

# The Launch of a Trading Platform

## A story of success, a matter of life

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OPCOM



**World Energy Congress**

**Rome, 13 November 2007**

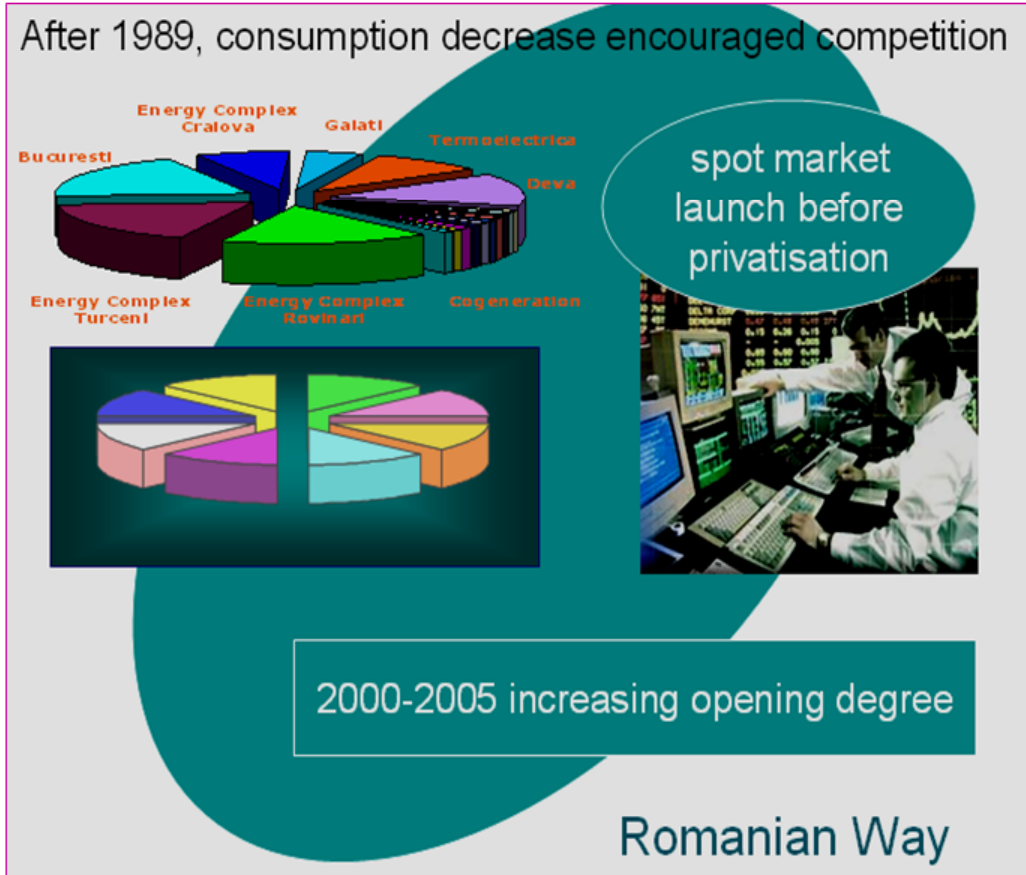
**"Energy Future in an Interdependent World"**

## The Beginning, September 2000



Romania started spot market without privatization.

But the full unbundling of TSO and the National Company's split was perceived as a clear attempt towards competitive structure building.



5 Years Operation, September 2000 – June 2005



Only the Generation voice

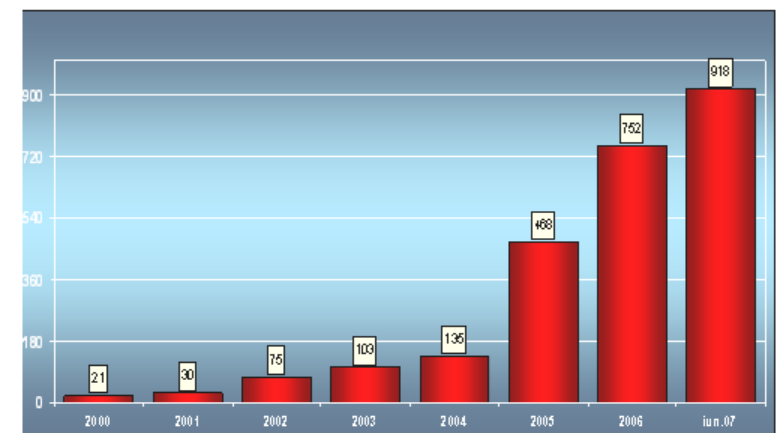
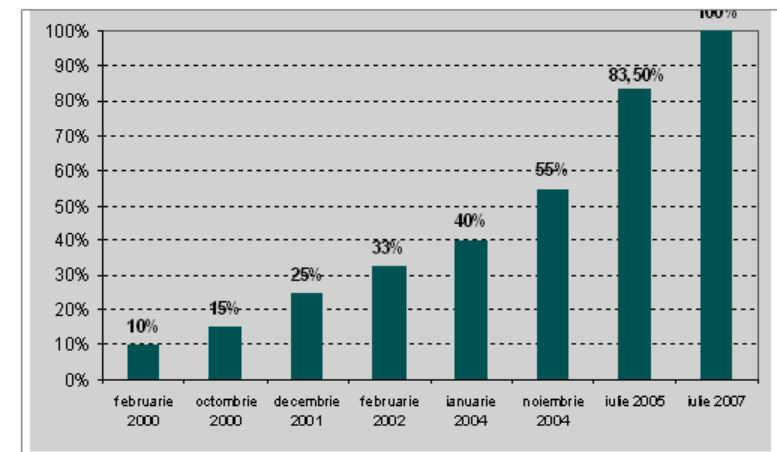
Forecast, as inelastic demand

No penalty for imbalances

No incentive for supporting the balance

Price cap, distorted price

Market opening



Participants' number

## The Wind of Change, 2003 - 2005



### Political decision

### European Commission grants

- The Commercial Code of the Electricity Market (ANRE – KEMA)
- The IT trading platform (OPCOM – AREVA T&D)

### World Bank involvement

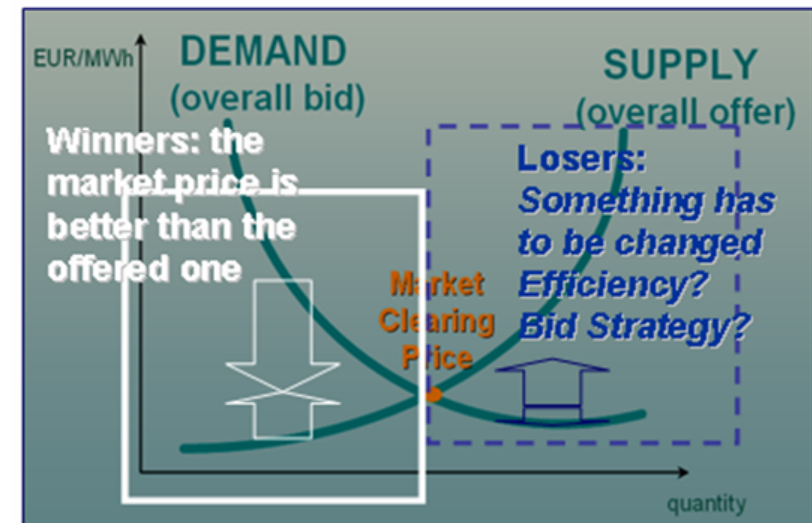
### Road Map in the electricity field (2003):

- guarantee condition for the WB loan award
- a main pillar for the chapter 14 ("Energy") closure



## A new mechanism enabling price discovery

- The removal of the pool mechanism
- Replacement with two-side closed auction
- Role of the forecast disappears
- The removal of the price cap
- Internal congestions: no impact on price



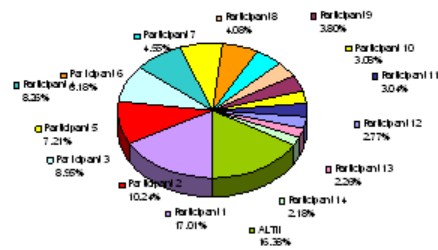
And the show has begun, **30 June 2005**



- Commercial Code approved (2004)
- Trading Platforms implemented and tested (2004-2005)
- Market Trial (1<sup>st</sup> half 2005)
- Liquidity since the beginning
- Hourly prices established unceasingly until today



July 2005



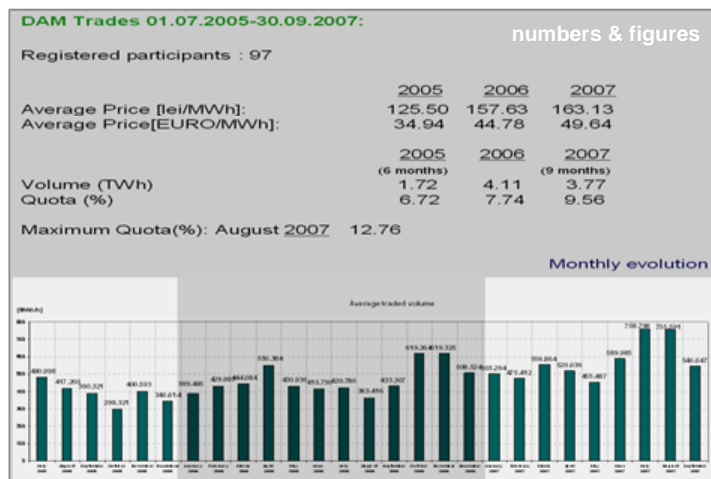
October 2007



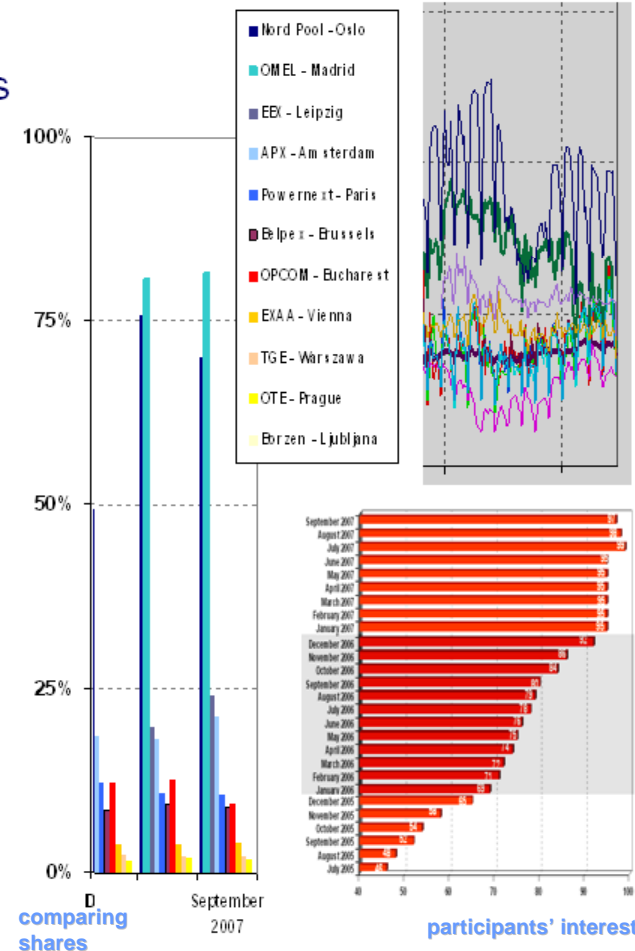
## Two years operation. Time of statistics. 2005 - 2007



- Liquid spot market (evolving from 469 MWh/h on average in 2006 towards 575 MWh/h on average in the first 10 months in 2007, meaning 9.56% of net consumption)
- Increasing number of participants: almost 100
- Not concentrated market: HHI value, lower than 1000
- Consistent price, its value depending on market conditions



comparing prices

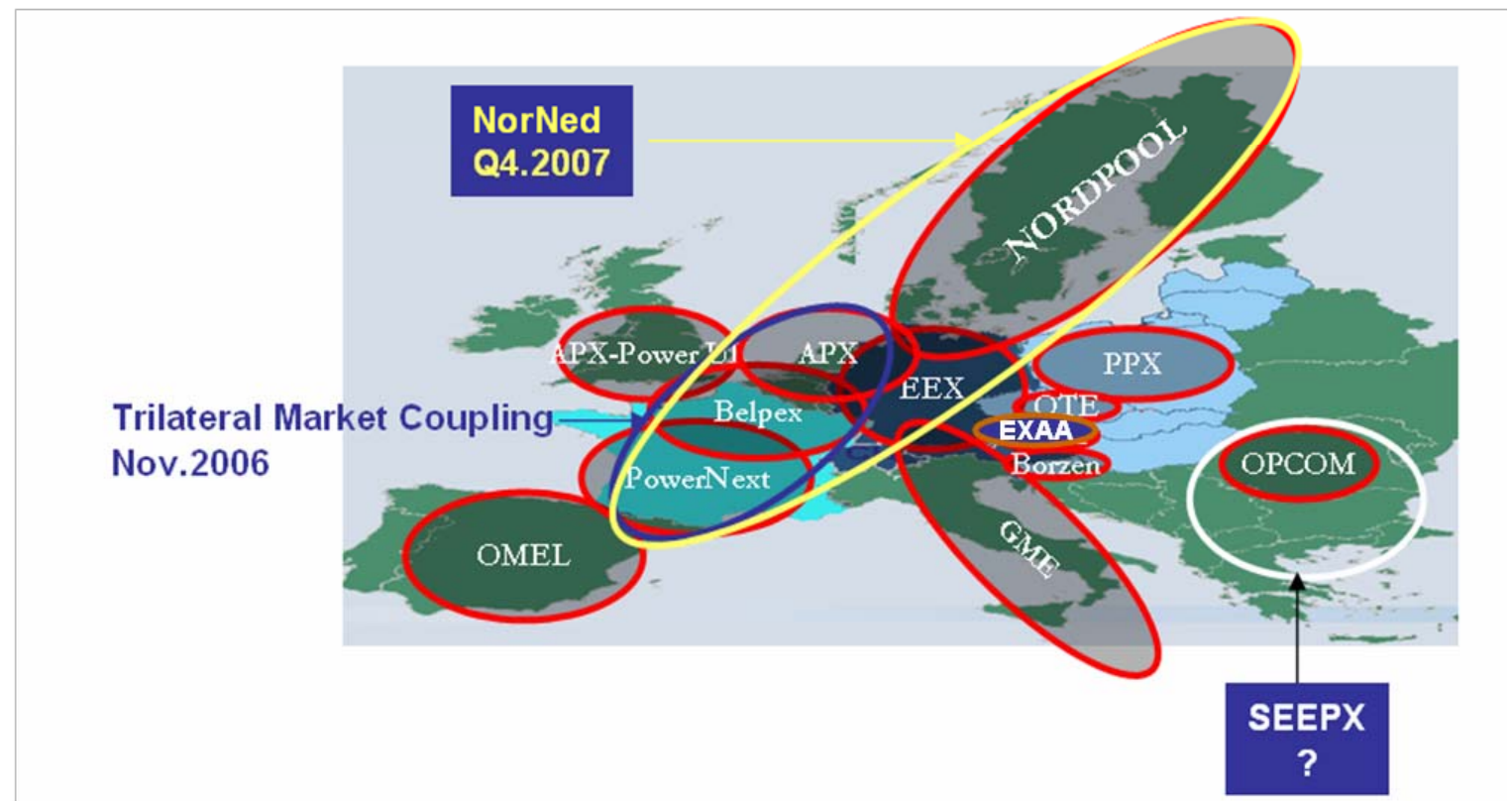




## The OPCOM place within the European & worldwide electricity field



- 13 PXs inside the European Union borders
- 1 in ECSEE Treaty signatory countries' perimeter
- OPCOM is EUROPEX & APEX member



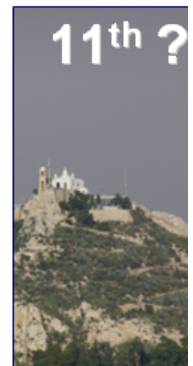


## Athens Forum framework



Regular participation of Transelectrica and OPCOM.  
Bilateral contacts and regional spot lobbying.

- 9<sup>th</sup> meeting: EBRD declaration towards regional OPCOM project supporting.
- 10<sup>th</sup> meeting: WB boosting traders from SEE countries to trade in OPCOM spot.
- 10<sup>th</sup> meeting: Transelectrica challenges Athens Forum participants to assess the OPCOM role in CAO implementation and Romania as location. Ministry for Economy and Finance keep the challenge.
- 11<sup>th</sup> meeting ?



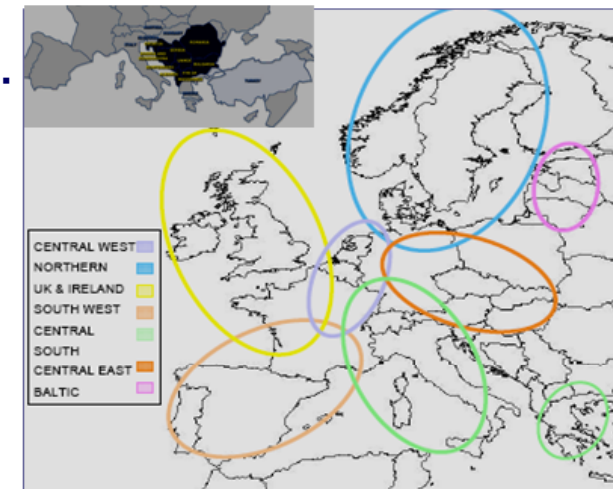
## Building carefully an attractive proposal for surrounding countries



### Background:

**CEER – ETSO meeting in Brussels, on 4<sup>th</sup> September 2007.  
Discussions upon the 8<sup>th</sup> electricity regional initiative  
foundation.**

The SEE current pace is not satisfactory. An 8<sup>th</sup> ERI in SEE co-chaired by ERGEG and ECRB reporting to the Athens Forum and including the non-EU member states will support the aims of the Treaty to become true.



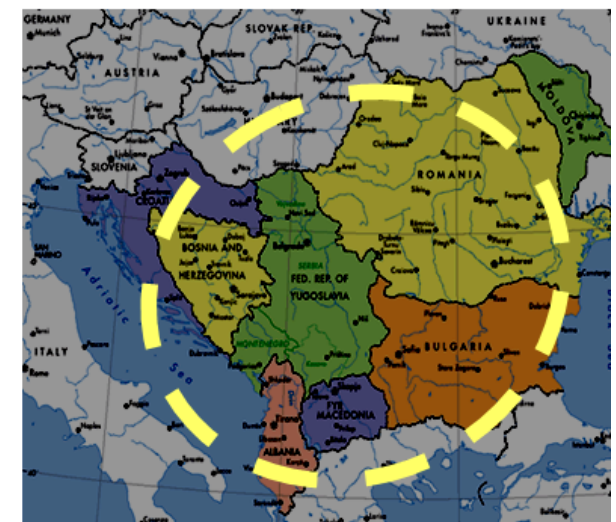
OPCOM welcomes pro active statements in the minute of meeting in 4 September 2007 in Brussels:

#### **Matti Supponen, DG TREN:**

*"The ERGEG RI reflect a voluntary process and are not established through a legal instrument. A lot of voluntary work and will is needed to put the work forward."*

#### **Cécile George, CRE**

*"...work should start now rather than wait until the legal instruments are in place".*



Building carefully an attractive proposal for surrounding countries



## The 8<sup>th</sup> Electricity Regional Initiative

Before the dawn

- OPCOM offers to the neighboring countries spot trading services, announcement in the 1<sup>st</sup> Athens mini forum, October 2005 & EFET Energy Trading Conference, Warsaw, June 2006.
- Foundation of Bulgaria – Romania Implementation Group, including ESO EAD, CNTEE Transelectrica and OPCOM, 13<sup>th</sup> September 2007.





## Building carefully an attractive proposal for surrounding countries



Start of works for the SAPRI trading system implementation aimed to support regional spot market and the practical works towards clearing house and financial market.

- The contract represents a large investment;
- The implementation works (inception meeting 28th August 2007) end July 2008.



The echo in the region: before, then, now (WB direct support, MAVIR / HUPX and EBRD obvious interest).



## We are not alone



Strong support of the European Commission through PHARE projects:  
Grants and co-financing towards knowledge & IT platforms acquiring.



Strong support of the Romanian authorities:

Romanian Strategy for energy field:

- Commitment of the Government to support the role of OPCOM in the wholesale market development through the concentration of the spot / centralized bilateral trading towards relevant liquidity and required transparency achievement.
- Commitment to sustain the DAM trade regionalization.



Strong support from TSO, owner of OPCOM, through finance and lobbying: relevant investment in OPCOM.

Strong interest of the market participants for market products' development and SEE markets' integration.



## A summary at the end



- Early spot market start in 2000
- 7 years gathering experience and Romanian market liberalization supporting
- New Trading Platform starts in 2005
- One of the most liquid market in EU
- Regional perspectives:
  - SAPRI implementation
  - Clearing House building
  - Bulgaria – Romania regional IG works
  - Role in CAO?
  - Contacts: Hungary, Austria PXs
  - Active role in European associations and Athens Forum
  - Open to cooperate with non-EU SEE countries





Thank you for attention !

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**operatorul  
pieței de energie  
electrică  
din ROMÂNIA**

14:00	14:05	14:10	14:15	14:20	14:25
9450	9450	9445	9426	94	
9290	940	9387	9381	91	
9280	938				
94300	9445	94	9280	9	
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94320	9440		94200	9	
9	90	9	34	1	97

"Earning every Day-Ahead your trust"

