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## **Subject: EFET<sup>1</sup> response to the consultation on the proposed gas release programme**

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EFET welcomes the opportunity to take part in ANRE's consultation on the proposed gas release programme. We believe that the sale of a share of gas through standard product auctions over a limited period of time ensures access to the commodity on a level playing field and may therefore constitute an important step in the development of a competitive gas market in Romania. Below we provide some more detailed comments on the proposal, yet we first wish to emphasise the apparent overlap between the proposed auction mechanism and the Central Gas Market Trading Obligations (CMOs) that we remain critical of<sup>2</sup>. We encourage the Romanian authorities to consider replacing the CMOs entirely by the proposed market-based auctions for standard products. The statutory basis for this should be established in primary legislation aiming at an increased level of legal stability and predictability, sending corresponding signals to the existing and new market entrants. We also note that the legislation should make it clear that it shall not retroactively impact any volumes that have already been contracted under the rules in place.

We first note that day-ahead and month-ahead contracts are typically the most frequently traded in a developing market. We therefore suggest that that the emphasis is placed on these two contract types under the short-term and medium to long-term market segments respectively. The products made available should be as simple as possible to attract commercial interest and should be offered on "double competitive" platforms. Limiting the number of products and increasing standardisation levels the playing field for all the auction participants. Introduction of multiple, complex products could dilute demand and supply and could translate into lower liquidity, which can then be taken advantage of by dominant players (even if it is at a perceived loss).

We urge ANRE to consult stakeholders on the defined percentage rates with respects to the two market segments (as per article 9) to ensure that the gas is released accordingly to the needs of the auction participants. We also support offering gas in small lots that will allow small market participants to take part in the auctions as well.

<sup>1</sup> 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 a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: [www.efet.org](http://www.efet.org).

<sup>2</sup> Please refer back to our letter [of 3<sup>rd</sup> December 2018](#)

The restriction preventing producer's affiliates from participating in the auctions (article 4) may not be necessary at this stage and could potentially be harmful to market liquidity. Since participation in the auction on the central market is to be anonymised and standard products are to be offered, the risk of wash trades and market manipulation is marginal provided the auctions are subject to proper regulatory oversight.

The reserve prices applied in the auctions should be kept under review and potentially adjusted downwards if these prove to be a barrier to participation by a reasonable number of market parties. Also, the quantities of gas not sold in a specific product auction should cascade down to auctions for products of shorter durations (e.g. quarterly products to monthly products and monthly products to day-ahead products).

Finally, we suggest that the auction parameters defined under article 7 are supplemented with a calendar for running the respective auctions. A clear indication of the timeline for running the auctions would improve transparency and help market participants plan their operations. In particular, the time lag between auction dates and delivery dates should be aligned with market player's needs.

We hope that you will find our remarks useful and remain at your disposal should you wish to discuss them further.