

**Workshop on Regulatory Issues**

**NARUC/USAID**

# ROMANIA-REGULATORY CHALLENGES

Florin GUGU,  
ANRE Romania

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- **Market model/regulated generation**
- **Cash collection**
- **Cost allocation for electricity and heat in CHP**
- **District heating**
- **Innovative tariffs**

## MARKET MODEL

**SINGLE BUYER**

OR

**BILATERAL CONTRACTS**

?

## GENERATION

**REGULATED**

OR

**COMPETITIVE**

?

## CASH COLLECTION

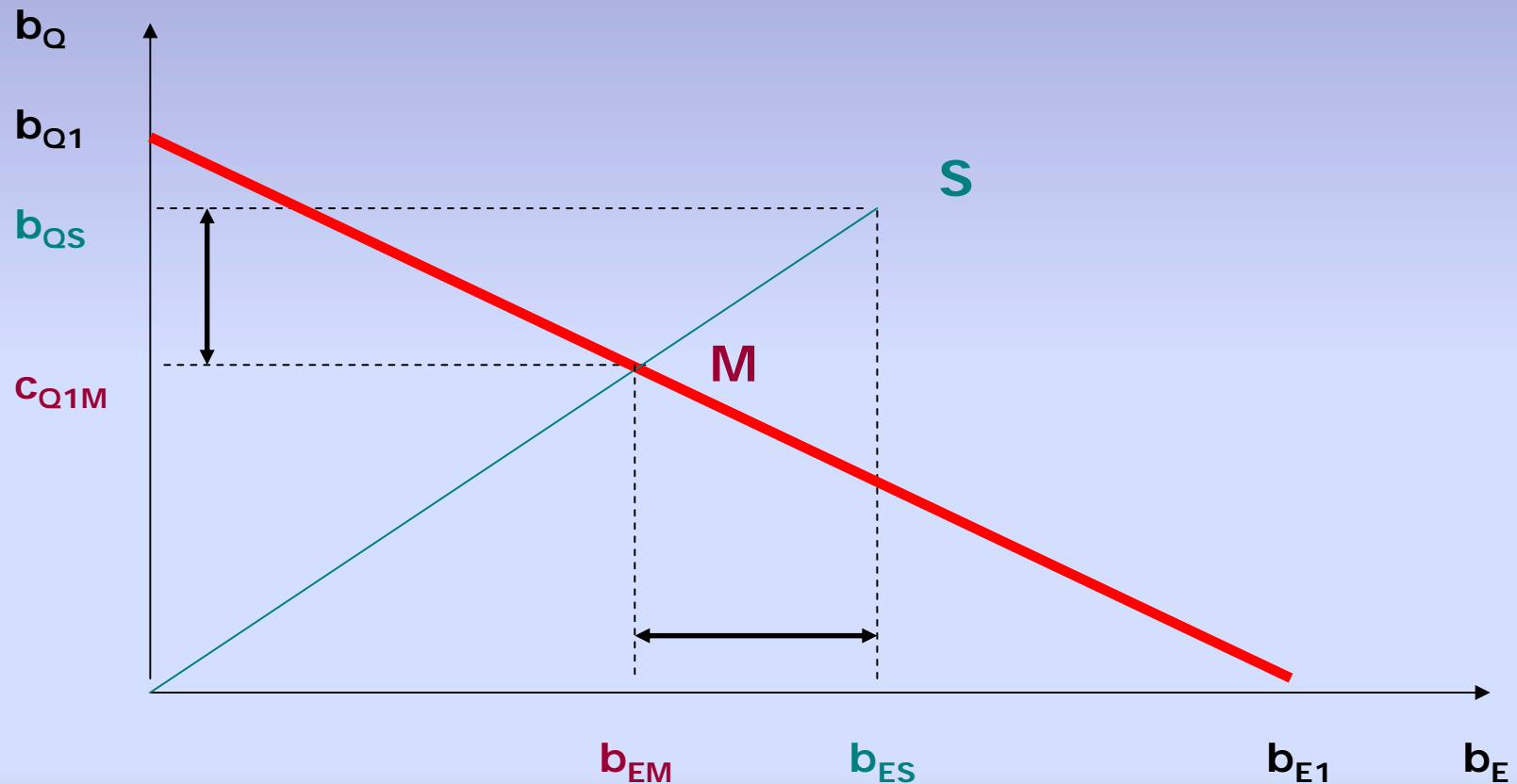
### *Problems:*

- State owned enterprises are not good payers;
- Compensation coupons => lack of cash;
- Distribution companies are not paying upstream activities;

### *Solutions:*

- Compensation with debts to state budget;
- Caps for usage of compensation coupons;
- Methodology for allocation of collected money;

## COST ALLOCATION FOR COGENERATION



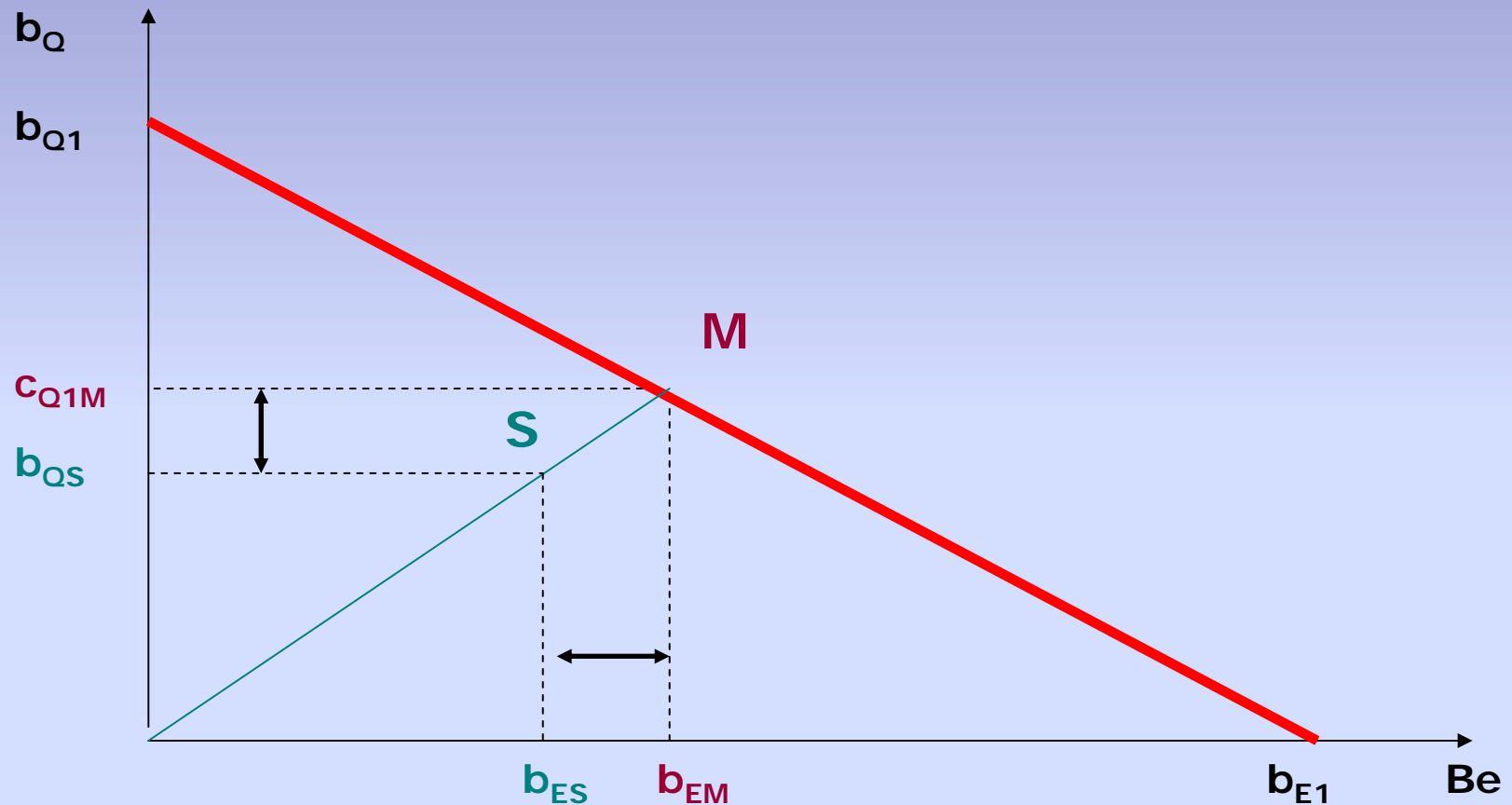
## COST ALLOCATION FOR COGENERATION

- The **BENEFITS** of cogeneration compared to separate production are allocated to both products: electricity and heat

### WHAT ABOUT REGIMES WITH LOSSES COMPARED TO SEPARATE PRODUCTION?

- The **LOSSES** are allocated to both products: electricity and heat

## COST ALLOCATION FOR COGENERATION



## DISTRICT HEATING

### *Problems:*

- Industrial heat load has decreased;
- Wrong pricing policy for natural gas => disconnections;
- Poor condition of the networks;
- Unaffordable service for most of the population;

### *Solutions:*

- Elimination of cross subsidies between industrial^residential consumers;
- Gas price for residential consumers has increased;
- Tariff methodology allows investors to make profit;
- National Reference Price + Direct subsidies.



**THANK YOU  
FOR YOUR ATTENTION!**