

A National Treasure

Romgaz is one of Romania's largest and most important producers of natural gas. With a total of 153 commercial reservoirs and six underground storage facilities, the company is a vital player in Romania's energy market.

Images courtesy of Romgaz

As the largest producer and main supplier of natural gas in Romania, Romgaz is a joint stock company with the Romanian State as the company's majority shareholder. The organisation has vast experience in the field of gas exploration and production, tracing its history back to 1909 with the discovery of the first commercial gas reservoir in the Transylvanian Basin.

Romgaz undertakes geological research to discover new gas reserves, produces methane by exploiting the reservoirs included in the company portfolio, stores natural gas in the underground deposits, and makes interventions, workovers and special operations on wells and transport. From 2013, Romgaz extended its scope of work by taking over the Iernut thermoelectric power station, and thus also becoming an electric power supplier.

The company dwells on the implementation of the latest

technology in geological exploration, gas production and underground storage, financed from its own or external sources. Romgaz's economic and financial position is characterised by the profit constancy and solvency. Romgaz is one of the state-owned companies that has fulfilled all the conditions for economic rise, turning it into one of the most important companies in Romania.

Virgil Metea, Director General of Romgaz, joined the company in May (and started mid-June as DG) last year. He has decades of experience within the resources sector. "I started my activities in the gas industry in 1985 after I graduated from the Oil and Gas Institute in Ploiesti, Romania. I now have 29 years' experience in the gas industry, upstream and downstream. I started in upstream drilling and production with a drilling company. During the 16 years I was there, I started as a beginner and gradually took on important management positions, the most important of which was

technical manager of the company, which I did for seven years.

"After that period in upstream, I shifted to downstream and for 12 years I worked in downstream distribution. I started in distribution 2002 as a development director and after one year, in 2003, I became general director of Distrigaz Nord Târgu Mures, which was a gas supply and distribution company for the northern half of Romania. At the end of 2003 the privatisation process of the company started—a process completed in mid-2005. That meant that the E.ON group, the biggest private international utility company, took 51 per cent of the shares and majority in Distrigaz Nord. After the privatisation, I took different executive positions in management of E.ON group in Romania, as director general in distribution.

"I got the director general position in a supply company and after that I came back to distribution, gas, and electricity. I finished my job in E.ON group as general manager in gas and electricity distribution, >



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for E.ON Gaz Distribuție and E.ON Moldova Distribuție. Also, I was board member of E.ON Romania, the major shareholder of E.ON companies in Romania. Last year, because the government decided to implement professional management in state-owned companies, I decided to participate in a tender for an admin board position in Romgaz. I started as an admin board member in Romgaz from May last year, and from the middle of June I started as general manager in Romgaz. So I'm an engineer by trade, but I also have my MBA and a doctorate in mechanics."

With his prolific career in the Romanian energy industry, Virgil has seen that national market develop and grow over the years, noting the shifts in industry focus and the importance of Romgaz moving with these changes. "The energy sector in Romania, particularly the oil and gas industry, has a very long tradition, with more than 100 years"

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- Virgil Metea



experience, and has become quite well-developed over the years. We can split this industry revolution into before and after the 1990s because of orientation.

"Before the 1990s, the orientation of the economy and the industry was to production, generally

speaking. After the 1990s, the orientation slowly went to, and is still going towards, market orientation—increased economic efficiency, and all things market oriented, which is really to do with the market, the customers, and supply and demand. This was a major change, and if we think from

the position of an EU state member, we can see now that it has increased security and competition at the same time. This has come to be the new challenge for the future."

Another key challenge for Romgaz came through the preparation for listing on the stock exchange, particularly since it is the first Romanian company to list on the London Stock Exchange. "That process was a very difficult one, but it also gave us a lot of experience and was successful. I hope all of our investors were satisfied in the end and that they are also satisfied now.

"Another challenge was that new concept of security and competition in the new regional and world context. Taking into consideration that energy is a driver for each economy in the present and future shows us that the interest in the energy sector is very high.

"Another challenge is market liberalisation, and this necessity comes because we are also an EU member and we have to harmonise all of our legislation and economic behaviour with all other members. I can also say that while we're changing, we will remain a top company. This is our wish and to do this we need to maintain and even increase our internal efficiency in order to have a very flexible structure that can respond very quickly to market changes that we'll face in the future."

Virgil has found it challenging and rewarding to manage the various shareholders that comprise the Romgaz joint venture. "This is also a big transformation for our company; going from a state-owned company to a public company listed on the stock exchange. This transformation is not an easy one because we have to fulfil all legislation and capital market requirements internationally and in Romania.

"For example, we had to improve corporate governance, improve transparency, maintain and increase efficiencies, and develop the company in a transparent way.

"Things change very rapidly and now we are improving all the time in technology, and we can prove this with a long list of certificates for quality management as well as safety and environmental management."

- Virgil Metea



Keeping good relations with all shareholders and treating them all the same is also a big challenge and a continuous activity because we have to care for them at every moment. And, as you can appreciate, we have been keeping up with this challenge."

Innovation is a key aspect of Romgaz's activities, and a driving force of the company's ongoing development. "To provide the means for exploration and daily activity we need to be very inventive so we can complete our job and discover new resources, for example. That means this creativity stimulates the business. Regarding company behaviour and company culture, we are careful and we are trying to promote all new and good ideas. Also, we have some collaboration with institutes, universities, and other partners in the use of high-level technologies, and this has come to be a part of our culture. In order to expand our know-how, there is also training for our employees; we need to be a learning company because learning is a continuous process, but we're not far from it."

As an explorer and producer of natural gas, Romgaz understands the importance of environmental consciousness and sustainability. "Our activity is in the middle of the environment, so environmental impact is a consequence of our actions. Of course, we take into

consideration my experience in these activities. I can tell you that we achieved a lot of progress during the past 20 years. Our operational procedures comply with the most stringent requirements.

"Things change very rapidly and now we are improving all the time in technology, and we can prove this with a long list of certificates for quality management as well as safety and environmental management. To keep these certifications, we have to prove that we will comply with all legal and other requirements. We also promote to other CSR programs that encourage the right level of consciousness regarding environmental issues."

Romgaz has wrapped up its first year as a publicly listed company and is in good stead for future growth and development. "I see Romgaz much stronger and in a better position on the regional and international markets in the next few years. We are always looking for more development and we're constantly looking to our employees to maintain high-level expertise. We aim to be a very flexible company in any situation. I also see Romgaz as a good business partner for everybody."

The company is a crucial part of the Romanian economy and will continue playing a vital role in the country's energy production and market. •



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