

The Romanian „energy establishment” is loosely identified with a few overly influential figures, mostly in public offices and dignities, that over the past 10-15 years were decisive in the making of legislation, regulations, institutions, policies and planning in the energy industry. They are endorsed, to various degrees, by myriads of backers in ministries, state agencies, academia (mostly emeriti), as well as some media actors. To be clear, there is no conspiratorial implication in this notion, and no assumption of omnipotence of the „energy establishment,” which has often enough failed in its intentions.

Few questions of some urgency:

Why hasn't the government been able to make a deal on the Black Sea's main gas find, almost eight years after its discovery? Why is Romania still so poorly interconnected with its neighbors' grids, both gas and electric? Why is the government moving one step forward, two steps back with the liberalization of energy markets? How did we get to an obvious deficit of power generation even when the load curve is just 7,000-8,000 MW, while we're bragging installed capacity of more than 20,000 MW? Why do our politicians keep chasing „white elephants” (Tarnița-Lăpușești, hydro-power complex at Turnu Măgurele, new lignite power plant in Rovinari) while virtually ignoring network development, digitalization, renewables, storage, and energy efficiency? And why is the Romanian „gas hub” more of a daydream than a project within reach, in spite of the country's resources, history and infrastructure?

Instead of the usual legal, economic, technical or political explanations, here are reporter's three underlying cultural and mentality stereotypes which, have been revealed in actions, attitudes, statements and decisions made by the „energy establishment.”

1. There is no such thing as an «historical opportunity» in the Romanian energy sector. Other occasions will come.”

This is a token of pastoral „wisdom” that assumed is familiar from the many examples of indecisiveness, procrastination, „strategic patience” or manifest irresolution that caused the death - sometimes by thousand cuts, other times by sudden demise - of momentous investment projects, promising reforms and adoption of new systems in the energy field. The trope must stem from a sense of perennity of the familiar and a seeming contentment with „what has been given to us already,” with little excitement for new, game-changing enterprises. A fitting addition is the cliché of „Mother of God's Garden,” which posits that we are the envy of the world, possessing something everybody wants. A sample would be, „No need to rush about the Black Sea gas, it will stay valuable anyway. If not now, then someday the right partner will pay us what it's really worth - or even better, we will take it

out ourselves.”

Needless to say, such an ahistorical view on natural resources is oblivious to the accelerating dynamics in the ongoing energy transition, the time constrictions of today’s climate policies, and the massive opportunity costs incurred for passivity and poor reputation as an investment destination.

2. „The wealth of natural resources that we own must be kept for ourselves.”

This epitomizes a consistent inward-looking practiced by the state in the gas sector, including since it has joined the EU. Barely any gas molecules can be exported, for fear that we will not have enough for ourselves, although Romania is by far the most important hydrocarbons producer of Southeast Europe, with a clear potential of becoming a net exporter. Those taken with the progress of BRUA should not underestimate the level of resistance it has met from within the „energy establishment.”

A kindred undertone is sometimes added though the cliché of the „Fortress Besieged”, which has it that we’re surrounded by usurping enemies (some more so than others) that crave for our God-given wealth. In it, the „foreigner” – either a neighbor or from overseas – features with negative connotations

There is a clear tension between endemic isolationism and the aspiration of becoming a regional gas hub, as well as the commitment to the European integrated market. But aside from the economic costs of autarchy, the effect has been a deepening energy security vulnerability of Romania to major disruptions of regional gas flows. Moreover, such inward-looking policies render much more difficult the international cooperation needed to tackle global warming.

A related undercurrent has it that „Natural resources have a value that money cannot buy,” which is articulated in the belief that energy (especially natural gas) should not be treated as merchandise, for „mere” monetization results in loss of value and significance. In this optic, to sell energy resources to external buyers for money is not so much a source of further economic and social development, as it is a sell-out. Nevertheless, the „energy establishment’s” instinct of sacralizing the resources of the national subsoil seems ironic in a country where human resources are often treated as disposable, forests are felled with irresponsible greed and the air in the large cities is Europe’s most polluted.

It is the lack of „merchant spirit” and its associated skills and institutions that, more than anything, separates resource-rich Romania from the countries that, though much less naturally endowed, have successfully created prosperity through trading and intermediating, spurring initiative and innovation. And for sure, a healthy dose of „merchant

spirit” is vital to the notion of an energy hub.

3. „Energy markets cannot be trusted, either for affordable prices or security of supply.”

Closely related, this cliché is probably the easiest to notice in policy and regulation. With a longstanding background of statist control and centralized planning, the Romanian energy sector has undergone only belated and always partial liberalization attempts, which were subsequently watered down through postponements, exemptions and reregulating state interventions.

Market mistrust is more widespread and intellectually present than the other two mentality traits. While there is an understandable fear of market volatility and market failure, the anti-market stereotype also bears blunt anti-capitalist, anti-trade and anti-corporate notes, as well as conspiratorial and xenophobic accents. It pairs with the familiar notion that it is the state and nobody else that is supposed to extend its citizens and industries the protection of regulated energy prices, and to advance the national interest, broadly defined.

Certainly, it is quite reasonable to expect the state to keep a vigorous regulatory and monitoring presence in the energy markets and maintain strong and competent institutions. Indeed, no less is expected from Romania as a trustworthy member of the EU.

But the mix of these stereotypes in the intellectual and emotional decision-making frames leads to market hostility. In practice, though, pro-market rhetoric serves as a cover for cronyism, vested interests, and clientelism. To wit, look at the recent cheering from some corners, when the notorious GEO 114/2018 was announced. More clarity about the winners and their patrons was added soon thereafter, as ANRE published a list of industrial consumers that would exclusively be allowed to purchase domestic, price capped natural gas.

To conclude, there is neither fatalism nor overgeneralizing in these considerations. In a country with a vibrant and innovative private sector, including in energy, the time has come, though, for a paradigm shift in the „energy establishment,” which ought to keep up with the time, get over the antiquated mindset of the 1960s, and make way for a new generation of decision-makers with relevant international credentials, solid knowledge of markets and technology – and, most importantly, with genuine accountability.

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