

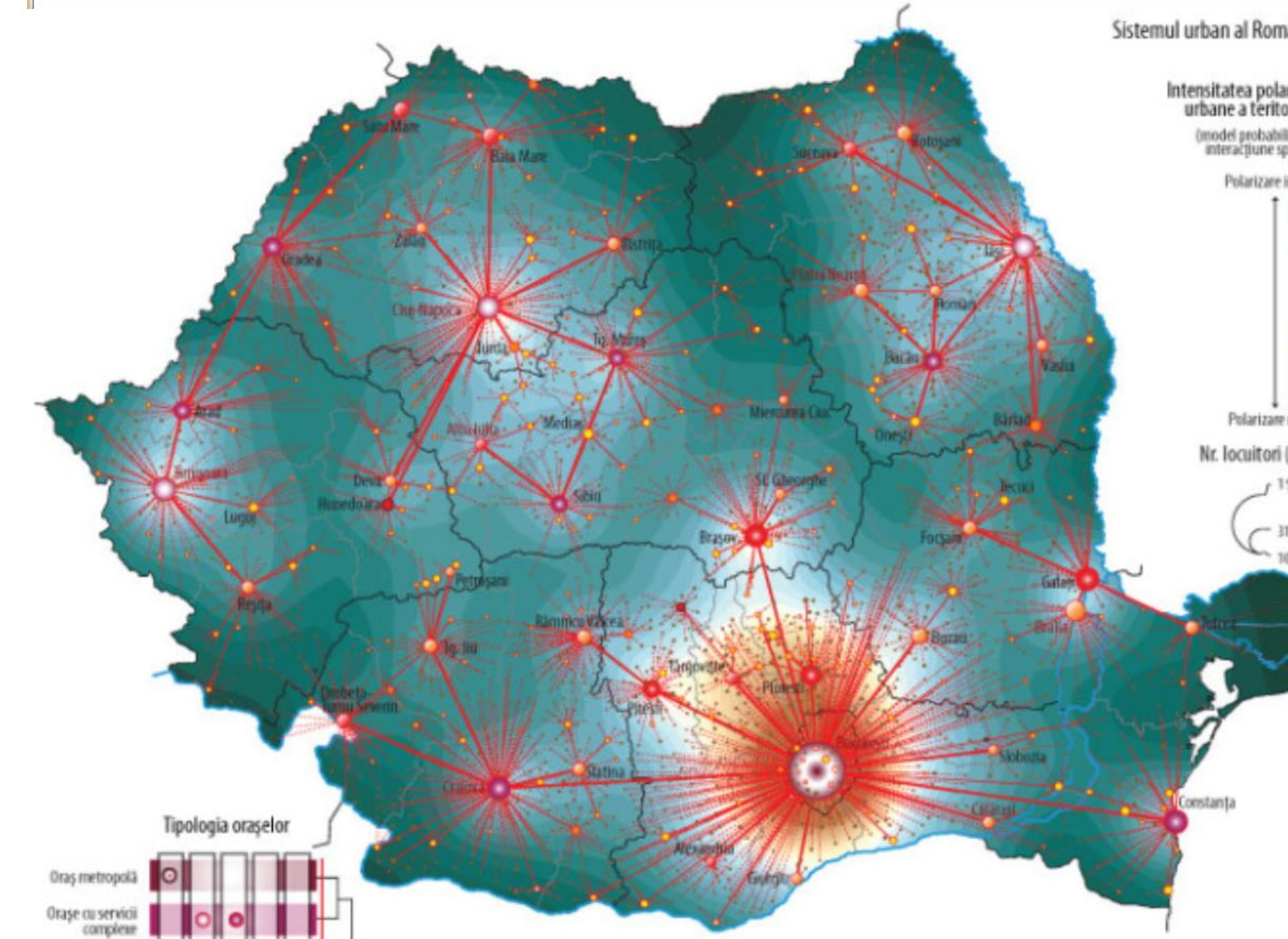
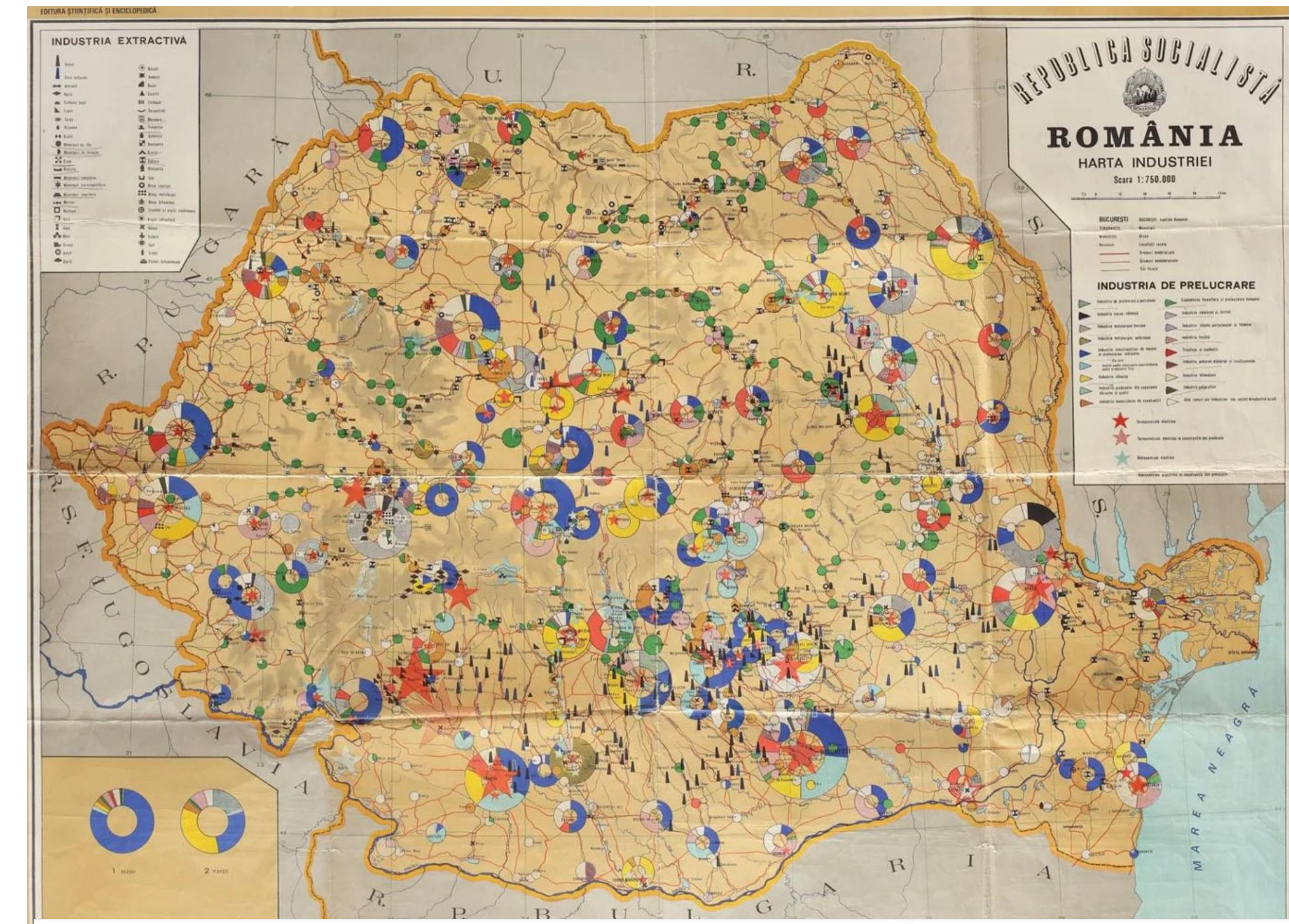
Energy Transition

How fast is too fast and how slow is too slow

Ana Otilia Nutu, March 13, 2024

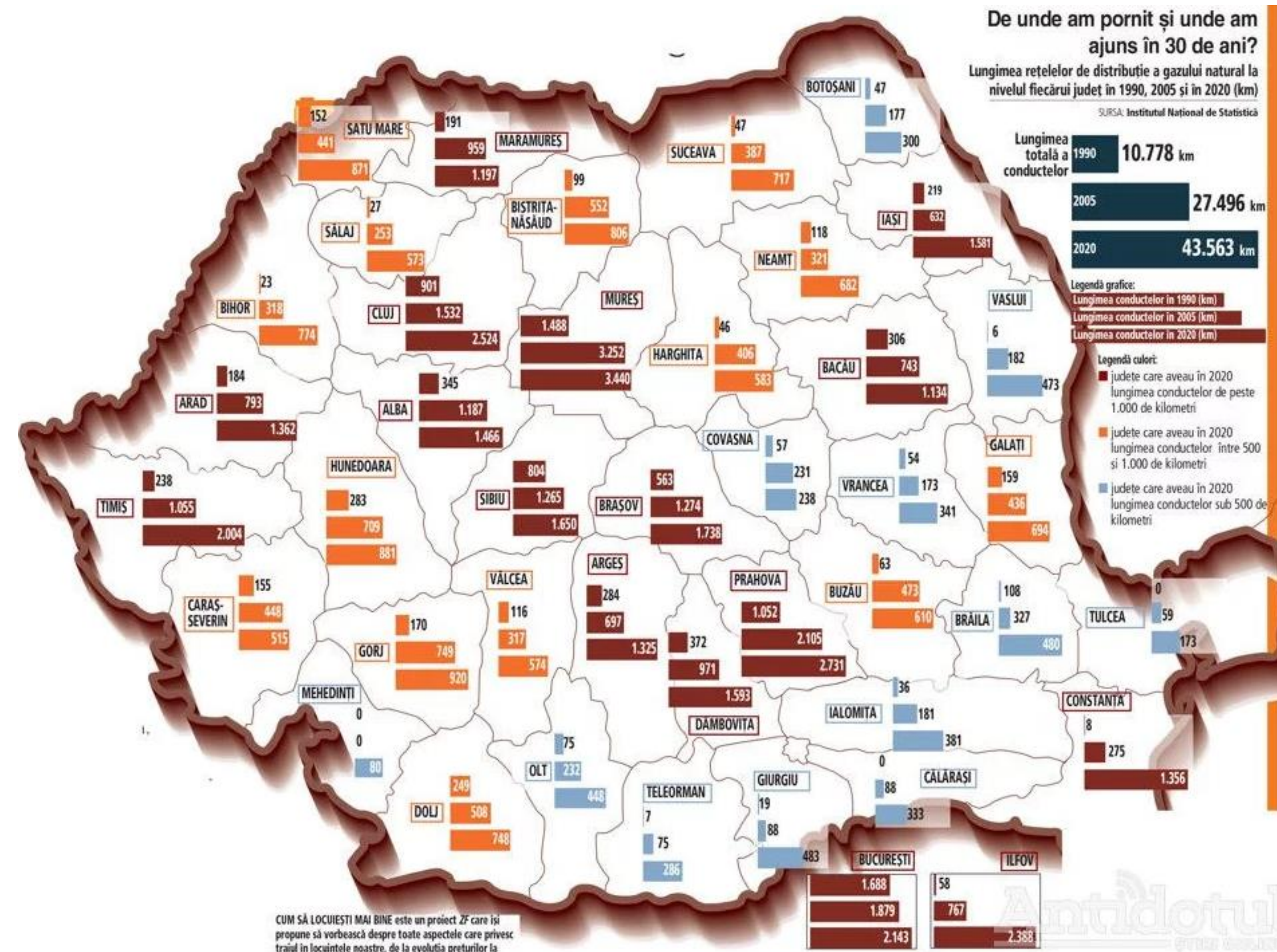
The Legacy

- Before 1989:
 - energy-intensive industry located around energy resources
 - minimal household consumption, rationed
- Path dependency:
 - slow infrastructure development, predominance of SOEs in energy, distorted market signals
 - delayed projects follow original blueprint
- Two challenges:
 - catch up with developments until now
 - EU transition



Three Key Mistakes

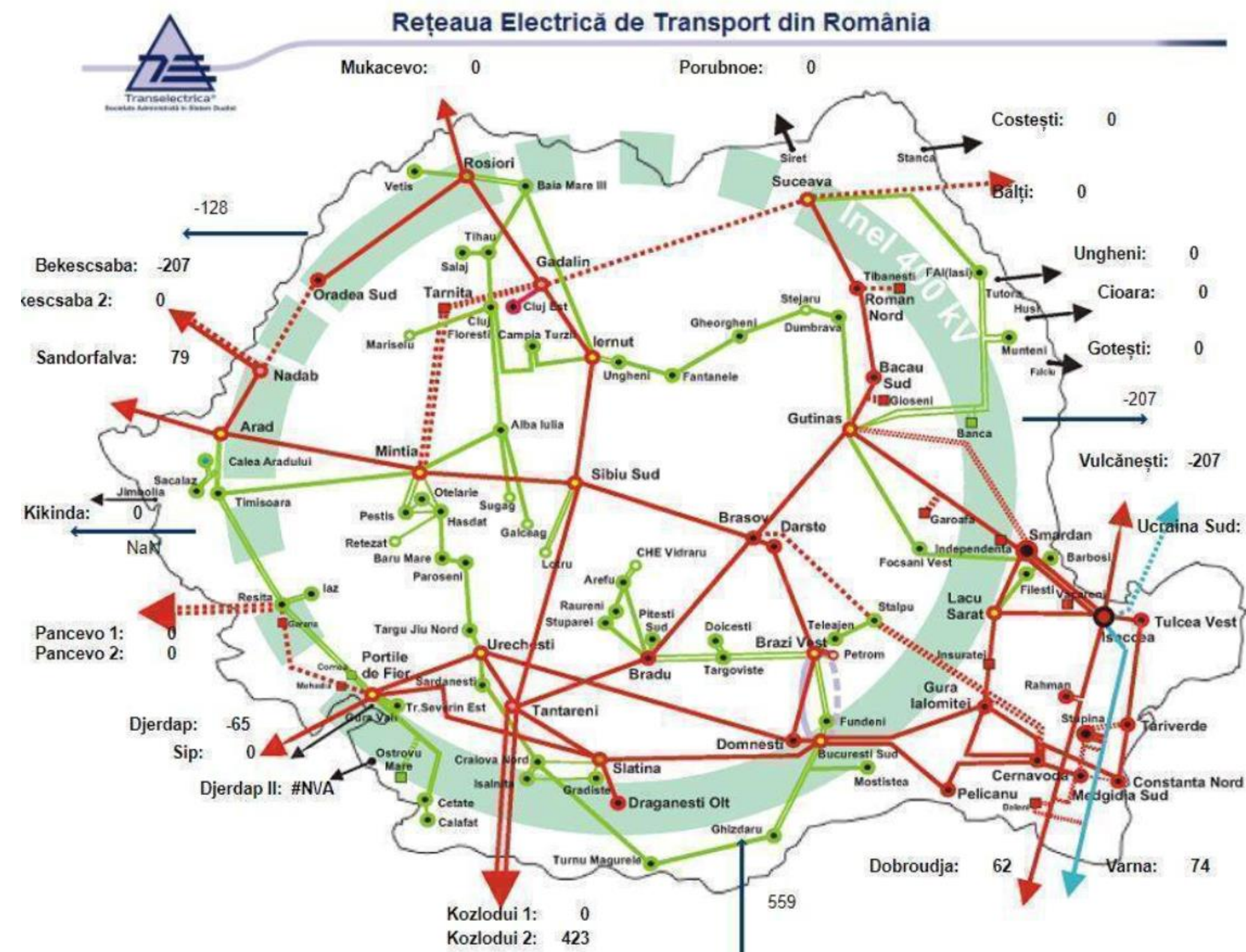
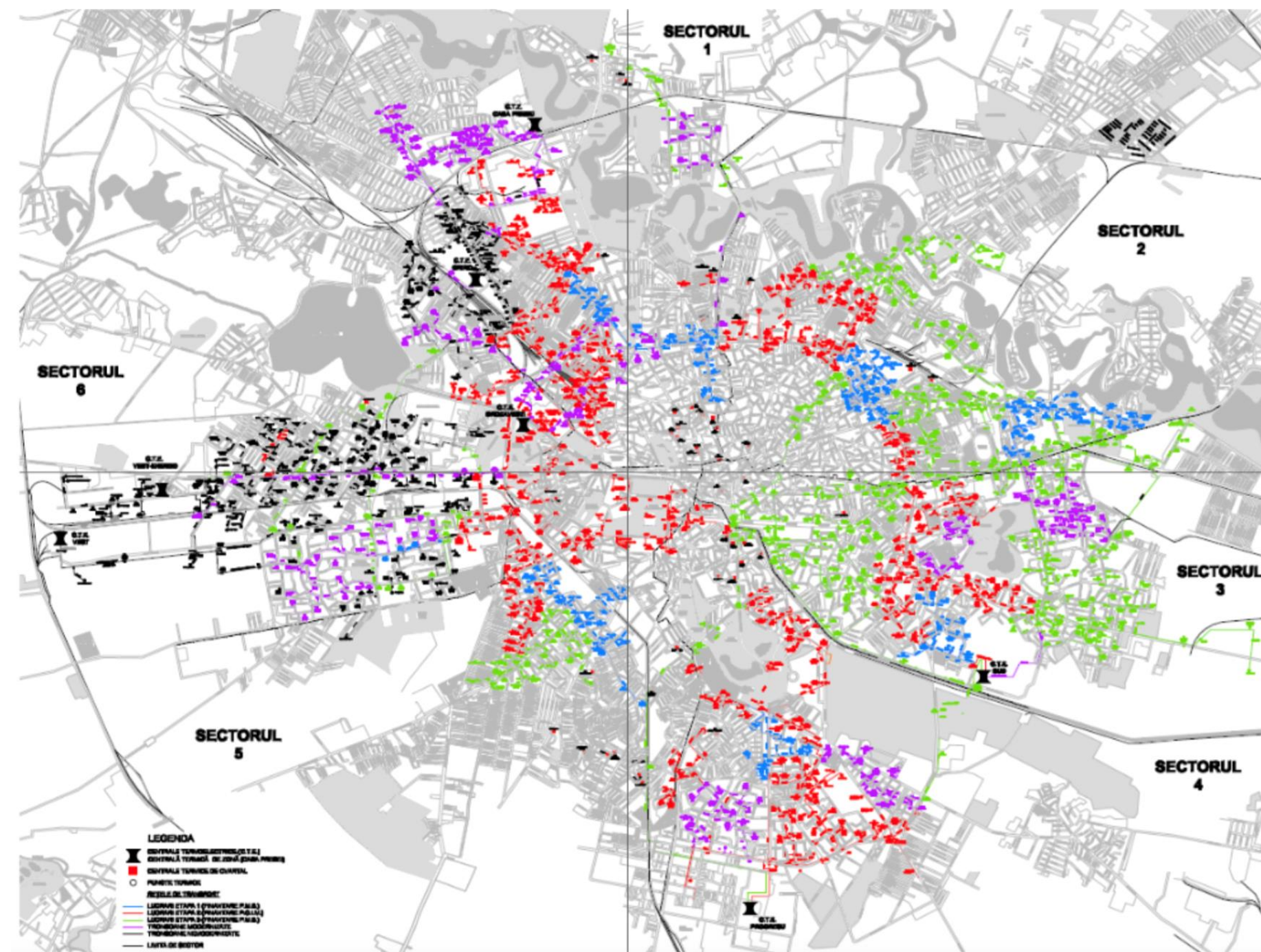
- Infrastructure projects conceived decades ago remain unchanged if delayed
 - DH
 - electricity grids
 - gas pipelines
- SOEs need to be protected at all costs from private sector competition
 - no privatization of power generation
 - oil & gas duopoly
- “Rich enough for two transitions” and “Just replace 1 MW with a cleaner 1 MW”



Infrastructure projects on plans from 1989

- DH: modernization retains systems of the 2nd generation

- Same electricity grid priorities as 20 years ago

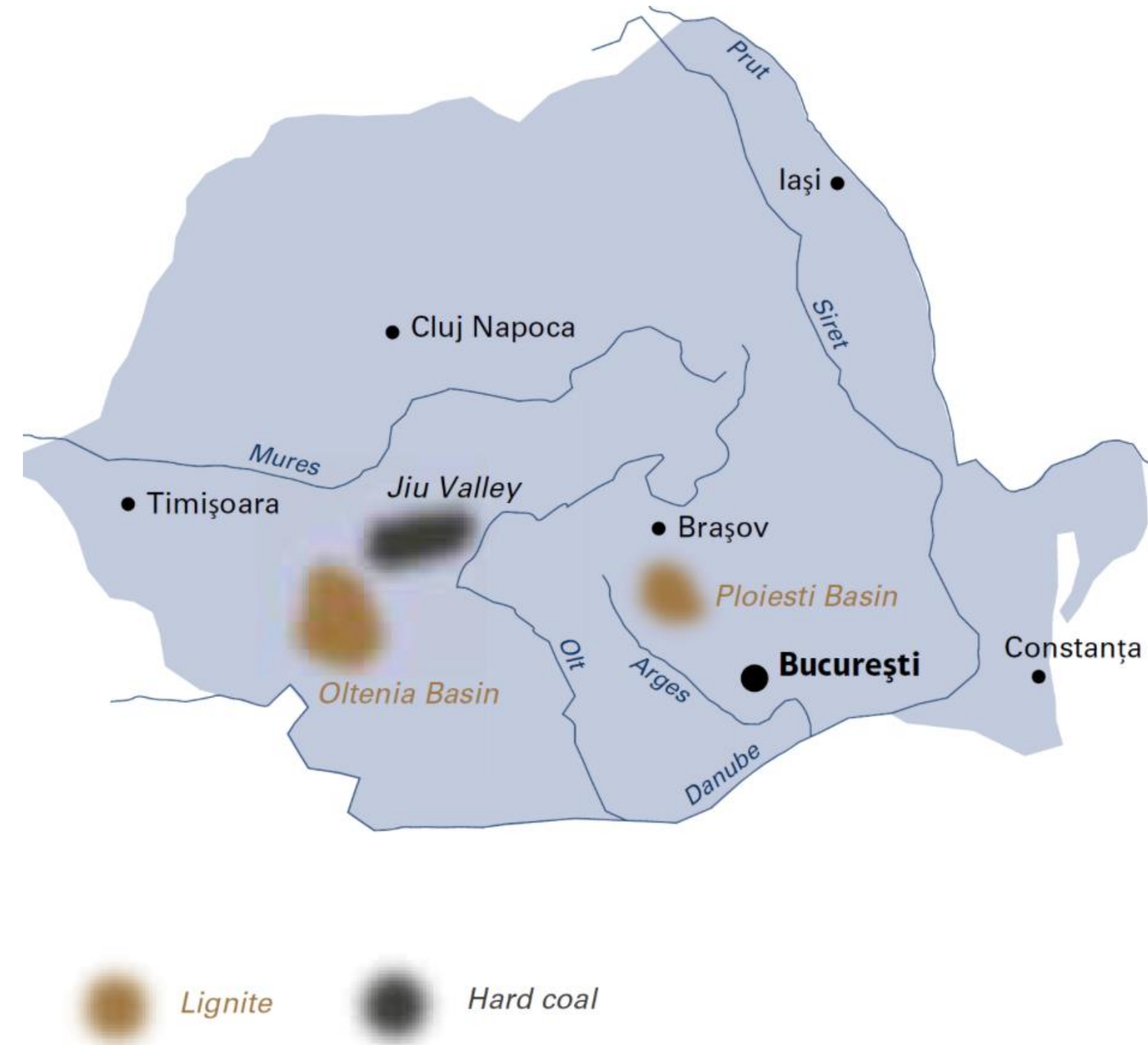


Protect SOEs at any cost

- Ministry of Energy: shareholder in electricity and gas producers —> always promotes state aid favoring its own
- Grid access: blocked for newcomers (“insufficient capacity” beyond never-materializing SOE plants)
- Romgaz & Petrom —> joint project in the Black Sea by mandate from MoE
- Hidroelectrica vs private competitor for 1000MW+ project
 - Hidroelectrica gets preferential access to land from a state agency + MoE attempts to include priority project on EU funds
 - private competitor gets land at market price; barriers for construction on “agricultural land”; no state aid scheme available

Just replace 1 MW with another, cleaner one

- To keep everything else unchanged, each MW of controllable coal must be replaced with a similar MW of controllable fuel —> gas “and hydrogen sometime in the future”
- No discussion on:
 - future patterns of electricity demand
 - storage, flexible demand



The Cause

- Institutional legacy: split of energy sector in 1990s, personal ties, strong SOE lobby
- Loss of competence after accession in the EU
- Populism:
 - energy prices
 - “own resources”
 - “foreign companies”



Economie la Energie? Mesajul României către Bruxelles
Economie la Energie? Mesajul României către Bruxelles 😞 Virgil Popescu ne anunță că Uniunea Europeană ne va impune reguli prin care să reducem consumul de #energie. 😞 ...
See more



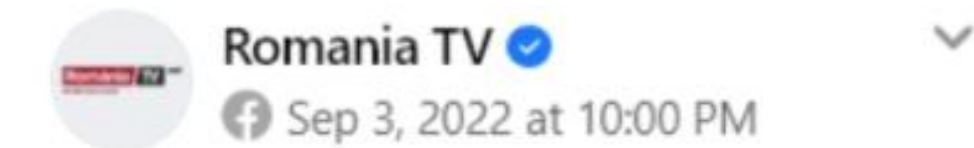
107.8K POST VIEWS 223.0K TOTAL VIEWS
15.9K 1.7K 10.1K



Ursula von der Leyen e responsabilă pentru creșterea prețurilor la energie,...
Ursula von der Leyen e responsabilă direct pentru creșterea prețurilor la energie, combustibil și mâncare în UE ca urmare a obiectivelor și mijloacelor utopice de combatere ...
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196.6K POST VIEWS 387.9K TOTAL VIEWS
35.7K 3.1K 17.2K



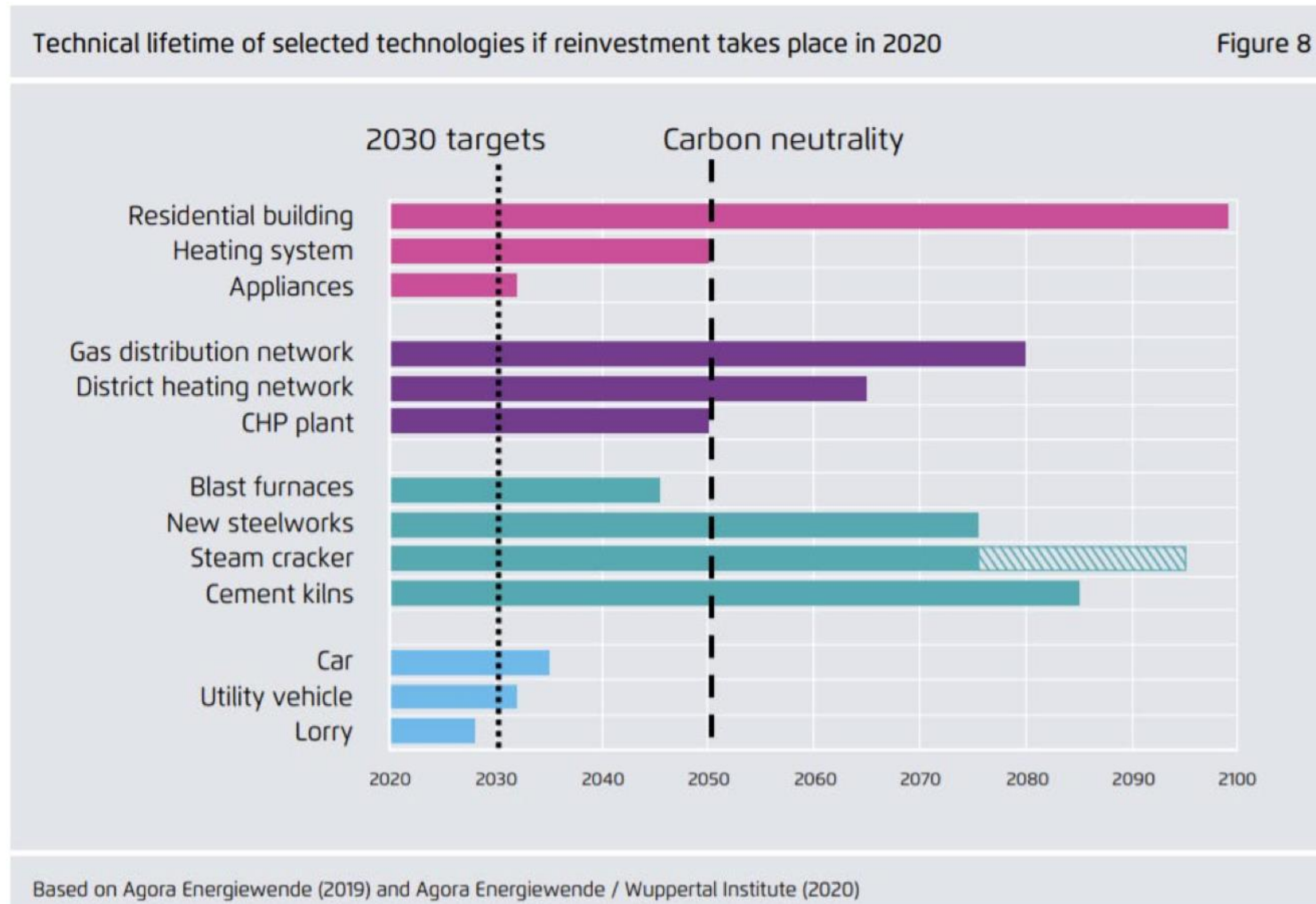
LIVE, la România TV!
Protest cu 70.000 de oameni, din cauza prețurilor explozive la energie! - > bit.ly/3wWu3ix Probleme în HR. Criză de prostituate într-o țară din UE - > bit.ly/3QdvEan Scandal la PMB! - > bit.ly/3eil0...
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276.6K POST VIEWS 321.1K TOTAL VIEWS
9.3K 5.6K 7.3K

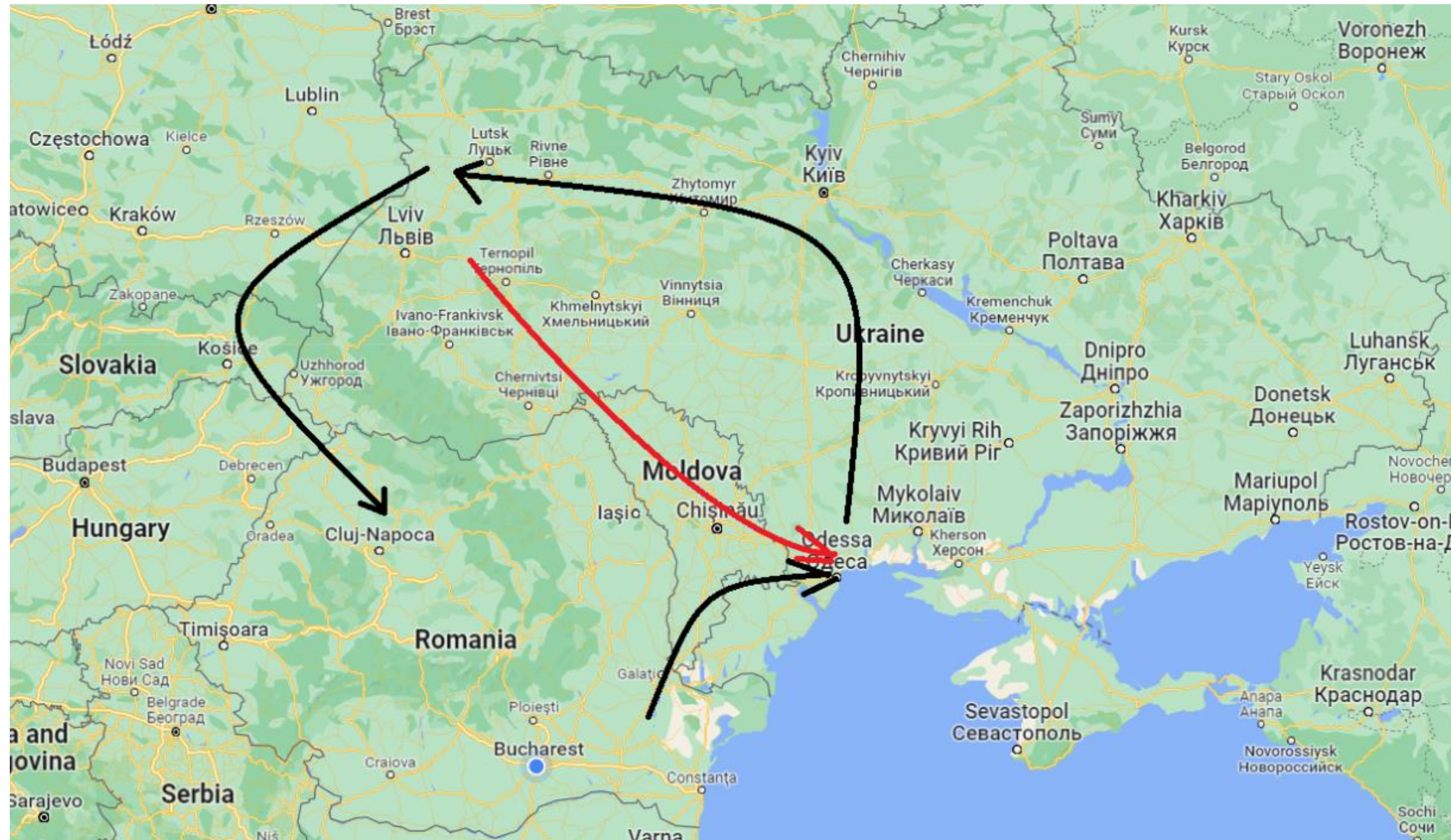
The Result

- Decoupling from energy policy across the EU
- Coal phase-out delayed de facto
- Renewables development: years of delay; market distortions such as price regulation and unfair competition from SOEs
- Projects massively stimulating gas consumption (distribution grids, gas-fired power plants)



The Hope

- Renewables investments, energy efficiency “in spite of the state”
- EC infringements & funding criteria
- Regional interconnectivity
- ... and pure luck



Thank you!

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