

Prolonging Emergency Intervention in Romania's Gas Market: Risks to Competition and Consumers

Brussels, 26 February 2026 – *Energy Traders Europe* would like to comment on the draft Emergency Ordinance on measures applicable to domestic end customers in the natural gas market from 01/04/2026-31/03/2027, which will replace the existing Emergency Ordinance 06/2025.

Although presented as a continuation of emergency protection, the measure constitutes a structural intervention in a market that has returned to normal functioning and should therefore be withdrawn by the government.

Key messages

- 1. An "Emergency" Without Evidence:** Wholesale price volatility in 2025-2026 has remained well below 2022 crisis levels; continuing emergency legislation is no longer legally or economically justified.
- 2. Commercial Unviability:** The 15 RON/MWh margin limit and the 10% imbalance cap create an asymmetric risk profile that makes it impossible for market participants to manage costs or guarantee supply security.
- 3. Institutionalised Uncertainty:** Executive discretion to adjust prices eliminates transparency and prevents long-term hedging – the mechanism through which suppliers stabilise consumer prices.
- 4. EU Law Non-Compliance:** The blanket imposition of wholesale price controls contradicts the principle of free price formation.

Detailed comments

The Absence of an "Emergency"

The Ordinance is premised on the persistence of a market emergency. Current market conditions do not support this premise. Following the supply shock of 2022, wholesale markets have stabilised, volatility has normalised, and price formation mechanisms have resumed functioning. Emergency instruments, by definition, must remain temporary; their

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continuation without demonstrable systemic risk converts exceptional intervention into permanent state control.

Price Caps Disincentivise Trade and Shift Unmanageable Risk

Any level of "price cap" disincentivises trading activity and places a disproportionate share of risk on companies. This asymmetric structure produces predictable outcomes:

- The 10% Imbalance Cap (Art. 2): By limiting the recognition of imbalance costs to only 10% of the gas value, **the Government forces suppliers to absorb market-driven costs that are often beyond their control.** This creates a dangerous **asymmetric risk profile**: while potential profit is strictly capped at 15 RON, the trader absorbs **100% of the downside** in the event of extreme weather, pipeline failure, or systemic imbalances.
- The 15 RON/MWh Margin (Art. 3): **Capping margins removes incentives for efficient procurement and hedging.** When gains from optimisation cannot be realised, rational market participants minimise exposure rather than manage risk. The result is reduced liquidity and diminished competition based on strategy.

In practice, this forces companies to trade in the short-term only, increasing exposure to price volatility which could otherwise be effectively hedged in a healthy forward market.

Incompatibility with European Law

This proposal is fundamentally inconsistent with European Union law and incompatible with the principles of the integrated European energy market. The imposition of a price cap constitutes a severe distortion of the price-setting mechanisms required by **the Gas Directive** (EU 2024/1788):

- **Interference with Free Price Formation:** Administrative wholesale pricing replaces market-based price discovery, undermining a foundational principle of EU energy market design.
- **Disproportionate Scope of Intervention:** Price regulation in EU law is exceptional and narrowly targeted. A blanket wholesale cap applied across the domestic segment is neither targeted nor proportionate.
- **Distortion of Cross-Border Trade:** By decoupling domestic prices from regional benchmarks, the measure risks isolating the national market of Romania, discouraging cross-border trade and weakening supply security.

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Erosion of Regulatory Predictability

Market players entered contracts from April 2026 onwards under the justified expectation – based on previous government commitments – that emergency measures would expire. By reintroducing these caps, the Government undermines regulatory certainty for market participants and discourages future investment.

The "Black Box" of Discretionary Volatility

Art. 6(2) introduces a level of **"discretionary volatility"** by **allowing the Government to change the wholesale price via decree**. This reduces price transparency further and makes the Romanian market an uninvestable "black box" for international traders.

Prolonging emergency intervention in the absence of demonstrable systemic risk will not protect consumers from volatility; it will defer and intensify it. By suppressing forward markets, deterring participation, and weakening cross-border integration, the proposed framework risks eroding both security of supply and long-term affordability.

Energy Traders Europe therefore urges the Government to withdraw the proposed measures and proceed with the transition to a fully liberalised gas market, in line with previously stated commitments.

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