

# Introduction to Aurora – Subscription service for the Romanian power market

June 2021



# Romania's power sector will undergo a deep transformation in the following decade as thermal capacities retire and the strong RES potential is exploited

## Key developments in the Romanian Power Market



**A** Aged thermal plants and a gradual move away from coal with over 2.5GW of retirements (about 60% of current coal capacity) by 2030  
**Romania erases new coal-fired thermal power plants from its plans**  
**CE Oltenia needs EUR 2 billion in aid for decarbonization plan**

**B** Romania has turned into a net importer (5% of consumption)  
Net electricity imports – up by more than 74% in 2020 compared to 2019. Although consumption decreased

**C** Romania is considering a new subsidy scheme for low-carbon technologies (could include nuclear)

**Romania to introduce subsidy scheme modeled on CfD for all low-carbon energy producers**

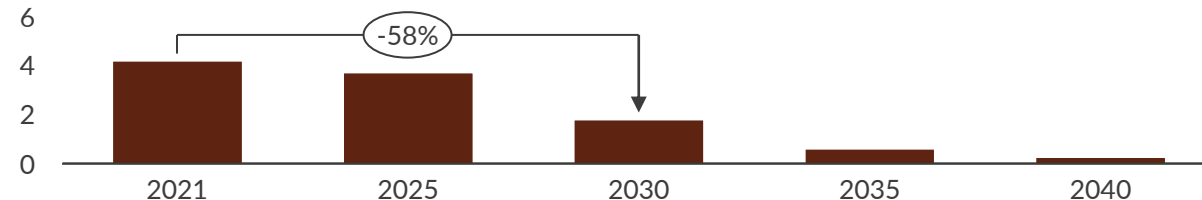
**D** Strong buildout of RES is expected over the next decade with c.7 GW of wind and solar capacity and potentially offshore wind

**Romania's NECP: 6 GW of solar, wind to be installed by 2030**

**Hidroelectrica plans to install first offshore wind park in Black Sea**

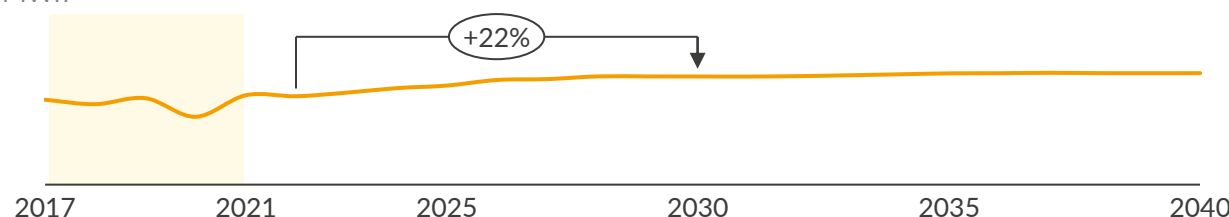
Coal capacities in Romania are expected to drop by 58% during this decade...

Coal fleet capacity  
GW



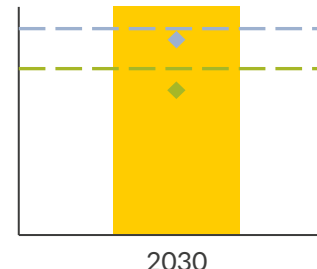
... leading to an accelerated increase of power market prices...

Baseload price forecast  
EUR/MWh

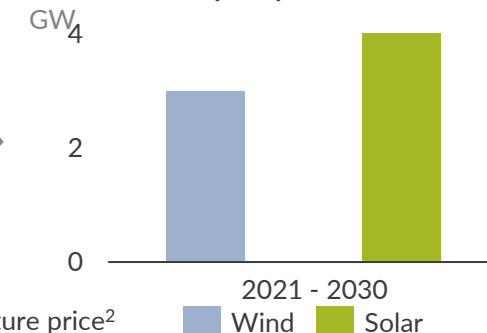


... and potential for merchant RES buildout without government support

LCOE below captured market prices for PV and wind  
EUR/MWh



Wind & solar capacity additions till 2030  
GW

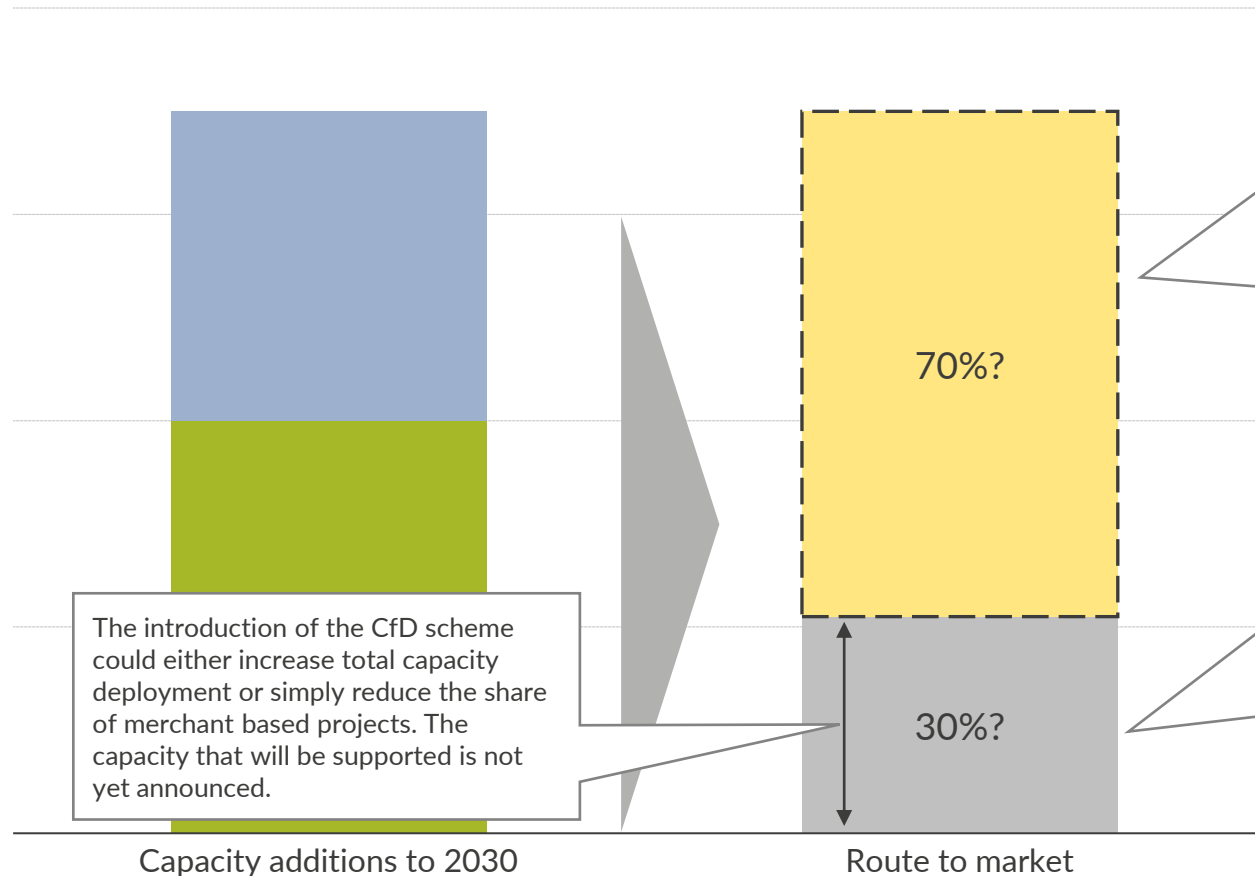


Legend: Baseload price (yellow bar), Wind LCOE<sup>1</sup> (blue diamond), Solar LCOE<sup>1</sup> (green diamond), Capture price<sup>2</sup> (dashed line), Wind (blue bar), Solar (green bar)

1) LCOE using a discount rate of 9% for 2030. 2) Generation weighted average uncurtailed capture price.

# A strong RES deployment is expected in Romania by 2030; Aurora provides intelligence for both merchant and subsidised assets

Wind and solar capacity additions from 2021 to 2030  
GW



 Solar  Wind  Subsidised  Merchant



**How can these merchant projects be financed and brought to market?**

- What are the expected revenues/returns of merchant-based RES projects?
- What are the key risks and considerations for investors and financing banks?
- Are PPAs a viable alternative route to market, how attractive are they and what are key risks?
- **Aurora's analysis can provide crucial intelligence to understand and assess all different types of merchant risk**



**How will the introduction of the CfD scheme (if successful) affect RES buildout?**

- What are the key parameters for evaluating auctions versus market driven projects?
- How important will the merchant tail of subsidised projects be?
- **Aurora's insights can be used to inform a bidding strategy which reflects the true value of RES assets**

# Romanian Power Market Service: Key market analyses and forecasts for all participants in the Romanian power market



## Key information on Aurora's new Romanian subscription

- **Up-to-date report available (June 2021)**
- **Next update in November 2021**
- **Regular updates thereafter (Biannualy)**
- **Introductory workshop**, with insights on market and policy status quo, policy and market outlook, price curves, market scenarios and PPA analysis
- **Subscriber webinar**, Aurora's experts will be organising a webinar for each bi-annual update where we highlight key market developments as well as their impact on our modelling

## Biannual data and market reports to assess business models

- **Yearly forecasts of wholesale market prices along three scenarios** (High, Low, Central) until 2050
- **All the latest trends and forecasts**, recent market and policy developments
- **Price distributions**, capture spark spreads, peak prices
- **Capacity development**, generation mix, interconnector capacity, capacity buildout, exports
- **Capture prices** of key technologies (onshore, solar), load factors
- **Corporate PPA market analysis and valuation**, example of fair price valuation
- **Data in Excel**, all forecast data easily downloadable in Excel format
- **EU ETS carbon price & gas price forecasts**

## Interaction through workshops and ongoing support

- **Bilateral workshops** at your offices to discuss specific issues on the Romanian market
- **Ongoing availability** (calls, access to market experts, modellers) to address any questions across European power markets
- Discounted invitations to Aurora's annual **Spring Forum**

**All intelligence for a successful business, based on bankable price forecasts**

For more information, please contact:  
**Dionysios Tsouchlakis, Commercial Associate**



**dionysios.tsouchlakis@auroraer.com**



**+49 (0)170 938 7408**

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