

ELECTRICITY ACTION PLAN

ROMANIA

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1 ROADMAP STRUCTURE

The proposed structure, as described below is also presented for easier reference in the diagram (see page 3).

Chapter 1 - Acquis communautaire

This chapter aims to ensure that the provisions of the Directive 2003/54EC are transposed. The information required in this chapter is a reference to the national legislation indicating both the legal disposition and the relevant articles, in case that the Directive's provisions were adopted accordingly. The overall deadline for the transposition of the electricity acquis is the 1st July 2007, except for the eligibility calendar which is January 2008 for non-household consumers and January 2015 for household consumers

Chapter 2 – Market Structure

The chapter addresses market concentration and to propose, if deemed necessary, measures. It also pursues effective unbundling of system operators.

Chapter 3 – Wholesale market

This chapter addresses the wholesale market design and rules, in order to achieve competitive market. Competition in the wholesale market shall be ensured by transparency provisions and the regarding market monitoring. The necessary balancing regime is being covered as well, under the market rules subchapter, as the required licensing and authorization process.

Chapter 4 – Retail market

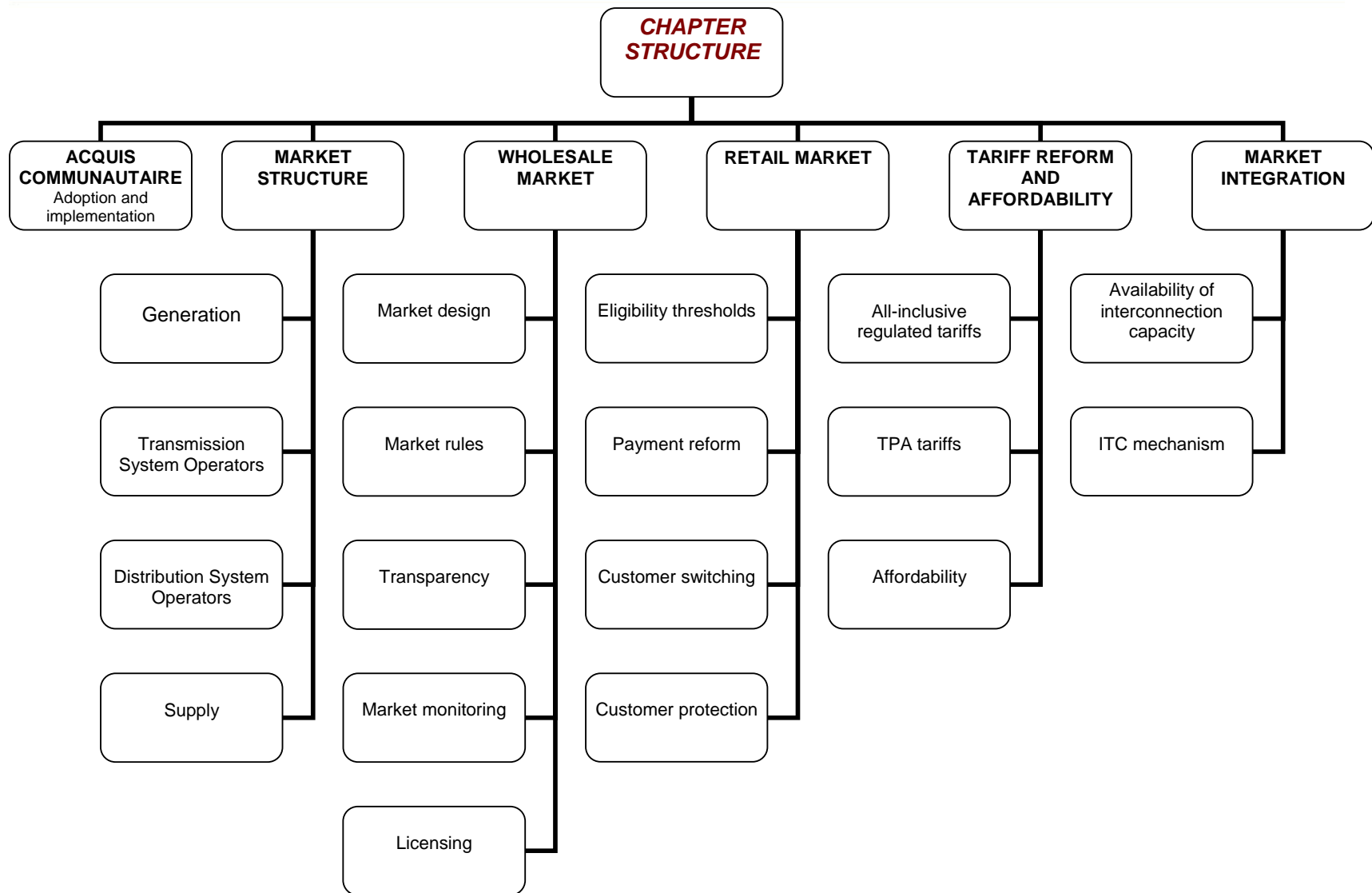
This chapter aims to ensure that the retail market opening measures in terms of eligibility thresholds and time schedules are being implemented. The customer switching process and the payment reform is being addressed, as well as customer protection.

Chapter 5 – Tariff reform and Affordability

The chapter covers the issue of cost reflectiveness in all inclusive tariffs and network usage tariffs (transmission and distribution networks). Affordability issues are also being covered.

Chapter 6 – Market integration

This chapter includes a description of issues related in particular to cross border trade and cross border transport. The key issues to be solved at regional level include the methodology for capacity allocation and congestion management, the Inter TSO Compensation mechanism, and the licensing provisions that are mutually recognised. This chapter's actions should be regarded as of regional level and should be agreed upon by regional bodies.



2 ACTION PLAN

Chapter 1 - Adoption of the acquis communautaire - ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES			
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution	
1.1	General rules:	Develop and implement General Rules for the impositions on undertakings, customer protection, public service obligations, security of supply and technical rules	July 2007	1.1 Imposition on undertakings Romania has put into force impositions on undertakings (art. 4, 11,13,30,33,34,37 and 48) in Electricity Law no. 318/2003	Rules regarding SoLR – July 2007	ANRE	
to							
1.5	1.1 Imposition on undertakings			1.2 Customer protection At present there are no legal provisions regarding the appointment of a supplier of last resort. Under the revised Electricity Law that is currently being debated in the Parliament, explicit provisions on the appointment of the supplier of last resort are made.			Introduction of new mechanisms to support vulnerable and low income consumers – Dec 2007
	1.2 Customer protection			ANRE issued in 1999 framework supply contracts containing contractual terms and conditions. The legal provisions regarding vulnerable customers are reflected in the Government Decision (GD) no. 1007/2004, regarding the Regulation for electricity supply to consumers.			
	1.3 Public Service Obligations						
	1.4 Security of Supply						
	1.5 Technical Rules						

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				<p>the minimum wage per economy. The subsidy for the difference to the real supply cost is shared by all the other residential customers. Another form of social protection is that residential consumers' tariffs are the same across the country, irrespective of the geographic position and cost of supply.</p> <p>The network operator's obligations to connect customers to the grid are stipulated in the Electricity Law no. 318/2003 and GD no. 867/2003 for approving rules for access to the public networks.</p> <p>Information regarding: the weight of each primary energy source in the covering of the acquisition of the supplier's electricity, the level of CO₂ emissions and the radioactive waste associated to the delivered electricity, are send on a yearly basis by generators and suppliers to interested parties including final consumers (ANRE Order no. 41/2004 - <i>Electricity Labeling Regulation</i>)</p> <p>1.3 Public Service Obligations</p> <p>The Electricity Law no. 318/2003 contains provisions related to Public Service Obligations, on: supply of electricity, contracting obligations, limitation or interruption of supply, rights of the consumers, responsibilities of the supplier, etc</p> <p>1.4 Security of Supply</p> <p>Electricity Security of Supply is covered in the Electricity Law. The Grid Code (ANRE Order no. 20/2004 and no. 35/2004) also includes important provisions in the field, namely those related to the Operation of the System. ANRE Decision no. 34/1999 on Supply Performance Standards, as well as the Order</p>	<p>Completion electrification of rural (isolated) villages – action plan – first quarter 2007</p> <p>Revision of the performance standards – July 2007</p>	<p>Government</p> <p>ANRE</p>

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				<p>no. 51/2005 on Annual reports by licensees has also provisions related to the Security of Supply. The main responsible institutions are the Ministry of Economy and Trade together with the ANRE. The TSO also plays an important role.</p> <p>1.5 Technical Rules</p> <p>The main approved technical rules are the Transmission Grid Code, the Distribution Grid Code which have been passed as ANRE Order, nr. 20/2004 and 35/2004, respectively as ANRE Order 101/2000. The rules for access to the public networks were approved by GD no. 867/2003</p>		
1.6 to 1.7	<p>Generation:</p> <p>1.6. Authorization</p> <p>1.7. Tendering rules</p>	<p>Develop and implement the provisions regarding Generation: authorization criteria and tendering rules</p>	July 2007	<p>1.6. Authorization</p> <p>Activities related to building new generation capacity and retrofitting existing ones are subject to authorisation, foreseen in both the Electricity Law no. 318/2003 and the GD no. 540/2004. Authorisations are granted by the electricity regulator ANRE; the criteria for granting a generation authorisation are also presented in the GD no. 540/2004. Commercial operation of generation companies is subject to licensing procedure, which is also regulated by the GD no. 540/2004.</p> <p>1.7. Tendering rules</p> <p>The revised Electricity Law that is under debate in the Parliament also contains provisions related to tendering for new capacity in those cases when long-term security of supply is jeopardised.</p>		

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				<p>1.11. Dispatching and balancing</p> <p>The Wholesale Market Commercial Code, approved by ANRE Order no. 25/2004 foresees the following functions for the TSO: to operate the balancing market; to purchase ancillary services on market based procedures; to allocate interconnection capacities on market – basic procedures, to award green certificates to green energy producers. In accordance with the provisions of the Grid Code the TSO is requested to publish rules for dispatching of generation capacities.</p> <p>1.12. Confidentiality</p> <p>1.12 Art. 34 and 38 of Electricity Law no. 318/2003 have provisions regarding confidentiality.</p> <p>1.13. Combined Operator</p> <p>No legal provisions.</p>		

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.14 to 1.15	Unbundling/ transparency of accounts: 1.14 Rights of access to accounts 1.15 Unbundling of accounts	Develop and implement the provisions regarding Unbundling/transparency of accounts: rights of access to accounts and unbundling of accounts.	July 2007	<p>1.14 Rights of access to accounts</p> <p>There are several entities that are entitled to access the accounts of the electricity undertakings as stated in the Electricity Law; these are the Electricity Regulator, the Fiscal National Authority, the Ministry of Public Finances and the National Audit Office.</p> <p>The electricity undertakings must submit annual reports to the Electricity Regulator, according to their Licenses. For the purpose of price regulation, the Regulator is entitled to request any accounting, technical or economical information from the companies.</p> <p>1.15 Unbundling of accounts</p> <p>Romania has put into force unbundling of accounts (art. 17) in Electricity Law no. 318/2003 and Licenses conditions.</p>		
1.16 to 1.19	Organisation of access to the system: 1.16 Third Party Access 1.17 Market opening and reciprocity	Develop and implement the provisions regarding Organisation of access to the system of accounts: Third Party Access, market opening and reciprocity, direct lines and Regulatory Authorities.	July 2007	<p>1.16 Third Party Access</p> <p>Under the Electricity Law, transmission and distribution companies shall allow producers, retailers and eligible customers, non-discriminatory access to their networks. The rules for access to public networks were approved by the GD no. 867/2003, and are also foreseen in each transmission and distribution license, released by ANRE. Both the Electricity Law and the rules above mentioned, make mandatory to the transmission/ distribution company to motivate any refusal based on technical grounds.</p> <p>Both the methodology and the tariffs for</p>		

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
	1.18 Direct Lines 1.19 Regulatory Authorities			<p>connection to the network are approved by the regulator and are publicly available on its website (ANRE Orders 29/2003 and 15/2004).</p> <p>1.17 Market opening and reciprocity The present market opening degree is 83.5% meaning that all non-households consumers can choose their supplier. The rest of the market opening is scheduled for 1st July 2007.</p> <p>1.18 Direct Lines The art. 28, (4) of Electricity Law no. 318/2003 stipulates that the construction of direct electricity lines and the access thereto shall be regulated by the competent authority.</p> <p>1.19 Regulatory Authorities The Electricity Regulator is designated in art. 7 of the Electricity Law no. 318/2003. Art.11 of the same law has provisions regarding the task and competencies of the regulator.</p>	<p>Full market opening degree – July 2007</p> <p>Issuing direct lines rules following the EU best practice 2008</p>	<p>Government</p> <p>ANRE</p>

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.20	Final Provisions:	Develop and implement the Final Provisions: safeguard measures, monitoring imports, derogations (if applicable)	July 2007	<p>1.20. Safeguard measures</p> <p>Safeguard measures are foreseen in the Electricity Law no. 318/2003, art. 34 and the institution responsible for the safeguard measures is the TSO – Transelectrica.</p> <p>1.21. Monitoring imports</p> <p>Ministry of Economy and Trade, ANRE and the TSO - Transelectrica have attributions in monitoring imports</p> <p>1.22. Derogations</p> <p>Not applicable</p>		
to						
1.22	1.20. Safeguard measures					
	1.21. Monitoring imports					
	1.22. Derogations					

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
1.24 to 1.29	1228/2003 Regulation 1228/2003	Implement provisions regarding cross border trade: Inter Transmission System Operators Compensation mechanism, charges for access to the network, transparency, congestion management, new interconnectors and penalties.	July 2007	<p>1.24 Inter TSO Compensation mechanism</p> <p>Romanian TSO - Transelectrica has been participating in the SETSO ITC mechanism based on provisions of Memorandum of Understanding on the Regional Electricity Market in SEE and its integration into the EU internal Electricity Market. – The Athens Memorandum 2002. ANRE Order 56/2005 approves the application of the last version of SETSO ITC mechanism.</p> <p>1.25 Charges for access to the networks</p> <p>A revenue-cap methodology is applied for transmission tariffs regulation. The methodology was approved by ANRE Order no. 30/2004. The transmission tariffs are approved by ANRE Order no. 48/2005.</p> <p>1.26 Transparency</p> <p>The Grid Code, approved by ANRE Order 20/2004 amended and completed through ANRE Order 35/2004, and Long-term plan for the development of the electricity transmission network. The period 2004 – 2008 to reach 2014 - ANRE Sanction 14/2005 are published on the TSO's website (www.transelectrica.ro). The procedure regarding allocation of the National power System Transfer Capacity to the Neighboring Power systems is published on the Balancing Market Operator web site www.ope.ro. The information on available transmission capacity is published on the website (www.ope.ro).</p>		
	1.24 Inter TSO Compensation mechanism					
	1.25 Charges for access to the networks					
	1.26 Transparency					
	1.27 Congestion Management					
	1.28 New Interconnectors					
	1.29 Penalties					

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>1.27 Congestion Management</p> <p>Romania has concluded agreements with neighboring TSOs from Hungary, Bulgaria, Serbia and Montenegro on NTC and ATC evaluation and converging, with 50:50 sharing of allocation responsibility in each direction; but not yet with Moldova and Ukraine. The allocation of capacity is done through monthly or yearly explicit auctions, as provided by ANRE Order 30/2005.</p> <p>1.28 New Interconnectors</p> <p>Establishing the competent authority which will decide on granting exemption for new direct current interconnections .</p> <p>1.29 Penalties</p> <p>Specific penalties for breaching the Regulation 1228/2003 are foreseen in the amended version of the Electricity Law that is up for debate in the Parliament.</p>	<p>A new allocation procedure where pre-allocated AAC related to old contracts will be removed - end 2006</p> <p>End 2006</p> <p>January 2007</p>	<p>Transelectrica, ANRE</p> <p>Government, ANRE</p>

Chapter 2 – Market Structure – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
2.1	Generation/ Supply	Assess market concentration in each Party's electricity industry through the commonly used indicators	Not applicable (except for unbundling)	<p>The unbundling of generation and supply activities was done through the Government decision 627/2000.</p> <p>Indicators like number of generation and supply companies, electricity produced, electricity delivered in the networks, market shares and evolution of HHI and CR4 indexes are monitored by ANRE based on ANRE Order no. 57/2005 for approving <i>Methodology of wholesale electricity market monitoring for assessing the competition level on market and preventing the abuse of dominant position.</i></p>		
2.2	Generation/ Supply	Adopt measures, if deemed necessary, based on the results.	Not applicable			
2.3	Transmission System Operators	Ensure unbundling and implementation of technical rules	Dec. 2007	<p>The Romanian TSO has fully unbundled its network activities from generation and supply activities, through the provisions of the GD no. 627/2000, as well as the License no. 161/2000 granted by ANRE.</p> <p>The grid code was revised by ANRE Order no. 20/2004 amended and complemented through ANRE Order 35/2004.</p> <p>The rules for access to public networks were approved by the GD no. 867/2003.</p>		

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2.4	Distribution System Operators	Ensure effective unbundling, adoption of technical rules and consolidation of distribution companies	Dec. 2007	<p>The distribution/supply activity was unbundled from generation and transmission activities, through the provisions of the GD no. 627/2000, as well as the Licenses granted by ANRE for distribution/supply companies.</p> <p>The Distribution code was approved by ANRE Decision no. 101/2000. The rules for access to public networks were approved by the GD no. 867/2003.</p>	Legal unbundling of distribution from supply activities – July 2007	Network operators, ANRE monitors the conformation programs

Chapter 3 – Wholesale market – ACTIONS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
3.1	Market design	Adoption of market design and accompanying measures to ensure liquid competitive wholesale market	Dec. 2007	<p>The Romanian market design market is based on bilateral contracts for generators, accompanied by a voluntary electricity exchange (Day-Ahead Market) and a balancing market.</p> <p><u>NOTE:</u> The effective competitive market share is around 50% of consumption.</p> <p><u>NOTE:</u> The trade in power exchange framework (OPCOM) is 10%, represented by the 7% quota of Day Ahead Market and 3% quota of Centralized Bilateral Contract Market.</p>		
3.2	Market rules	Elaborate/ implement market rules compatible with a competitive approach	Dec. 2007	<p>Bilateral contracts: The market model is based on bilateral contracts between generators and suppliers, contracts that can be negotiated or regulated.</p> <p>Regulated contracts: The regulated contracts are concluded between generators and suppliers of the captive consumers.</p> <p>The day-ahead market: Besides contracts, participants to the wholesale electricity market have the possibility to participate to a physical electricity market organized one day before the delivery date. This market is administered by OPCOM (the market operator). The</p>		

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>participation on this market is voluntary, and it is based on simple price - quantity bids for each hourly trading interval of the next day. Market trades are concluded at the market clearing price.</p> <p>The market operator OPCOM administers also a centralized market for bilateral contracts, since November 2005 and the Green Certificates Market, since October 2005. Transelectrica, the Romanian TSO operates the balancing market.</p> <p>Priority production: The Commercial Code adopted in 2004, contains provisions through which certain generators are qualified for priority production; these can be contracted or offered on the day-ahead market using the lowest range of allowed price scale. The mechanism shall be used to promote energy renewable sources as well as co-generation.</p> <p>Scheduling: After closing the day-ahead market, each participant notifies to the system operator his generation/consumption schedule for each dispatchable unit/load, whole generation, consumption, exports, imports, and net trades with other participants for each dispatchable interval of the next day. In accordance with the European practices, the Commercial Code stipulates the existence of Balancing Responsible Parties.</p> <p>The power exchange: OPCOM – the Romanian Electricity Market Operator</p>		

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				<p>works as a power exchange for the physical market from 2003. Previously a spot market was operated by OPCOM since 2000. A financial market is also under development with Technical assistance and is expected to be operational in 2007.</p> <p>The platform implemented in Romania is designed for a regional participation, and is open for any developments required by market participants.</p> <p>Implementation of Green Certificates: To promote generation based on renewable sources, starting with 2005, Romania introduced a new mechanism according to which the suppliers are committed to purchase a certain quota from renewable energies with purpose to sell it to their own consumers. There is a mandatory quota from renewable energies by supplier. Green certificates are priced based on the market mechanisms: either bilateral contracts concluded between producers and suppliers or centralized market operated by Romanian Electricity Market Operator, OPCOM.</p> <p>REGISTRATION PROCESS; MARKET PARTICIPANTS</p> <ul style="list-style-type: none"> ✓ The participants in the wholesale market should be licensed by ANRE. ✓ Participants in the DAM: producers and suppliers. The participation is voluntary, based on agreement and a registration with OPCOM. ✓ Participants in the BM: Producers. The participation is mandatory. 		

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<ul style="list-style-type: none"> ✓ The BRP should conclude an agreement and a registration with TSO. ✓ Participants in the Centralized Market for Bilateral Contracts: producers, suppliers, eligible consumers. The participation is voluntary, based on agreement and a registration with OPCOM. <p>CONTRACT NOTIFICATION; PHYSICAL SCHEDULE NOMINATION; GATE CLOSURE</p> <ul style="list-style-type: none"> ✓ All concluded contracts, including the DAM trades, aggregated on each BRP, should be notified to TSO by 15h00 one day before the delivery day. OPCOM should issue a physical notification also. ✓ The physical schedule for each generating unit should be submitted to Transelectrica by 15h00 one day before the delivery day. <p>INTERCONNECTION ALLOCATION; SEPARATE PROCESS</p> <p>Yearly and monthly explicit auction for 50% of the ATC for each interconnector, organised by TEL, but a significant amount of AAC.</p> <p>BALANCING REGULATION; IMBALANCE CALCULATION AND PRICES</p> <ul style="list-style-type: none"> ✓ The producers are paid/pay for the effective balancing energy delivered at offer price for upward/downward tertiary regulation. For secondary regulation, the price is the marginal price. ✓ The imbalances between metered values and contracted values are calculated at BRP level. The imbalance prices are calculated based on accepted offers for 		

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<p>balancing market.</p> <p>SETTLEMENT PERIOD; INVOICING PERIOD</p> <ul style="list-style-type: none"> ✓ Weekly for DAM trades. ✓ Monthly for balancing market trades, imbalances and deviation from the physical schedule for each generating unit. 		
3.3	Market transparency	Provide/ publish data, including services offered to market participants	Dec. 2007	<p>The Commercial Code, chapters 15.2. and 15.3., has provisions regarding the TSO and Market Operator obligations to publish information on the wholesale market operation.</p> <p>S.C. OPCOM S.A, as market operator publishes the rules of administrated market and trading results according to the “Commercial code on wholesale electricity market” provisions.</p> <p>Enhancement of provisions and effectiveness of the market transparency are based on inputs from European associations as ERGEG, CEER, EURELECTRIC, ETSO, EFET, EUROPEX (eventually becoming legally binding through a dedicated European Directive) needs regulation issued by regulatory authority.</p>		
3.4	Market monitoring	Implement a market monitoring system to obtain reliable data for further development of the market:	Dec. 2007	According to ANRE Order no. 57/2005 for approving “ <i>Methodology of wholesale electricity market monitoring for assessing the competition level on</i> ”		

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
				<i>market and preventing the abuse of dominant position”.</i>		
3.5	Licensing and Authorization	Elaborate/implement a license/ authorization system, compatible on a regional level	Dec. 2007	The licenses and authorizations in Romania are granted based on the provisions of GD no. 540/2004. In our opinion a regional working group is needed for harmonization of contract parties.	Dec 2007	Regional working group

Chapter 4 – Retail market – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				FIELDS TO BE FILLED IN BY THE CONTRACTING PARTIES		
No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
4.1	Eligibility thresholds	Elaborate and implement market opening measures in terms of eligibility thresholds	Dec. 2007	The present market degree in Romania is 83,5% meaning that all non-households consumers are free to choose the supplier.	Full market opening degree – July 2007	Government
4.2	Payment reform	Adopt measures towards payment reform	Dec. 2007	<p>In the electricity sector the collection rates were improved significantly (e.g. Electrica reports 98.5% in 2005); disconnections were applied and guarantees were requested from “bad” payers (ANRE Order 17/2005).</p> <p>For consumers with a net monthly income below the national economy’s minimum wage a “social tariff” is applied (ANRE Order 38/2005 modified by ANRE Order 6/2006). There are intentions to remove it and to apply direct subsidies.</p>		
4.3	Customer switching	Elaborate/implement a non-discriminatory transparent customer switching process minimizing transaction cost and disputes	Dec.2007	<p>ANRE Order 21/2005 modified by ANRE Orders 53/2005 and 4/2006 set up rules for customer switching with clear responsibilities between relevant players, metering and settlement arrangements.</p> <p>Under a Phare technical assistance ANRE will establish rules for developing load profiles for customers which are not hourly metered.</p>		

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
4.4	Customer protection	Elaborate/implement non-discriminatory transparent measures for protection of the customers	Dec.2007	<p>The rules for connecting to the public networks are approved by GD 867/2003. Regulated tariffs for connection to the networks were approved (ANRE Order 29/2003).</p> <p>The performance standards will be updated and penalties will be introduced in the case of non-compliance.</p> <p>The disputes regarding connection to the networks are settled based on provisions of ANRE Order no. 18/2006.</p> <p>The pre-contractual disputes are also settled by ANRE based on provisions of ANRE Order no. 31/2002. Information regarding retail tariffs is published on the ANRE website. Electricity labels were introduced in accordance with provisions of ANRE Order no. 41/2004.</p>	Revision of performance standards – July 2007	ANRE

Chapter 5 – Tariff reform and Affordability – ACTIONS

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No	Subchapter	Action	Not later than	Status of the action and references (laws, national plans)	Deadline	Responsible Institution
5.1	All-inclusive regulated retail tariffs	Development of retail cost reflective (all-inclusive) tariffs	Dec. 2007	<p>The cross-subsidies from industrial to residential consumers have been removed and the level of tariffs has increased stepwise in order to improve the viability of the Romanian electricity sector.</p> <p>A full cost recovery reform was implemented in this respect in order to cover costs and to provide a positive cash flow (ANRE Order 11/2005).</p>		
5.2	TPA tariffs (transmission, distribution, ancillary services)	Development of cost reflective TPA tariffs	Dec. 2007	<p>For transmission and distribution tariffs a revenue/price cap regulation is applied. In this respect we mention ANRE Orders no. 30/2004 amended through ANRE Order 50/2005, 31/2004/, 34/2004 which approve methodologies for setting-up transmission, distribution and ancillary services tariffs.</p>		
5.3	Other regulated tariffs	Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition	Dec.2007	<p>The "Methodology to setting up prices and quantities of electricity sold through regulated contracts and of prices for heat supplied from co-generation plants, revision 1", approved by ANRE Order 24/2005 will be applied until the full electricity market opening.</p>		

5.4	Affordability	Development and adoption of support schemes for the protection of vulnerable customers	Dec. 2007	After approval of the amendments to the electricity law a new mechanism will be implemented.	July 2007	Government
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Chapter 6 – Market Integration – ACTIONS

FIELDS NOT TO BE AMENDED BY THE CONTRACTING PARTIES				
No	Subchapter	Action	Deadline	Responsible party
6.1	Interconnection capacity	Develop and adopt coordinated market based mechanisms at each border	Dec 2007	Relevant regulators and TSOs
6.2	Interconnection capacity	Development of a regional coordinated market based mechanism	Not decided	Fora
6.3	Inter TSO Compensation	Agree on merger of the EU and SEE funds. Otherwise, transitionally, increase injection fee	December 2006	EC/ ETSO
6.4	Inter TSO Compensation	Development of a methodology to invoice or credit market participants in relation with the ITC	As soon as possible	CONTRACTING PARTIES
6.5	Market design/ Market rules	The European Commission shall state a preference on wholesale market opening	October 2006	European Commission
6.6	Market design/ Market rules	Guidelines for market opening indicating measures to start up competition	March 2007	European Commission/ ECRB
6.7	Market design/ Market rules	Guidelines for market rules development	March 2007	European Commission/ ECRB
6.8	Licensing	Analyze the compatibility and harmonization of licensing for trading energy across the region including the harmonization of the concepts of trade and supply	January 2008	ECRB

3 CHECKLIST/ GUIDELINES FOR EACH ACTION

CHECKLIST/GUIDELINES to Chapter 1 – Acquis communautaire

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
1.1	General rules/ Imposition on undertakings	<ul style="list-style-type: none"> ▪ If applicable, description of the possible impositions on electricity undertakings of Public Service Obligations: Description of the provision and reference to national legislation
1.2	General rules/ Customer protection	<ul style="list-style-type: none"> ▪ Include provisions on universal service for households and if deemed appropriate small enterprises: <ul style="list-style-type: none"> - Obligation on distribution companies to connect customers to the grid - If necessary provisions on the Supplier of Last Resort - Final customer protection including Transparency in contractual terms and conditions, general information and dispute settlement, etc (see Annex A Directive) ▪ Protection of vulnerable customers ▪ Protection customers in remote areas ▪ Minimum information in the bills
1.3	General rules/ Public Service Obligations	<ul style="list-style-type: none"> ▪ Report immediately after the implementation of the Public Service Obligations provisions ▪ Reporting every two years on any changes regarding the Public Service Obligations
1.4	General rules/ Security of Supply	<ul style="list-style-type: none"> ▪ Provisions monitoring of Security of Supply: supply/demand balance; expected future demand, planned new infrastructure, level of maintenance of the existing infrastructure, etc ▪ Identification responsible Institution for the monitoring ▪ Report each two years
1.5	General rules/ Technical rules	<ul style="list-style-type: none"> ▪ Technical rules regarding connection to the system of power plants, distribution systems, consumer facilities, interconnectors, direct lines, etc. ▪ Publication and reporting of the technical rules
1.6	Generation/ authorisation	<ul style="list-style-type: none"> ▪ Authorisation criteria for the construction of new capacity in accordance to the requirements under article 6 of the 2003/54 Directive ▪ Publication of the criteria ▪ Motivation of refusals to applicants and appeal procedures
1.7	Generation/ Tendering rules	<ul style="list-style-type: none"> ▪ Tendering procedure provisions for new capacity (or demand side management measures). To be applied only when Security of Supply is not guaranteed and optionally otherwise ▪ Publication of the details for the tendering procedure and the tender specifications ▪ Appointment of an Institution to oversee the tendering procedure
1.8	TSO & DSO/ Designation	<ul style="list-style-type: none"> ▪ Designation of one/ more Transmission System Operator and Distribution System Operator
1.9	TSO & DSO / Tasks	<ul style="list-style-type: none"> ▪ Define the tasks of the TSO(s) and DSO(s) in accordance with art. 9 and 14 respectively
1.10	TSO & DSO / Unbundling	<ul style="list-style-type: none"> ▪ Legal, organisational and decision-making unbundling of the TSO/ DSO from other activities not related to transmission ▪ Implementation of minimum independent criteria in accordance with art. 10.2 and 15.2 respectively
1.11	TSO/ Dispatching and balancing	<ul style="list-style-type: none"> ▪ TSO: Responsibility for dispatching generation and use of interconnectors. Criteria to be published including rational for possible priority given to certain energy sources (renewables or indigenous) ▪ TSO: Responsibility to balance the system. Rules to be published.
1.12	TSO & DSO / Confidentiality	<ul style="list-style-type: none"> ▪ Provisions regarding confidentiality of commercially sensitive information
1.13	TSO & DSO/ Combined Operator	<ul style="list-style-type: none"> ▪ Possibility to have a combined transmission and distribution system operator according to the requirements

No	Subchapter	Checklist/ Guidelines
Directive 2003/54/EC		
		given in art. 17
1.14	Unbundling accounts/ access	<ul style="list-style-type: none"> Designate competent authorities, including regulatory authorities, to have right of access to the accounts of electricity undertakings
1.15	Unbundling accounts/ unbundling	<ul style="list-style-type: none"> Electricity undertakings to draw up, submit to audit and publish their annual accounts according to rules defined in accounting acquis Internal accounting: Separate accounts for each of their transmission and distribution activities; separate accounts for supply activities for eligible and non-eligible customers
1.16	Organisation access system/ TPA	<ul style="list-style-type: none"> Adopt Third Party Access System based on published tariffs TPA refusal must be substantially reasoned by the transmission or distribution system operator
1.17	Organisation access system/ Market opening and reciprocity	<ul style="list-style-type: none"> Provisions to include the eligibility calendar (non households from January 2008 and households from January 2015) Provisions on reciprocity between Contracting Parties
1.18	Organisation access system/ Direct lines	<ul style="list-style-type: none"> Provisions to enable premises of the electricity undertakings and eligible consumers through direct lines Lay down the criteria of authorisations for the construction of direct lines
1.19	Organisation access system/ Regulatory authorities	<ul style="list-style-type: none"> Designation of one or more competent bodies as regulatory authority with the functions set in art. 23
1.20	Final provisions/ Safeguard measures	<ul style="list-style-type: none"> If applicable, to communicate any safeguard measures provisions in place in the Contracting Parties' legislation
1.21	Final provisions/ Monitoring imports	<ul style="list-style-type: none"> Report every three months on the imports of electricity as regards physical flows
1.22	Final provisions/ Derogations	<ul style="list-style-type: none"> If applicable apply for derogations according to art. 26
Regulation 1228/2003		
1.28	Inter TSO Compensation mechanism	<ul style="list-style-type: none"> Contracting Parties legislation in line art. 3 of the Regulation 1228/2003 Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.29	Charges for access to networks	<ul style="list-style-type: none"> Contracting Parties legislation in line with art. 4 of the Regulation 1228/2003 Once the EC Guidelines on ITC become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.30	Transparency	<ul style="list-style-type: none"> Publication of the parameters and standards provided in art. 5 of the Regulation 1228/2003
1.31	Congestion Management	<ul style="list-style-type: none"> Contracting Parties legislation in line with art. 6 of the Regulation 1228/2003 Once the EC Guidelines become part of the acquis, transposition of the Guidelines to each Contracting Parties legislation
1.32	New interconnectors	<ul style="list-style-type: none"> Transpose the conditions subjected to which new interconnectors might be eligible to be exempted from art. 6(6) of the Regulation 1228/2003 and art. 20, 23(2) and 4 of Directive 2003/54/EC
1.33	Penalties	<ul style="list-style-type: none"> Lay down the rules on penalties applicable to infringements of the provisions of the Regulation and adopt measures to ensure that they are implemented

CHECKLIST/GUIDELINES to Chapter 2 – Market Structure

No	Subchapter	Checklist/ Guidelines
2.1	Generation/ Supply	<ul style="list-style-type: none"> ▪ Relevant authorities shall define the relevant market, measure market concentration and apply analytical techniques consistent with international best practice. Commonly used indicators are: <ul style="list-style-type: none"> - No of companies - Installed capacity - Electricity produced - Market share - Herfindahl-Hirschman index –HHI- (by capacity and volume) - Etc.
2.2	Generation/ Supply	<ul style="list-style-type: none"> ▪ Adopt measures, if deemed necessary, based on the results ▪ Virtual capacity auctions ▪ Restructuring of the industry ▪ Security of supply provisions ▪ Planning new capacities ▪ Etc.
2.3	Transmission System Operator	<ul style="list-style-type: none"> ▪ Effective unbundling ▪ TPA conditions ▪ Effective operational implementation of the grid code and business processes (scheduling, planning, settlement of disputes, etc)
2.4	Distribution System Operator	<ul style="list-style-type: none"> ▪ Effective unbundling ▪ Technical rules for the operation of the distribution networks ▪ TPA access conditions ▪ Consolidation of the distribution companies

CHECKLIST/GUIDELINES to Chapter 3 – Wholesale Market

No	Subchapter	Checklist/ Guidelines
3.1	Market design	<ul style="list-style-type: none"> ▪ Bilateral trading versus power exchanges ▪ If applicable ensure compatibility of Wholesale supplier/ single buyer with a competitive market ▪ Etc.
3.2	Market rules	<ul style="list-style-type: none"> ▪ Contents of the Market rules. In a bilateral contracts/ balancing market model the min. elements should be: registration procedures for participants; scheduling process for physical nomination/ contract notification for internal contracts; gate closure; bids and offers rules or rules for regulated imbalance prices; imbalance prices quantities or price calculation when existence of balancing market; commercial aspects of ancillary services; guarantees to cover imbalances, dispute settlement; data to be published for market participants; mechanism and rules for allocation of interconnection capacity) ▪ Avoid preferential treatments or discriminatory practices (e.g. all participants should be bound to imbalance settlement) ▪ Issues to ensure regional compatibility of the national market rules (e.g. gate closure afternoon ahead as a minimum) ▪ Minimal constraints to bilateral contracting ▪ Import/ export trade not to be limited
3.3	Market transparency	<ul style="list-style-type: none"> ▪ System load ▪ Transmission and access interconnections ▪ Generation ▪ Balancing ▪ Information from the wholesale markets
3.4	Market monitoring	<ul style="list-style-type: none"> ▪ Implement a market monitoring system to obtain reliable data for further development of the market: <ul style="list-style-type: none"> - Periodic assessment of market concentration and abuses of dominant position - Wholesale market monitoring - Retail market monitoring: Customer switching rates, eligible and regulated retail market prices
3.5	Licensing and Authorization	<ul style="list-style-type: none"> ▪ Elaborate/implement a license/authorization system, compatible regionally

CHECKLIST/GUIDELINES to Chapter 4 – Retail market

No	Subchapter	Checklist/ Guidelines
4.1	Eligibility thresholds	<ul style="list-style-type: none"> ▪ Elaborate and implement market opening measures in terms of eligibility thresholds
4.2	Payment reform	<ul style="list-style-type: none"> ▪ Adopt measures towards payment reform: <ul style="list-style-type: none"> - Improve collection rates (at least 90% level) - Lower transmission & distribution technical losses - Upgrade of metering and control systems <p><i>Ref. Electricity Transition Strategy and Electricity Market Options Paper</i></p>
4.3	Customer switching	<ul style="list-style-type: none"> ▪ Develop customer switching protocols and required infrastructure (between new and old supplier, distribution companies and customer). They should at least include: <ul style="list-style-type: none"> - Clear responsibilities between relevant players involved including timeframes for each task in the switching process - Development of parameters to identify points of supply - Metering and settlement arrangements including when switching in between a reading cycle - Load profiles for customers which are not hourly metered - Transfer of the network capacity from old to new supplier - Upgrade IT systems and electronic filing required for customer switching <p><i>Ref. ERGEG Guidelines</i></p>
4.4	Customer protection	<ul style="list-style-type: none"> ▪ Development of Customer Protection rules which shall at least include: <ul style="list-style-type: none"> - Guarantee of connection to the network in reasonable time and price - Distribution companies to provide terms and conditions to customer prior to connection - Disconnection only in severe breach of connection contract - Quality and continuity of supply standards, including its monitoring - Dispute settlement. Companies to develop if possible code of conduct - Transparency of retail prices (available of information to make the choice, price information in the bills and price update during the contracting period) <p><i>Ref. ERGEG Guidelines</i></p>

CHECKLIST/GUIDELINES to Chapter 5 – Tariff reform and affordability

No	Subchapter	Checklist/ Guidelines
5.1	All-inclusive regulated retail tariffs	<ul style="list-style-type: none"> ▪ Development of retail cost reflective (all-inclusive) tariffs: <ul style="list-style-type: none"> - Development of a cost-reflective retail tariff methodology - Calculation of the tariffs according to the proposed methodology. Cross subsidies among consumer groups shall be avoided <p><i>Ref. USAID tariff benchmarking study</i></p>
5.2	TPA tariffs (transmission, distribution, ancillary services)	<ul style="list-style-type: none"> ▪ Development of cost reflective TPA tariffs: <ul style="list-style-type: none"> - Development of a TPA tariff methodology/s which shall take into consideration an appropriate rate of return, an appropriate depreciation of the assets, incentives for future investment and the operating costs of the company and incentives for efficiency - Calculation of the tariffs according to the proposed methodology (this will require among others, the system cost determination) <p><i>Ref. USAID tariff benchmarking study</i></p>
5.3	Other regulated tariffs	<ul style="list-style-type: none"> ▪ Please include any existing actions describing how the Party will make compatible other existing regulated tariffs (e.g. regulated wholesale tariffs) with the opening to competition
5.4	Affordability	<ul style="list-style-type: none"> ▪ Development and adoption of support schemes for the protection of vulnerable customers <p><i>Ref. ERGEG Guidelines</i></p>