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Educational Responsibility in Efficient Implementation of European Policy Concerning the Energy Market

Victorita RADULESCU[1]*

Abstract

Economic and energetic trans-border exchanges, specialists educated in universities from the entire world represent now a reality. Only international exchanges can ensure economic growth in medium or long term. This article, divided into six parts aims for highlighting the importance of international energy exchanges. The European legislation developed by the Report of High-Level Reflection Group of Energy Community, in accordance with the European Market was implemented in Romania. The national authority creates permanent feedbacks transformed into concepts transmitted to students, future European Union specialists. The Pan-European energy market represents a target for all countries, members or not of the European Union. Some proposals and implementation rules, connected to the Romanian free Energy Market represent another target for teaching the students. Two dimensions of flexibility must interfere. The European acquis needed to be adapted to the socio-economic situation of the Contracting Parties. Creativity and homogeneity will be well balanced at each individual state case. The Energetic Community believes institutional changes are necessary. Some investments in the "citizen benefits" complete the actual image of the Romanian Energy Market, as part of the European Energetic Community. The framework implementation and some government agreements may provide further assurance to the energetic guarantors. They will act as a complement to another initiative such as the Action Plan for Growth in Central and SE part of Europe. One of its roles will be to provide a "one-stop-shop" for the mobilization of finance directed to the priority projects. Finally, some conclusions and main references are presented.

Keywords: High-Level Reflexion Group; Permanent High-Level Group; Monthly Market Report; Energy Community; Risk Enhancement; SE European Energy Market.

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1. Introduction

In the last decade, many incidents appeared in social, political, economic, and even military, between countries situated outside the EU. Moreover, in some European countries, some terrorist attacks amplified the actual crisis. It also must be mention that, in reality, many countries outside EU are either states providing energy or states allowing the gas and oil transport. Accordingly, in this context, one objective is to secure energy in a "wider and safer Europe" in a stable, sustainable, and competitive manner, based on the Treaty establishing the Energy Community-EC, signed in October 2005. Extending the internal energy market beyond the boundaries of the EU, the Energy Community-EC carries forward the success policy of European integration, mainly, in the crucial sector of energy. The EU (Thessaloniki, June 2003) endorsed "The Thessaloniki Agenda for the Balkans: moving towards European Energy integration" [1], which aims to further strengthen the privileged relationship between all EU countries, moreover with other countries from the region, non-UE members, as to adopt a legally binding South East European Energy Market-SE-EEM agreement. The customs duties, quantitative and qualitative restrictions on the import and export through the Network Energy and all measures having equivalent effects will be accordingly the new rules, as to be followed and prohibited between the UE members Parties. Consequently, this restriction shall also be applied to customs duties of fiscal nature.

Romania as part of the EU must amend accordingly the national legislation on acquis duties, and the legislation on cross-border exchanges of gas and electricity. That determines the creation of a single regulatory space for trade in gas and electricity necessary to match the geographical extent of the concerned products for energy markets. Another aspect imposed to the Romanian energy domain is referring to the industrial emissions, as integrated part of the prevention and the control as to avoid the pollution.

All these aspects of legislation, acquis, parameters that must be fulfilled by the energy network, rules of international cooperation, possibilities of cross-border energy transport, should be transmitted to students from different domains, accurately as much as possible, taking into account that they are the future specialists who will work on the European energy market.

2. The Importance of the Pan-European market

Making the Energy Community's rules and institutions more effective, and more efficient, obvious will bring, consequently, concrete benefits to all its members, countries within or outside of the EU. It is fundamental for the investors from the Energy Community to have a system capable and independent imposed in all countries.

To achieve a Pan-European efficient energy market this one must be attractive, from its perspective, ordinarily for the all present members, but also for all the future members, as well. The EU can offer to the Energy Community a functioning legal framework with transparent rules [2] able to satisfy all involved partners, accordingly to their national laws.

The relatively low credibility of the judicial system and its reimbursement must be compensated, moreover, by stronger and supranational enforcement procedures. Nevertheless, this scope can be achieved only by a strong communication of the benefits for all European citizens and for worldwide international investors.

The major benefit for the Contracting parties should make all countries to realize the importance of exploiting the full potential of the EC framework for reforming the energy sector and to create a common energy market, a regulatory area accepted by all sides.

Today in Europe, nobody can imagine, in terms of energy that there are countries not interconnected with each other, whether, or not EU members. All countries have understood the idea at the international level that electricity cannot be stored. Under these circumstances, in order to reduce the conventional fuel consumption, high pollutant, there are preferred the renewable sources.

Countries with such energy potential, electricity producers (Romania is part of it), could supply the surplus into the international network at an attractive price for the neighbouring countries. In this way will achieve trans-border energy cooperation, as in Figure 1, beneficial for all partners [8], [9]. In Figure 1 it is shown the energy exchange during the years 2014 and 2016 according to the ratio specified in the Energy Community portal.

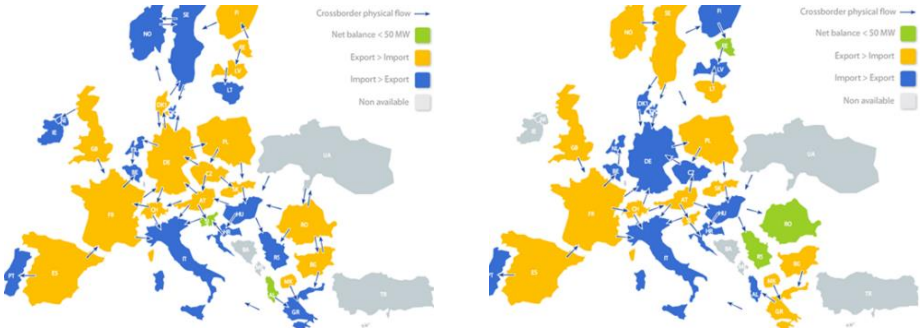


Figure 1. Scheme of cross-border energy exchange

The SEEEM 2050 Model shows the energetic pathways for international cooperation and it focuses especially on EU energy policy solutions; it shows the long-term consequences of the decisions and practices undertaken today.

In present any EU Member State may obtain the status of a Participant at EC market, taking into account that now are more than 20 participant countries. Members have the right to participate in all institutional meetings and decide together all the necessary measures for future opportunities and a correct collaboration.

3. The Proposed rules needed to be implemented

As an interim step for 2020, the EU set a number of targets known as "20-20-20 targets by 2020" or the "3x20" policy. This includes solutions to reduce carbon emissions by 20% from 1990 levels, raise the share of final energy consumption produced from renewable sources up to 20% total of produced energy and an improvement in the energy efficiency of 20%, until 2020. This is the main 3 x 20 policy components of the European Energy strategy, in accordance to the energetic sustainability, competitiveness, affordability, and security of supply.

The task of the EC is to assure the relationship between the Parties and to create a legal and economic framework in relation to the Network Energy, in order to

- create a stable regulatory and market framework capable of attracting investments in gas networks, power generation and transmission and distribution networks so that all Parties have access to the stable and continuous energy supply, essential for economic development and social stability

- create a single regulatory space in Network Energy necessary to match at the geographic extent of the concerned product markets
- enhance the security of supply of the single regulatory space by providing a stable investment climate in connections with the Caspian Sea, North African and gas reserves from the Middle East
- the investment can be developed, and indigenous sources of energy such as natural gas, coal, and hydropower can be consequently exploited
- improve the environmental conditions connected to the Network Energy and related to the energy efficiency
- foster the utilization of the renewable energy
- the conditions setting for energy trade in the single regulatory space
- develop Network Energy market competition on a broader geographic scale
- exploit of the economies on a large scale

Network Energy includes the network of electricity transport and the gas pipelines, falling within the scope of the EC Directives 2003/54 and 2003/55. The HLRG is mandated to make an independent assessment of the adequacy of the institutional setup and working methods of the EC to achieve the objectives of the European Treaty, taking into consideration the evolution of this organization over the last years.

There is nothing in the Treaty who can affect the rights of any Party, as to determine the conditions for exploiting its energy resources, its choice between different type of energy sources and the general structure of its energy supply.

4. The Romanian Energy market

In the last period, the Romanian Energy Market was developed significantly, especially direct connected with the energy EU legislation.

There were considered some principal directions, and the legislation has been harmonized to the EU legal framework, to international conditions.

Consequently, the network is in accord to the privatization made in Romania, especially of the electricity, gas distribution, and energetic supply companies. One of the largest Romanian companies is acting in the oil sector. The Romanian Energy market [3] has been and continues to be one of the most attractive sectors for different investors from all Europe and abroad, specifically due to Romania's remarkable potential for energy conventional and renewable resources. However, due to the rapid

development of the energy market, regulations may be incomplete or has not been correlated rapidly with the market. The preferred sub-sector, in the last years, was the energetic market especially direct connected to the renewable resources domain. Conversely, due to the reorganization of the renewable energy support schemes and due to the new discoveries of the gas resources in the Black Sea at present the oil and gas industry appears to be more attractive.

In present in Romania there is not a complete liberalization of the market, nevertheless, some major steps are done. The progress and the permanent legislative changes are made, as to align the Romanian market to the European requirements. The electricity market is still divided into the competitive market and the regulated market. The regulated market includes activities such as transmission, distribution, or system services or regulated supply. In the recent years, the structure of energy balance of the energy production segments has changed significantly. An increased share of electricity produced from wind and hydropower resource, at the expense of the energy produced from conventional sources was registered, especially after the introduction on the internal market of the Green Certificates. In Figure 2 is presented the share of energy based on primary resources, source ANRE [4], the Romanian Energy Regulatory Authority, the report made in 2016 and estimations for 2030.

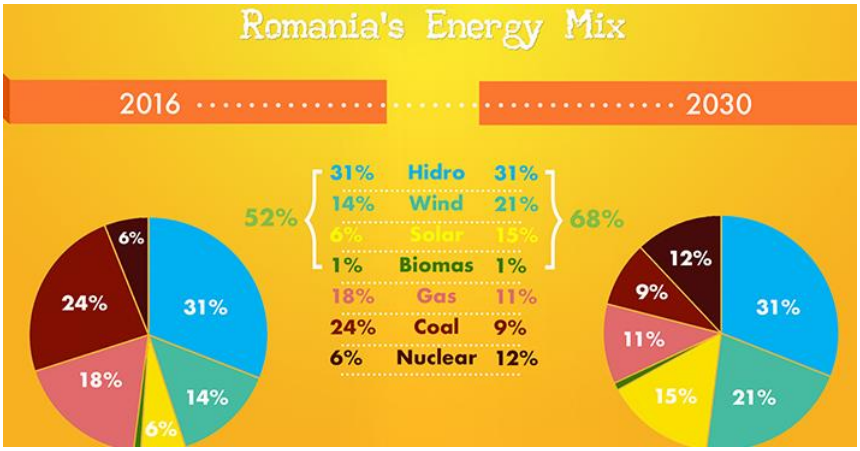


Figure 2. Report ANRE 2016 and future estimations

Starting 2017 a new concept of market liberalization is introduced, to household consumers, but the contractual relationships from the regulated market are still based on framework agreements, prices, and tariffs

determined and approved based on specific procedures, approved by ANRE.

The main participants in the electricity market are electricity producers, electricity suppliers, electricity distributors, distribution networks operators, electricity transportation and transportation network operators, eligible consumers and finally the captive consumers.

All these notions, framework, norms, laws, and changes in different treaties must be transformed into an appropriate language, accordingly to actual notions as to be understood by the students from various domains. In the development of international normative, work together with specialists in the legal, legislative, international relations, economy, energy, environment, engineering, etc. Only under these conditions can be accepted norms by the international community and notions like as the European Energy Market, trans-border cooperation [5], [6], could have relevance to the present reality.

All students, from the academic area, must comprehend the importance of the understanding of the real conditions from the actual framework, legal, and efficient rules in the coordination of all those components, the connection between them, the cross-border correlation, in economic and efficient manner and mainly in citizen's and industrial operators benefit. The Ministry of Energy, the small and medium companies from the Business Environment, follow the directions from the energy strategies, based on the Government program, and determine the energy policy consisting of measures for stimulating investments, research and development activities.

5. The Energy Community Acquis

The price of energy depends on a range of different supply and demand conditions, including the geopolitical situation, import diversification, network costs, environmental protection costs, severe weather conditions, and levels of excise and taxation. When discussing taxes and value added tax (VAT) these are included for household consumers, nevertheless excluded (deductible) VAT for industrial/business users. The Energy Community acquis comprises the core EU energy legislation in the area of electricity, gas, security of supply, environment protection, competition, utilization of renewable resources, energy efficiency, oil transport, statistics, and infrastructure.

At the beginning of adopting of the "acquis communautaire" the legal frame was presented in force; in time some amendments were made, by

repeated norms. For each specific case gas, electricity, renewable resources and oil are mentioned the conditions for the access to the international network and for the cross-border exchanges. In the environmental domain as an example are mentioned the maximum permitted sulfur content of heavy fuel oil, gas oil, marine gas oil, and marine diesel oil used in the EU.

The Regulation, which refers at acquis, entered into force immediately after being adopted by the Ministerial Council. The Contracting Parties have implemented it accordingly the deadlines specified in the adopted regulation. Article 3 of Decision 2015/09/MC-EnC refers at Implementation of the energy acquis. It mention, consequently, that each contracting party shall bring into force the laws, regulations, and administrative provisions necessary to comply with Regulation European Union adopted on 31 December 2016. The Contracting Parties must apply moreover, those measures from 1 January 2017; each country must modify the national law accordingly EU norms, as to cover this Decision. The Contracting Parties must apply those measures from 1 January 2017; each country must modify the national law as to cover this Decision.

Nevertheless, due to so many problems appeared at the implementation, the EC adopt some measures, as to adapt the "acquis communautaire" taking into account both the institutional framework of the Energy Treaty but also the specific situation of each of the Contracting Parties. In 2015, consequently, due to so many unexpected appeared aspects, the EC agreed to the Commission's proposal to launch a new strategy, called "Europe 2020". One of the priorities of this Europe 2020, [10] strategy is the sustainable growth as to be achieved by promoting a more resource-efficient, a more sustainable, and more competitive economy. That strategy puts energy infrastructures at the forefront as part of the flagship initiative "Resource efficient Europe" by underlining the need to urgently upgrade the Europe's networks, interconnecting them at the continental level, in particular, to integrate the renewable energy sources. That was the reason why the initiative of gas pipeline trans-continental appeared in Europe.

Nowadays is necessary to admit the permanent cross-border energetic exchanges, as it was estimated in 2015. In these conditions, the specialists from all domains, administrative, legal, industrial, energetic, and academic must have a common language as to cooperate and to create a Common European Energy Market, capable of assuring human wellness and benefits.

6. Conclusions

The EU Energy and Climate change packages have attracted criticism in the last few years. Each day brought more and more evidence that the, "in force" policy measures, had numerous unexpected, or unintended impacts on energy markets and in industry field.

- an excess of the intermittent sources of electricity causing disruption for grid operators,
- surplus electricity resulting into a price collapse on the wholesale electricity market,
- an electricity price increase at the retail level,
- the exit of the gas from the lists of fuels for power generation and the advent of the coal

At the same time, it has become obvious that the EU policy has failed to solve the existing EU energy, imbalances in general. Ironically, after years of huge investments aimed at achieving the ambitious policy targets, some of the principal objectives still seem to be far away.

Indeed, some of them cannot even be touched, although the economic crisis, consequently, placed them on the front line.

A new amendment was made, structured at three levels:

- Level I – No modification of the Treatment,
- Level II – Treatment modification by a decision of the Ministerial Council
- Level III – Changing of the Treatment

Some new definitions were adopted

1. Legal perspective - named "Our Rules"
2. Investments - named "Citizen Benefits"
3. Geographic purpose – named "Our family"
4. Institutions – named "Our House"

Some new directives were selected

- Supplementary investments
- The Balkans, an efficient development
- Preparation of a New Contractual Parts named PC-yellow
- A new electrical network
- A new gas-line pipes network
- Development of a new Pan-European market

In Romania appear different problems between the householders and the industrial consumers. The price of electricity is bound to grow in the next decades according to Romania's energy strategy, which covers the

2016-2030 periods with an outlook to 2050. The strategy, now in public debate, notes that the price of electricity of the wholesale market will grow from EUR 30 per MWh at present, to an average level of EUR 65– EUR 85 per MWh in the 2030-2050 periods [7]. The factors that will determine the evolution of prices are the capital costs from the electricity production technologies, the fuel, and the modernization and renovation of the transport and distribution infrastructure with the ETS certificates for GES (green gas emissions).

According to national strategy, the estimated wholesale price of electricity will amount to around EUR 80/MWh for 2030-2050, but it could be lower if the costs are reduced.

Under this pricing scenario, industrial consumers will end up paying EUR 87 per MWh in 2030 from EUR 67 at this moment, while for households the prices are set to grow by 50 percent to EUR 195 per MWh in the same period.

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