repealing it
- Ensure an adequate degree of interconnection of the national transmission system with the neighboring markets; Effective interconnection agreements between the Bulgarian TSO, the Ukrainian TSO and the Romanian TSO that will enable an increase of the import capacity by 7 bcm/a and will create liquidity on the market

THANK YOU!

