

# Briefing

30 August 2017

## New green certificates market as of 1 September 2017 - rules published

Following the reform from March 2017 of the Romania's a support system for renewable energy based on green certificates (GCs), a new green certificates centralised market will become operational as of 1 September 2016 managed by OPCOM ("New GC Market").

Late August 2017, the National Regulatory Authority for Energy ("ANRE") issued and published in the Romanian Official Gazette, Order 77/2017 approving the Regulation on organisation and functioning of the green certificates market ("GCM Regulation"). In addition to this GCM Regulation, OPCOM published for public consultation a set of implementing draft procedures and regulations - which can be viewed by accessing the following link: [http://www.opcom.ro/opcom/anunturi\\_stiri/anunturi\\_pcv.php?id\\_piata=4&lang=ro](http://www.opcom.ro/opcom/anunturi_stiri/anunturi_pcv.php?id_piata=4&lang=ro).

For details on the March 2017 reform of the Romania's a support system for renewable energy, please see our newsletter by accessing the following link: <http://www.lexology.com/library/detail.aspx?g=6792bdca-1cf1-4c5b-b3a3-e62f90f23d16>.

### Structure of the New GC Market and trading

The New GC Market includes centralised platforms for trading GCs (spot and forward transactions) organised by OPCOM, allowing participants to submit firm sale or purchase offers for GCs with respect to quantity and price, without revealing their identity to the other participants to the trading session.

The New GC Market is separate from trading of the electricity produced from renewable sources, and has the following trading platforms:

- (a) forward centralised anonymous market for green certificates (in Romanian: *piata centralizata anonima la termen de certificate verzi*) (PCTCV);
- (b) spot centralised anonymous market for green certificates (in Romanian: *piata centralizata anonima spot de certificate verzi*) (PCSCV).

In addition to concluding bilateral contracts on the OPCOM platform under (a) above, producers of electricity from renewable resources with installed capacity of less than 1 MW will continue to have the possibility to enter into bilateral agreements for green certificates directly negotiated with electricity suppliers for end customers, outside the OPCOM platform.

Following the legal reform of the GC scheme, a GC may be subject only to one transaction between a producer as seller and a supplier as buyer, except for the case when a producer bound by a GCs sale and purchase contract is not in a position to fulfil its sale obligations under such contract and has to purchase additional GCs to cover the difference. This prohibition to re-sell GCs will affect current buyers of GCs under outstanding long term GCs sale and purchase contracts which do not need the entire quantity of GCs bought to fulfil the mandatory quota obligation – this may result in transfers of the bilateral contracts concluded by such GC traders, provided ANRE allows them.

### Participants to the New GC Market

According to the GCM Regulation, the participants to the New GC Market are:

- (a) producers of electricity from renewable resources;
- (b) electricity suppliers that purchase electricity both for their end consumption and in view of re-selling to end customers;

- (c) electricity producers that use the electricity produced for their own consumption, other than own technological consumption;
- (d) electricity producers that use the electricity produced to supply it to customers directly connected to the power plant.

### **Registration, withdrawal, suspension and revocation on/from the New GC Market**

Participants may register on the New GC Market by submitting a registration application to OPCOM together with the set of documents expressly provided in the specific procedure and payment of the registration fee. Once registered, participants may withdraw from the New GC Market at their discretion at any time, by submitting to OPCOM a withdrawal request.

OPCOM suspends participants from the New GC Market for a period of 3 months in the following cases:

- after expiry of all GCs issued to renewable energy producers and held by these producers, in case of expiry/suspension/revocation of the accreditation decision;
- after ANRE establishes the degree of fulfilment of the mandatory GCs acquisition quota for one year in review, if the participant does not have the obligation to acquire GCs in the year following the year in review;
- the participant fails to update its identification and contact details within one working day as of the date when changes occur;
- the participant fails to submit to OPCOM, each year, before 31 March 2017, the updated statement on whether it has an obligation to acquire GCs.

In case a participant breaches the rules applicable to a platform of the New GC Market, OPCOM suspends that participant from that platform for a period of 3 months, if the participant:

- does not pay the purchased GCs;
- does not hold the GCs necessary to be delivered under the trades made on the market;
- does not transmit to OPCOM statements regarding receipt of or failure to receive the price for the traded GCs, in due time;
- does not transmit to OPCOM the signed bilateral GCs agreement, in due time;
- does not conclude the bilateral GCs agreement resulted from the PCTCV, according to the standard provided by OPCOM;
- does not transmit to OPCOM the information about the trades made under the bilateral GCs agreements.

OPCOM revokes the registration of a participant to the New GC Market or a platform of the New GC Market, if that participant does not remedy the cause which led to its suspension, within 3 months as of the date when it was suspended.

### **Structure and functioning of the PCSCV**

The PCSCV aims to provide the market participants with increased liquidity and a reference price for the bilateral agreements to be concluded on the PCTCV.

Trading sessions on PCSCV take place every working day, between 9:00 and 11:00, and OPCOM publishes for each trading day a standardised trading instrument (*PCVS\_dd\_mm\_yy*). Participants may submit offers, amend or withdraw offers during the entire trading session. After the trading session is closed, the trading system automatically correlates the sale and purchase offers between 11:00 and 11:10 - resulting compatible offers will be trading at the same price (i.e. the closing price determined by the algorithm of the trading platform).



After closing the trading session and having correlated the offers, OPCOM transmits to the participants the trading confirmations. Based on these trading confirmations, the seller issues the invoice, the purchaser pays the invoice and OPCOM transfers the traded GCs.

Offers submitted on the PCSCV must contain:

- the type of offer - sale offer (if the participant is an accredited renewable energy producer) or purchase offer (if the participant is under the legal obligation to purchase GCs or producers in a position not to fulfil its sale obligations under a previous GCs sale purchase contract);
- the number of GCs (not more than 10,000 GCs) - the quantity of GCs from the offer represents the maximum number of GCs offered for sale (in case of sale offers), or requested for sale (in case of purchase offers);
- proposed price (within the regulated scale of EUR 29.4 - EUR 35 per GC) - the price from the offer represents the minimum price offered for sale (in case of sale offers), or maximum price offered for purchase (in case of purchase offers).

### **Structure and functioning of the PCTCV**

The PCTCV aims to facilitate conclusion of bilateral agreements for GCs, based on standard trading products (with firm delivery period - 1 month/1 trimester/1 year and delivery calendar) provided by OPCOM.

Trading sessions on the PCTCV take place every working day, between 12.00 and 16.00. During the trading session, sale offers are correlated continuously and automatically with the purchase offers which fulfil the price compatibility condition. At the end of the trading day, OPCOM transmits the market participants the trading confirmations, and the participants must transmit back to OPCOM, within 3 working days, the executed standardised bilateral agreement reflecting the trades.

As in the case of PCSCV, offers submitted on the PCTCV must contain the type of offer (sale or purchase), the number of GCs (no more than 10,000 GCs) and proposed price (between EUR 29.4 - EUR 35 per GC). Offers are valid for the entire duration of the trading session or for any period set out by the market participant, but no longer than the 5<sup>th</sup> day before the commencement of delivery for the standard product for which the offer was made. Participants may submit offers, amend or withdraw offers during the entire trading session.

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