

## 15 May, Romania's Energy Day in Brussels

The Romanian and European energy policy has been the centre of attention in Brussels, at the international event '**Romania, an Energy Pole in Europe**', organised on 15 May by the Romanian Energy Centre (CRE), in cooperation with Romania's Permanent Representation to the European Union.



The event took place in the Residence of the Baden-Württemberg Representation to the European Union and the distinctive guest was the **European Commissioner for Energy, Günther Oettinger**. He discussed about the energy priorities in Romania and in the European Union with CRE's executive members, the representatives of the European Commission, members of the European and Romanian Parliaments, as well as with representatives of other organisations and energy companies active in Brussels.



Debates have been structured into **three thematic sessions** and targeted the energy objectives of Romania and of the EU in the context of the growth strategy 'Europe 2020' and of the ongoing integration of the European energy market; the part of energy pole that Romania plays in Europe; the development and challenges of the local and regional market. CRE presented its 2012 activity report at this event.



## First session: Opening addresses

The **first session** included the opening addresses of Mr. **Stelian Gal**, CRE chairman, of **His Excellency Ambassador Mihnea Motoc**, Permanent Representative of Romania to the European Union, respectively the written message transmitted by Mr. **Constantin Nita**, Minister of Energy, but not before participants were met by Mr. **Johannes Jung**, Director of the Baden-Württemberg Representation.



*From left to right: Mr. Johannes Jung, Mr. Stelian Gal, His Excellency Ambassador Mihnea Motoc, Mr. Ioan Rosca conveying the message from the Delegated Minister of Energy*

**His Excellency Ambassador Mihnea Motoc**, Permanent Representative of Romania to the European Union, greeted Romania's involvement and role into projects meant to contribute to regional energy security and diversification, mentioning initiatives like Nabucco, AGRI LNG, the power interconnections between Romania and the Republic of Moldova, Hungary and Bulgaria. His Excellency also highlighted how important it is to establish an integrated energy market at European level in order to provide safe sustainable affordable energy resources, stating that Romania will go on sustaining such European measures.

*"The topic of our discussions here is relevant both for Europe's economic development and global competitiveness, as well as for climatic objectives. Energy is an important component of the international issues facing the European Union. I can assure you Romania and its permanent mission to the EU will continue the constant permanent dialogue with CRE Office, in view of promoting the interest of Romanian energy companies at European level. I am confident about our common activities in the future" – His Excellency Ambassador Mihnea Motoc.*

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**Mr. Constantin Nita, Delegate Minister of Energy**, wanted to transmit a written message to CRE representatives and to the participants, greeting CRE's active involvement and assured the representatives of the Ministry's support for all steps taken by the Centre. *"Romania is able to be an important player on the regional energy market in South-Eastern Europe due to its natural resources. We need to capitalise such resources to the benefit of the national economy, however investments are needed"*, he transmitted. *"CRE plays a very important role for the permanent information of electricity generators, transmission and system operators, power, oil and gas distributors with respect to the EU's legislative initiatives and regulations with a view to efficiently implement them"*, also comprised the message on behalf of the Delegate Minister of Energy.

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Opening the event Mr. **Stelian Gal, CRE Chairman** mentioned the energy opportunities and challenges at national and European level: *"European objectives and the integration of the European energy market bring significant changes in the national energy sector."* He added: *"Romania should be a proactive partner in reaching such objectives. To carry them out however we need to capitalise the important energy potential we have- a diversified balanced energy mix; 80% energy independence, which situates us third in the European Union; the robust infrastructure; the storage capacities for electricity and gas; vast expertise, and our natural resources. At the same time Romania's energy sector should cope with major challenges coming from the old infrastructure, energy dissipation and low investments into traditional generation. These are Romania's priorities for the time being"*.

## 2<sup>nd</sup> Session: Energy strategy of the EU and Romania

The **second session** was dedicated to the strategic measures and long term priorities of the European Union and of Romania, in the context of the action plan ‘Europe 2020’ and of the efforts made in order to provide Europe’s energy security. Mr. **Valeriu Binig**, director with Deloitte, moderated this session and the panel included experts and decision making factors at national and European level: **Tudor Constantinescu**, Senior Counsellor with DG ENER – European Commission, Mrs. **Adina Valean**, member of the Committee for Industry, Research and Energy of the European Parliament, Mr. **Ioan Rosca**, Director General of Electrica SA and Vice-chairman of CRE, Mr. **Corneliu Bodea**, Vice-chairman of Adrem Invest SA and Vice-chairman of CRE, respectively Mr. **Ion Lungu**, Chairman of the Romanian Association of Electricity Suppliers.



**From left to right:** Mr. Valeriu Binig, Mr. Tudor Constantinescu, Mrs. Adina Valean, Mr. Ioan Rosca, Mr. Corneliu Bodea, Mr. Ion Lungu

The session moderator Mr. **Valeriu Binig**, **director with Deloitte**, mentioned in his presentation the investment priorities in the Romanian power infrastructure, reminding about the integration of the 400 KV into the Romanian Power System, the development of wind output within the generation curve from August 2012 to May 2013, specifying that, considering how the power demand developed, the “*economic crisis just saved the electric power system from collapse*”.

Mr. **Tudor Constantinescu**, **Senior Counsellor in the DG ENER, European Commission**, addressed a presentation about the ‘Europe 2020’ strategy to the audience as well as the long term priorities of the Union in the domains of energy security and source diversification. He reminded the Green Charter with respect to a 2030 framework for policies in climate and energy, mentioning the three objectives: recording progress in sustainable development, in the safe energy supply and in increased competitiveness. Speaking of the long term energy objectives he stated renewable power will play a central part in 2050, among priorities mentioning also improved and more intelligent infrastructures, as well as higher energy efficiency. “*The integration of such renewable energy sources in order to make them viable and competitive in terms of prices, as well as the increased significance of technology will be two of Europe’s challenges in the next two years*”, he said. Mr. Constantinescu mentioned also the benefits of a common energy market, however drawing attention to the need for a common playing ground, which will mean increased prices in Romania to align them with the European ones, and to the solutions that need to be found at national level in order to manage such growth in the most efficient manner possible.

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Mrs. **Adina Valean**, **member of the ITRE Committee from the European Parliament**, mentioned the measures taken in Europe in the energy policy domain, greeting the provisions of the Lisbon Treaty providing the EU with the power to integrate policies at member states level. From her position of RAPORTOR Mrs. Valean also mentioned the Connecting Europe Facility (CEF) and the allocation mechanism of European investment funds in energy. “*I would like to wish success to the Romanian Energy Centre and its members with taking advantage of all the opportunities from the range of European affairs in energy. The Romanian industries as well as Romania’s society, represented by your employees and clients, are entitled to take part in the decision making process in the European Union*” said Mrs. Valean in closing his address.

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Mr. **Ioan Rosca**, **Director General of Electrica SA**, submitted a presentation on the Company strategy, pointing out the need to replace the old operational infrastructure. “*The networks of the future should be flexible, efficient, and*

*reliable so as to provide security of supply. Electrica, as electricity distributor and supplier is ready to address the challenges of the future”, he said.*

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**Mr. Cornelius Bodea, Vice-chairman of Adrem Invest SA**, provided a presentation with the general picture of the Romanian energy sector, mentioning the accelerated reduction of natural resources, the urging need to integrate renewable resources, the increased energy consumption and higher prices, which determined a lower affordability, as well as the need to find efficient solutions in energy terms. “*The EU should sustain the market by funds, policies and strategies regarding the efficient utilisation of resources*”, he said.

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**Mr. Ion Lungu, Chairman of the Romanian Association of Electricity Suppliers**, spoke about energy sustainability, saying “*this means finding a balance between economic growth, the need to protect the environment and social responsibility. Four pillars are needed by sustainable energy policies in order to provide quality of life to future generations- availability, affordability, reasonable costs, and managing the environmental impact*”. He also highlighted that Romania undergoes a descending trend of energy performance in the world index of sustainability.

### 3<sup>rd</sup> session: Options for energy – Romania as Energy Pole in EU

Mr. Mihai Paun, ETSO-E representative, moderated the third session on the energy options and Romania's energy pole part in Europe next to Mr. Stefan Gheorghe, Director General of Transelectrica, Mrs. Gabriela Mares, Deputy Director General of Transgaz, Mr. George Manole, Director General of Eximprod SA, Mr. Stefan Gadola, Vice-chairman of Energobit Group SA, respectively Mr. Gabriel Aldea, Director General of SIVECO Belgium and permanent Delegate of SIVECO SA to the European Union.



*From left to right: dl. Mihai Paun, Mr. Stefan Gheorghe, Mrs. Gabriela Mares, Mr. George Manole, Mr. Stefan Gadola, Mr. Gabriel Aldea*

Mr. Mihai Păun, specialist in high voltage electric networks with the **European Network of Transmission System Operators for Electricity**, discussed the instruments needed and the challenges of the development of electricity transmission infrastructure, mentioning three problems in obtaining the necessary infrastructure: 1) delays owed to approval procedures, which lead to postponing one third of the work required to the transmission infrastructure; 2) absence of coherence among the national energy policies of member states and maintaining stability in the European legislation; 3) a predictable financing framework, incentives and legislation favourable to transmission network operators. Mr. Paun also described e-Highway2050, research-development project sustained by CE-DG Research, meant to elaborate a new planning methodology able to provide in three years a coherent first version of the Modular Development Plants for the pan European electric transmission system in 2020-2050.

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Mr. Stefan Gheorghe, Director General of Transelectrica, mentioned among others the main challenges facing transmission and system operators (TSO), of which mention should be made about the integration of renewable energy sources in the energy mix, the uncertain future development of generation and consumption baskets, the investments in developing the electricity transmission network, as well as getting the ownership or utilisation title over lands. He said Transelectrica supports integrating renewable sources and “*sustains setting up a regional electricity market*”.



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Mrs. **Gabriela Mares, Deputy Director General of Transgaz**, mentioned in her presentation the priorities of the natural gas industry in the European Union, among which diversified resources considering that, according to estimations, the EU will import 78% of its gas demand by 2021. Mrs. Mares also mentioned the need to open the fourth natural gas transport route – Southern Gas Corridor –, which should be used in transporting 10-20% of the EU's estimated gas demand by 2020. *"As EU member Romania should align the internal natural gas prices to those of the other member states, because the Romanian final consumer pays one of the lowest prices for consumed gas"*, she specified when speaking about the situation of the national gas sector.

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The **Director General of Eximprod SA, Mr. George Manole**, wanted to convey a message to the European and Romanian authorities, especially to the European Commission and to the Ministry of Energy with respect to the regulatory framework, which is not sufficiently transparent, stable and predictable. *"I will close the factories, I will put an end to production activities and to investments in renewable sources unless the regulatory framework is sufficiently transparent, stable and predictable"*, said Mr. Manole further referring to the support scheme for renewable resources under debate in Bucharest.

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Mr. **Stefan Gadola, Vice-chairman of Energobit Group SA**, spoke about the benefit of renewable sources, stating that Dobrogea has got high potential for the use of wind and solar power. According to his statements Romania obtains 20% more wind power from the same installed capacity compared to other countries, and he concluded in an optimistic but charismatic manner that *"it is a pity to see this power gone with the wind"*. *"The regulatory framework and the energy legislation should be reviewed in order to become stable, predictable and easy to apply"*, added Mr. Gadola.

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Mr. **Gabriel Aldea, permanent Delegate of SIVECO** to the EU, mentioned the IT solutions provided by SIVECO applicable in the energy industry, placing emphasis on e-energy and concluding he was happy he could participate to this gathering which *"reunites the entire Romanian energy family"*.

## 4<sup>th</sup> session: One regional European energy market – Development and challenges

The fourth session was moderated by Mr. **Jean Constantinescu**, expert in energy issues, and the panel included Mr. **Nicholas Emirzas**, Executive Manager of the Black Sea Economic Cooperation (BSEC) Organisation, Mr. **Niculae Havrilet**, Chairman of the National Regulatory Authority in the Energy domain (ANRE), Mrs. **Mirela Sandulescu**, Head of the Strategy Cooperation Office with OPCOM, Mr. **Ion Lungu**, Chairman of the Romanian Association of Electricity Suppliers, and respectively Mr. **Mihai Sanduleac**, Director of ECRO. They have discussed the development and challenges of the local and regional markets for nearly two hours.



*From left to right: Mr. Jean Constantinescu, Mr. Nicholas Emirzas, Mr. Niculae Havrilet, Mrs. Mirela Sandulescu, Mr. Mihai Sanduleac, Mr. Ion Lungu*

Mr. **Jean Constantinescu**, moderator of the session provided an overall picture of the future challenges facing the regional energy market, mentioning the measures the EU announced to take in order to improve market mechanisms, among which a legislation of the internal market and a more flexible market design. According to his opinion there still are concerns with respect to the absence of transparency, saying: *"I advocate for a slightly different market model. Trans-national corridors are not such a happy idea. To regulate them the EU elaborated legislation that is not beneficial, which is about to maintain 27 national markets"*. He added *"there are many flexibility sources. The transfer limits along certain relevant interconnections should be for instance the exclusive responsibility of system operators. We should apply the nodal 'input-output' model not only to tariffs, but also to the transmission capacities. In my opinion this will be the future market operation model"*.

Mr. **Nicholas Emirzas**, **Executive Manager of the Black Sea Economic Cooperation (BSEC) Organisation** spoke about the important part that the Black Sea region plays for energy security and for diversified energy sources, especially due to its geographical position at the crossroad of several energy transmission routes. He further added the business of the BSEC, as well as the organisation's economic agenda, saying that BSEC is highly interested in cooperating with the European Union Forum.

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Mr. **Niculae Havrilet**, **ANRE Chairman**, mentioned in his presentation the European targets of an efficient internal market, among which the completion of the internal energy market by 2014. He continued with the actions that the EC identified in order to contribute to finalising the internal electricity market of Romania: removing regulated prices, achieving functional intra-day market, implementing the coordinated capacity allocation on all borders, reevaluating transmission tariffs of cross-border transactions, reviewing the discriminatory rules of participation on OPCOM power exchange, and developing interconnectors. According to ANRE's Chairman, market deregulation remains the main challenge in Romania.

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Mrs. **Mirela Sandulescu**, **Head of the Strategy Cooperation Office with OPCOM**, provided data about OPCOM activities, the development of prices and the forecast for the following period, saying that *"OPCOM carries out its activities in accordance with the best practice at European level"*.

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Mr. Mihai Sanduleac, Director of ECRO, provided the main benefits of Virtual Power Plants (VPP), which allow coupling complementary resources transformed by means of an intelligent aggregation process characterised by high predictability, control and availability. “Our company reviewed in detail the VPP potential in Romania and is willing to implement such technologies at local level”, he said.

## Final session

Mr. Günther Oettinger, European Commissioner for Energy, joined the event participants towards the end of the debate, talking for almost one hour with the attendees. In his speech the Commissioner congratulated Romania for the progress registered in the last years, saying he was confident about Romania's compliance with assumed commitments by 2020, among which to increase the renewable sources share to 24% in the energy mix by 2020. He mentioned Romania's progress in the energy efficiency domain, the completed connection with Hungary Arad-Szeghed as well as the connection with Bulgaria, the efforts made to diversify resources and involve the country into projects like Nabucco. The Commissioner highlighted however there is still much to be done, mentioning deregulation of prices and improved interconnections, and expressed his support to increase European funds allocated to interconnect countries like Romania to the European network.



*“In strategic and structural terms Romania represents an integral indispensable element of the European energy market. Once the new community energy project extends eastward and to the Balkans new opportunities arise for Romania. However, to reach this objective we need good market operation, compliance with all the rules, and adequate framework for investments. Thank you once again for the initiative of the Romanian Energy Centre to come to Brussels and discuss about the energy market and the energy policy in Europe and in Romania. We have a lot to offer you. Similarly, you have a lot to offer us. Together, as European team, we can place Romania on the energy map and consolidate the European energy market and energy security at the same time” – Günther Oettinger, European Commissioner for Energy.*

