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Transelectrica®

Societate Administrată în Sistem Dualist

Annual Report 2019

ANNUAL REPORT

CNTEE TRANSELECTRICA SA

on the stand-alone financial statements of CNTEE Transelectrica SA, drafted according to Order 2844/2016 of the Ministry of Public Finances, as subsequently amended and supplemented and according to Law 24/2017 on the issuers of finance instruments and market operations and to Annex 15 of Regulation 5/2018 issued by the Financial Services Authority
for the financial year concluded on December 31st, 2019

Date of the report:	26 March 2020
Issuer:	CNTEE TRANSELECTRICA SA, two-tier company
Registered head office:	Bucharest 1, 33 Gen. Gheorghe Magheru Blvd., zip code 010325
Working Point:	Bucharest 3, No. 2 - 4 Olteni Street, zip code 030786
Telephone / fax:	021 303 5611 / 021 303 5610
Single code with the ORC:	13328043
Number in the Commercial Register:	J40/8060/2000
LEI (Legal Entity Identifier) code:	254900OLXOUQC90M036
Company's establishment date:	31.07.2000/ GEO 627
Registered capital:	733,031,420 Lei, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium Category
The main features of the issued securities:	73,303,142 shares with a nominal value of 10 Lei / share as per dematerialised, registered, ordinary, indivisible shares, freely tradable from August 29th, 2006 under the TEL symbol
Total market value:	1,447,737,054 Lei (19.75 Lei / share on 31.12.2019)
Applied accounting standard:	International Financial Reporting Standards
Audit:	The stand-alone financial statements elaborated on 31.12.2019 have been audited

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**REPORT OF
MANAGING
STRUCTURES**

2019

Message from the Supervisory Board

Dear shareholders,

Dear investors,

The primordial role of Transelectrica is to provide safe operation of the National Power System, a mission which the Supervisory Board makes all the efforts to consolidate. We the Board supervise Company activities carefully and the premises of the environment it operates in with a view to provide good planning of Transelectrica's development and performance, while also formulating rigorously the objectives.

The last years have been marked by important changes in the European energy sector, according to which the Supervisory Board attempted to strike a balance between lasting, sustainable objectives in the mid- and long run and the daily challenges of the industry.

The measures implemented by the Company throughout 2019, in the spirit of energy transition, constitute a sound foundation to align Transelectrica to the European trends and energy policies, as well as to the European electricity market. Transelectrica paid major interest to corporate governance, transparent processes Company-wide, integrated communications and sustainable development, environment and social responsibility within all activities performed.

At the core of all our efforts is Transelectrica's essential role in achieving the energy policy commitments assumed by our country towards the European Union, as a member state. The increasing integration of renewable energy sources and the greater cross-border interconnectivity of the national transmission system are country assumed objectives and Transelectrica's contribution to their achievement is crucial. To cope with such major challenges we further implement projects in order to develop the technical and operational capabilities at a pace required by the development of the European energy sector. We are also taking into account new investments which, when implemented, will improve the reliability of the transmission grid and will increase the safety of electricity supply.

We will further be concerned with observing the commitments to all stakeholders and consolidating a stable sound financial position by means of transparency, professionalism and performance.

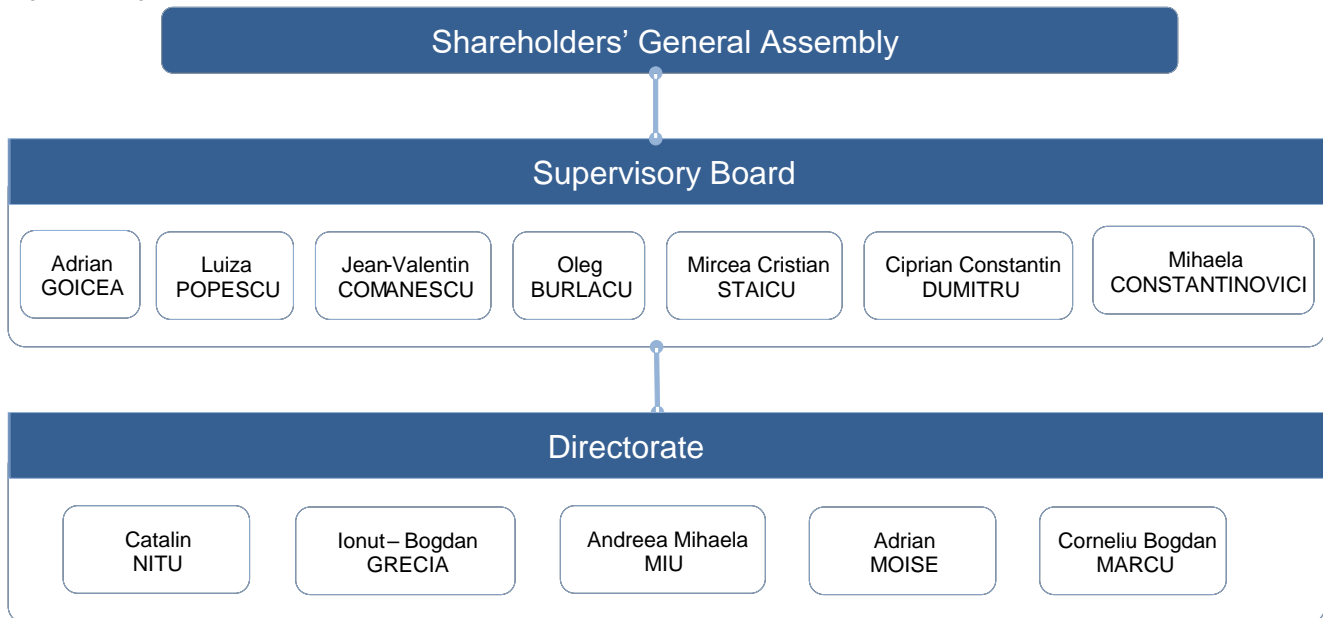
The Supervisory Board of CNTEE Transelectrica SA

The Supervisory Board

The National Power Grid Company Transelectrica SA ("CNTEE Transelectrica SA", "Transelectrica" or "Company") is a joint stock company organised and operating in accordance with Romanian laws

under a two-tier system, based on the decision of the shareholders' extraordinary general assembly of 18 July 2012, by a Directorate (having 5 members) supervised by a Supervisory Board (having 7 members).

Figure 1: Organisational structure



As of the drafting date of this Report the Supervisory Board's structure, with mandate duration of 4 months, namely until 29 March 2019, is the following:

Adrian GOICEA, Chairman of the Supervisory Board

At the meeting of 02 December 2019 Supervisory Board members of CNTEE Transelectrica SA appointed Mr. Adrian GOICEA as Supervisory Board chairman.

Mr. Adrian Goicea has acquired vast experience in the energy domain and as of 2006 he held the Director position in consultancy domain for an energy company, in his career leading various country projects for Romania, of which the giant project of Iberdrola Renovables (1200 MW), but also different development projects for wind energy in Romania. In 2001 - 2003 Mr. Adrian Goicea was Director General of OPCOM SA, subsidiary of CNTEE Transelectrica SA, promoting this company into international stock exchange associations and energy market operators, APEX (worldwide) and EUROPEX (in Europe), thus contributing to a greater prestige of OPCOM among the most appreciated entities in the domain.

In 1979 - 1985 Mr. Adrian Goicea was active in diplomacy, being Diplomat Secretary II and responsible for economic and consular issues in the relations with the PDR of Korea. Mr. Adrian Goicea is bachelor of economy, having graduated the courses of the Academy of Economic Studies (1972-1977), having also attended speciality and improvement courses of accounting and renewable energy.

Luiza POPESCU, Supervisory Board member

Having managerial experience in the oil and natural gas domain, after working 8 years (2010-2018) in the petroleum industry of the United Arab Emirates as sales and business development manager in the oil, gas and energy sector Mrs. Luiza Popescu is now senior engineer with ELCEN Romania.

Mrs. Luiza Popescu attended a master's course in the Polytechnic University of Bucharest, as well as other professional qualification and training courses in countries such as: Switzerland, the Netherlands, Czech Republic, Ontario- Canada, France, Denmark, United Arab Emirates and the UK.

Jean-Valentin COMANESCU, Supervisory Board member

Mr. Jean-Valentin Comanescu has got competence both in economics and in public procurement, from 2014 to date having worked as economist for public procurement with the Motor Car Romanian Register.

Mr. Jean-Valentin Comanescu graduated the Faculty of Economic Studies of the Nicolae Titulescu University, Bucharest (2017), the Agricultural-Touristic Management Faculty, speciality Engineering, Public Food Management and Agricultural Tourism with Bioterra University, Bucharest (2009). He has also got a master's degree in engineering and another master in public finance and fiscal policies.

Oleg BURLACU, Supervisory Board member

Mr. Oleg BURLACU has got sound experience in the juridical domain, consolidated in more than 19 years' activity as lawyer and juridical consultant.

In 2000 he began his professional career as juridical counsellor with Bytel SRL (2000-2003), and in 2003 he was appointed Director General of CONT LEX SRL, until 2005.

In 2007-2014 he was coordinator lawyer with SCA Burlacu & Associates, and as of 2014 he is coordinator lawyer with SCPA Burlacu & Partners.

Mr. Oleg Burlacu completed his professional experience by writing more than 12 professional articles published in specific juridical publications, and by participating as speaker to referential conferences.

Mr. Oleg Burlacu is doctor candidate in institutional, public and European law and graduated the master courses of Titu Maiorescu University of Bucharest. He was bachelor of the Law Faculty from Bucharest University.

Ciprian Constantin DUMITRU, Supervisory Board member

His managerial experience being gathered in the private sector, Mr. Ciprian Constantin Dumitru held different positions with multinational organisations.

As of 2015 he was director general of Co. New Challenge Marketing Research, having previously acted in human resource management for different private companies. Mr. Ciprian Constantin Dumitru graduated the law courses of the Romanian-American University (2000), the post-graduate courses of the Police Academy A. I. Cuza, speciality of international relations.

Also Mr. Dumitru attended professional courses such as: Business Leadership Practices Course (2003), Basic and Methods in Offensive Marketing (2003), Operations Training Workshop, in MSPA Europe Berlin (2008).

Mihaela CONSTANTINIVICI, Supervisory Board member

Mrs. Mihaela Constantinovici has got managerial competence both in the private and in the public sector, having held a series of top-management positions until now.

As of 2017 to date Mrs. Constantinovici has been a member in the Board of Administration of CASA OPSNAJ. In March - November 2019 Mrs. Constantinovici was also a Supervisory Board member of CNTEE Transelectrica SA.

Having graduated the Academy of Economic Studies Bucharest, Management Faculty, Mrs. Constantinovici attended the post-graduate course in public administration and good governance of the Babes Bolyai University under partnership with Michigan State University and has got a master's degree in political science and criminal law. Also Mrs. Mihaela Constantinovici attended several courses in: national security, good governance and diplomacy.

Mircea Cristian STAICU, Supervisory Board member

Mr. Mircea Cristian Staicu has got professional experience in public central administration.

In time he held several governmental positions: personal counsellor of the Minister of Transportation (July - December 2016), Deputy Secretary General in the Ministry of Transports and Infrastructure (October 2010 - June 2012), Secretary General in the Ministry of Culture, Cults and the National Heritage (April 2009 - October 2010), as well as personal counsellor of the Minister of Culture (December 2008 - April 2009).

Mr. Mircea Cristian Staicu graduated the Political Science Faculty of the National School of Political and Administrative Studies (2000), Faculty of Juridical and Administrative Sciences of the Dimitrie Cantemir University, speciality of juridical sciences (2000), as well as the master courses in political science and public communication in the SNSPA.

Consultative committees of the Supervisory Board

The Audit Committee

Mr. Jean-Valentin COMANESCU (chairman), Adrian GOICEA, Luiza POPESCU, and Mihaela CONSTANTINOVICI are members of this committee.

The Audit committee has got as attributions, among others, to monitor the efficiency of internal control, internal audit and risk management systems of Transelectrica, to check and monitor the independence of external auditors, the statutory audit of annual financial statements and the approaches proposed by external auditors, while also coordinating their activity with internal auditors.

The Audit committee monitors the financial and management reporting, as well as the financial plan and the elaboration of annual financial statements and the annual consolidated statements; it monitors and reviews the achievement of performance indicators of the transmission system and the economic-financial performance of company activities.

The Audit committee has got an important part in checking the efficiency of the system monitoring the compliance with laws and regulations applicable to Company activities and the results of managerial investigations in case of non-compliance.

At the same time it assists the Supervisory Board in achieving its supervision and overseeing responsibilities for the elaboration and update of the Company's general development strategy; it assists the Supervisory Board in identifying the major development paths in the domain.

Complying with the corporate governance principles established in the Corporate Governance Code of the Bucharest Stock Exchange is a permanent commitment assumed by the Supervisory Board. The Supervisory Board through its Audit committee aims at enhancing transparency regarding the activities of Company's organisational entities by implementing new internal regulations on internal public audit and significant risk management within CNTEE Transelectrica SA.

The Nomination and Remuneration Committee

Luiza POPESCU (chairperson), Adrian GOICEA, Jean-Valentin COMANESCU, Oleg BURLACU, Ciprian Constantin DUMITRU, Mircea Cristian

STAICU and Mihaela CONSTANTINOVICI are members in this committee.

As far as the nomination area is concerned the Nomination and remuneration committee coordinates the appointment of Directorate members and makes recommendations both for Directorate member positions and for vacant seats in the Supervisory Board.

The Nomination and remuneration committee establishes the requirements for a person's holding a certain position in Company administration and permanently updates the professional competences of Directorate members.

As regards the remuneration area the Nomination and remuneration committee elaborates the remuneration policy for Directorate and Supervisory Board members and submits it to the approval of the Shareholders' General Assembly.

The Nomination and remuneration committee submits the total amount of the direct and indirect remuneration of Directorate and Supervisory Board members in the annual report, while observing the proportionality principle of such with the responsibility and time dedicated by them to exercising their positions.

The Energy Security Committee

Oleg BURLACU (chairman), Ciprian-Constantin DUMITRU, Adrian GOICEA, Luiza POPESCU, Jean-Valentin COMANESCU, Mircea Cristian STAICU and Mihaela CONSTANTINOVICI are members in this committee.

The Energy security committee monitors and advises the Supervisory Board, the Directorate and the Company's specific departments on the implementation of strategic objectives of a system operator and the energy security ones within the entire National Power System ("SEN"), being concerned with the energy security of RET (Electricity Transmission Grid) and the energy security & protection of critical infrastructure.

Another committee attribution is to get involved, under the Supervisory Board's mandate, together with the Directorate in the dialogue with public authorities with attributions and competence in energy security (Ministry of Energy, specific Commissions of the Parliament).

Changes in the Supervisory Board

In accordance with AGA Decision 13 of 26 November 2018, from 30.11.2018 to 29.03.2019 the membership of the Supervisory Board ("CS" or "Board") of Transelectrica was the following:

- Gheorghe Olteanu – Supervisory Board chairman
- Adrian Mitroi – Supervisory Board member
- Fanel Mihalcea – Supervisory Board member
- Alin-Sorin Mitrica – Supervisory Board member
- Constantin Dumitru – Supervisory Board member
- Liviu Ilasi – Supervisory Board member
- Ion Ciuculete – Supervisory Board member

Consultative committees had the following membership:

The Audit committee comprised Gheorghe Olteanu, Adrian Mitroi, Fanel Mihalcea, Alin-Sorin Mitrica, Constantin Dumitru, Liviu Ilasi, and Ion Ciuculete.

The nomination and remuneration committee comprised Gheorghe Olteanu, Adrian Mitroi, Fanel Mihalcea, Alin-Sorin Mitrica, Constantin Dumitru, Liviu Ilasi, and Ion Ciuculete.

The energy security committee comprised Gheorghe Olteanu, Adrian Mitroi, Fanel Mihalcea, Alin-Sorin Mitrica, Constantin Dumitru, Liviu Ilasi, and Ion Ciuculete.

29 March 2019 – AGA decisions 4, 5, 6, 7, 8, 9 and 10 appointed as provisional Supervisory Board members with mandate beginning on 30.03.2019 the following: Adrian Mitroi, Alin-Sorin Mitrica, Constantin Dumitru, Mrs. Virginia Mihaela Toader, Mrs. Mihaela Constantinovici, Mircea Gheorghe Dumitru Cosea, Mrs. Carmen Nina Crisu, mandate term of 2 months until 30.05.2019.

08 April 2019 – CS members appointed Mr. Mircea Gheorghe Dumitru COSEA as Supervisory Board Chairman. Mrs. Nina Carmen Crisu refused accepting the provisional member mandate in the Company and the Nomination and remuneration committee members were appointed as follows:

- Constantin Dumitru
- Mihaela Constantinovici
- Adrian Mitroi
- Alin-Sorin Mitrica
- Floin-Radu Ciocanelea

Audit committee members were appointed from the Supervisory Board members:

- Adrian Mitroi
- Mircea Gheorghe Dumitru Cosea

- Virginia Mihaela Toader
- Alin-Sorin Mitrica

Energy security committee members were appointed from the Supervisory Board members:

- Mircea Gheorghe Dumitru Cosea
- Virginia Mihaela Toader
- Constantin Dumitru
- Floin-Radu Ciocanelea

14 May 2019 – AGA Decision 14 appointed as provisional Supervisory Board members the following: Adrian Mitroi, Alin-Sorin Mitrica, Constantin Dumitru, Mrs. Virginia Mihaela Toader, Mrs. Mihaela Constantinovici, Mr. Mircea Gheorghe Dumitru Cosea and Mr. Florin-Radu Ciocanelea; mandate term was established at 4 months, beginning with 30 May 2019.

04 June 2019 – CS members re-elected Mr. Mircea Gheorghe Dumitru Cosea as Chairman of the Supervisory Board of Transelectrica SA. On the same date they designated Mr. Adrian Mitroi as chairman of the Audit committee with the following members:

- Mircea Gheorghe Dumitru Cosea
- Virginia Mihaela Toader
- Alin Sorin Mitrica

Mr. Constantin Dumitru was designated by them as chairman of the Nomination and remuneration committee with the following members:

- Mihaela Constantinovici
- Adrian Mitroi
- Alin-Sorin Mitrica
- Florin-Radu Ciocanelea

They designated Mr. Mircea Gheorghe Dumitru Cosea as chairman of the Energy security committee with the following members:

- Virginia Mihaela Toader
- Constantin Dumitru
- Florin-Radu Ciocanelea

20 September 2019 – taking into account that 30.09.2019 is the expiry date of mandates for the provisional Supervisory Board members appointed by AGA decision 14/14.05.2019, according to AGA decisions 16, 17, 18, 19, 20, 21 and 22 provisional Supervisory Board members with mandate beginning on 30.09.2019 were appointed: Adrian Mitroi, Petru Tarniceru, Ionica Badila, Mrs. Mihaela Virginia Toader, Mrs. Mihaela Constantinovici, Mr. Mircea Gheorghe Dumitru Cosea and Mr. Florin-Radu Ciocanelea.

10 October 2019 – CS members re-elected Mr. Mircea Gheorghe Dumitru Cosea as Supervisory Board chairman of Transelectrica SA. On the same

date they designated Mr. Adrian Mitroi as chairman of the Audit committee with the following members:

- Mircea Gheorghe Dumitru Cosea
- Virginia Mihaela Toader
- Petru Tarniceru
- Ionica Badila

Mrs. Mihaela Constantinovici was designated as chairperson of the Nomination and remuneration committee with the following members:

- Adrian Mitroi
- Petru Tarniceru
- Ionica Badila

They designated Mr. Mircea Gheorghe Dumitru Cosea as chairman of the Energy security committee with the following members:

- Virginia Mihaela Toader
- Mihaela Constantinovici

26 November 2019 – AGA decisions 24, 25, 26, 27, 28, 29 and 30 appointed as provisional Supervisory Board members with mandate beginning on 30 November 2019 until 29 March 2020 the following: Popescu Luiza, Burduja Sebastian, Badea Jean, Comanescu Jean-Valentin, Burlacu Oleg, Goicea Adrian, Stan-Olteanu Manuela PetLelela.

02 December 2019 – CS members appointed Mr. Adrian Goicea as Supervisory Board chairman. On the same date they designated Mr. Jean-Valentin Comanescu as chairman of the Audit committee with the following members:

- Adrian Goicea

- Luiza Popescu

They designated Mr. Sebastian Burduja as chairman of the Nomination and remuneration committee with the following members:

- Adrian Goicea
- Jean-Valentin Comanescu
- Oleg Burlacu
- Luiza Popescu
- Jean Badea

They designated Mr. Oleg Burlacu as chairman of the Energy security committee with the following members:

- Sebastian Ioan Burduja
- Adrian Goicea
- Luiza Popescu
- Jean-Valentin Comanescu
- Jean Badea

13 December 2019 – Mrs. Manuela Stan-Olteanu refused accepting the provisional Supervisory Board member mandate in Transelectrica SA.

18 December 2019 – the Supervisory Board members, in accordance with the notification of Mr. Sebastian Burduja, acknowledged that as of 17 December 2019 he would no longer be a provisional Supervisory Board member of CNTEE Transelectrica SA.

The mandate of the current Supervisory Board is carried out over a period of four months, beginning on 30 November 2019 until 29 March 2020.

Report of the Supervisory Board with respect to the stand-alone financial statements executed in accordance with the International Financial Reporting Standards

Supervisory Board relies on the corporate governance principles, which require responsible professional objective Company attitude to stakeholders. The Board reviews the Company strategy and the premises of the environment it operates in with a view to provide good planning of its development and performance, while also formulating rigorously the objectives.

The stand-alone financial statements of 2019 were submitted for examination by the Supervisory Board, and the Company's Directorate provided detailed information about the annual results. On the occasion of its meeting to approve the 2019 financial statements the Audit Committee provided the Supervisory Board with their analysis of the 2019 financial results and recommended the Supervisory Board to endorse these stand-alone financial statements elaborated in accordance with OMFP 2844/2016.

Also Supervisory Board members reviewed the Directorate's Annual Report elaborated in accordance with the requirements of the capital market legislation. The 2019 Annual Report provides fair accurate image of Company results obtained in the financial year 2019.

The Audit Committee assists the Supervisory Board in achieving its supervision responsibilities with a view to monitor financial and management reporting, the internal control system, the audit system, the risk management system and the organisational monitoring of the compliance with laws, regulations and the code of conduct.

Sincerely yours,

The Supervisory Board, represented by the

Chairman of the Supervisory Board

Message from the Directorate

Dear shareholders,

Dear investors,

This year we celebrate two decades from Transelectrica's establishment, therefore we can maturely examine the achievements in the energy sector and we are able to look at the future with responsibility and think sustainably, features that will enable us consolidate the strategic position we have acquired in Europe.

Last year we placed emphasis on improving the operational performance by means of new investments, expediting the completion of those already started and drawing European funds for strategic projects. 2019 has been a year when the contribution of renewable sources increased above six percent in comparison with 2018. In order to sustain this trend ever increasing in European countries we develop the electricity transmission network in order to uncongest the power output generated in Dobrogea region, which is energy from renewable sources using European funds (400 kV double circuit OHL Cernavoda-Stalpu and 400 kV OHL Smardan-Gutinas).

Even if 2019 has been a difficult year, characterised by high operational costs for the transmission system the sustained efforts of all Company specialists and expedited investments developing the transmission system enabled Transelectrica to further consolidate its strategic part on the European and regional market. In 2019 Transelectrica joined the shareholders of the Joint Allocation Office (JAO), the European Centre allocating transmission capacities, by subscribing cash amounting to 259,325 Euro, being thus allocated 50 shares.

The achievements of 2019 are the result of assuming corporate governance, transparency and communication principles but also of the Company's involvement in corporate social responsibility in active manner towards communities, employees and environmental issues.

We propose for 2020 to enhance the corporate social responsibility activities with respect to environmental protection. We deem the consideration we pay to environment plays an extremely important role on the sustainability path we have addressed, this meaning our involvement into the contribution we bring to building a sustainable society.

Hereby we reiterate our commitment to do whatever is necessary with a view to add value to the industry and to sustain a long lasting performance Company-wide.

Directorate of CNTEE Transelectrica SA

Directorate

At the moment of drafting this report, Transelectrica's Directorate has the following structure:

Catalin NITU, Directorate Chairman

Mr. Catalin Nitu was appointed chairman of the Directorate of CNTEE Transelectrica SA beginning with 21 December 2019.

Having acquired vast experience of over 25 years in the information technology and communication domain, since 2017 Mr. Catalin Nitu has been Department manager in the Information Technology and Communication Division of CNTEE Transelectrica SA, capacity in which he coordinated and supervised the Company's IT & communication projects, in the substations and any entity found under the direct control of the system operator. Also as such Mr. Nitu monitored the maintenance provided to the Company's communication infrastructure. From 1991 until 2016 Mr. Catalin Nitu held several positions in the Ministry of Internal Affairs, General Directorate for Communications and Information Technology. Mr. Catalin Nitu graduated the Electronics and Communications Faculty of the Polytechnic University of Bucharest (1997). In 2009 he graduated the Master courses on IT security with the Faculty of Electronic Systems and Military Intelligence, the Military Technical Academy. Also Mr. Nitu attended several post-graduate speciality and enhancement courses in management, communication and information technology.

Ionut-Bogdan GRECIA , Directorate member

Mr. Ionut-Bogdan GRECIA was appointed Directorate member of CNTEE Transelectrica SA beginning with 21 December 2019.

Mr. Ionut Bogdan Grecia has got experience in corporative governance and corporate social responsibility, a domain where he has been active in Transelectrica SA since 2017. Mr. Grecia held also positions in the public and banking sectors with BRD Finance. Also Mr. Grecia has acquired rich volunteering activity, being at the same time chairman of a non-governmental organisation in education and social responsibility. As regards managerial activities, as of 2016 Mr. Grecia is member in the Board of Administration of Gymnasium 8 of Bucharest. Mr. Bogdan Grecia graduated the Finance and Accounting Faculty of the George Bacovia University of Bacau (2011), attended the Master course on international economy and European business of the Faculty of Economic International Relations from the Academy of

Economic Studies Bucharest (2013), as well as the master courses on public policies and public administration management of the Sociology Faculty, University of Bucharest.

Andreea Mihaela MIU, Directorate member

She was appointed Directorate member beginning with 21 December 2019.

Having acquired more than 19 years' experience in the juridical domain Mrs. Andreea Mihaela Miu has been practicing attorney in the Lawyer Cabinet Miu Andreea Mihaela beginning with 2008. As far as managerial activities are concerned in 2014-2016 she was member in the BA of Co. ICEM SA, and in 2015-2016 a BA member of RADET. From 2008 to date Mrs. Andreea Miu has been representative of the juridical department in the ANTALIS Romania multinational division. Also from 2007 to 2012 Mrs. Miu provided juridical assistance and representation for Co. HIDROELECTRICA SA and Co. Transelectrica SA. Mrs. Andreea Mihaela Miu graduated the Law Faculty of the Christian University Dimitrie Cantemir of Bucharest (1995-1999), as well as master's courses on law with the Law Faculty of the Police Academy A. I. Cuza, Bucharest (2001-2002). Also Mrs. Miu attended several speciality and qualification courses on the capital market and in communication: the Capital market in Romania (Bucharest Stock Exchange, 2007), Jurists on the capital market (Commodity Exchange, Sibiu, 2007), Communication management in public relations (Public Relations Faculty and SNSPA, 2002) and ING BANK.

Adrian MOISE, Directorate member

Mr. Adrian MOISE was appointed Directorate member of CNTEE Transelectrica SA beginning with 21 December 2019. With more than 20 years' experience in electricity distribution Mr. Moise Adrian has held during all this time interval many managerial positions with the Electricity Distribution Company Muntenia Nord, providing the safe operation of the National Power System, coordinating failure removal from system areas and applying the operational recovery plan of the National Power System (SEN) as well as the SEN defence plan against major disturbances. Mr. Adrian Moise graduated in 2004 the Energy Faculty of the Polytechnic University of Bucharest, and in 2006 the master's course on Management of electricity systems and process of

the same University. Also Mr. Moise attended post-graduate speciality courses on the management of the security of classified information, managerial development and public procurement.

Corneliu Bogdan MARCU, Directorate member

Mr. Corneliu Bogdan MARCU was appointed Directorate member of CNTEE Transelectrica SA, beginning with 10 January 2020.

Engineer by profession and having acquired more than 15 years' experience in the energy sector Mr. Corneliu Bogdan Marcu held different positions in Hidroelectrica SA, Hydropower Subsidiary Curtea de

Arges, coordinating the maintenance and development activities. Mr. Corneliu Bogdan Marcu graduated the Energy Faculty of the Polytechnic University of Bucharest (UPB), speciality Environmental engineering in energy. In 2005 he graduated the master's studies regarding the impact of electricity generation on the environment and society with UPB. Also since 2014 Mr. Marcu has held the Doctor engineer title granted by the Hydro technical Faculty of the Construction University from Bucharest.

On the issuance date of this Report, Transelectrica is not aware of any agreements, understandings or family connections of Directorate members and other persons.

As of drafting this report, Transelectrica has no knowledge about pending litigations or administrative proceedings against the Directorate pertaining to its activity within the Company or related to the ability of said persons to fulfill their duties in the Company .

No Directorate member has held participations in the Company's registered capital as of 31.12.2019

Changes in the Directorate of Transelectrica

01 January 2019 – On 01.01.2019 the Directorate membership was the following: Marius Danut Carasol, Andreea Georgiana Florea, Constantin Saragea, Claudia-Gina Anastase and Savu Adrian.

11 April 2019 – Supervisory Board members of the Company by Decision 20/11.04.2019 extended the provisional capacity of Directorate members with 2 months beginning with 21 April 2019 to the following persons:

- Marius-Danut CARASOL
- Claudia-Gina ANASTASE
- Andreea-Georgiana FLOREA
- Constantin SARAGEA
- Adrian SAVU

and by Decision 21/11.04.2019 they designated Mr. Marius-Danut CARASOL as Directorate chairman, alternatively called Executive Director General or Chief Executive Officer – “CEO” – of the Company.

04 June 2019 – Since the mandate of Directorate members ended lawfully on 20 June 2019 as it has reached its term according to article 64 para (1) of OUG 109/2011 on the corporative governance of public enterprises, with later amendments and additions, the Supervisory Board by Decisions 31, 32, 33, 34 and 35 / 04.06.2019 designated as provisional Directorate member for mandate of four months beginning with 21 June 2019 the following persons:

- Marius-Danut CARASOL
- Alina Elena TEODORU
- Claudia-Gina ANASTASE
- Andreea-Georgiana FLOREA
- Adrian SAVU

19 September 2019 – Supervisory Board by Decision 54 / 19.09.2019 recalled Mr. Marius Danut Carasol from his capacities of Directorate member and Directorate chairman.

On the same date they elected Mrs. Claudia-Gina ANASTASE as Directorate chairperson, alternatively called Executive Director general or Chief Executive Officer – “CEO” of the Company.

16 October 2019 – Since on 20 October 2019 the mandates of provisional Directorate members reached their term the Supervisory Board by Decision 60/16.10.2019 decided extending their mandates by two months beginning with 21.10.2019 for the following persons:

- Claudia - Gina ANASTASE
- Andreea Georgiana FLOREA
- Adrian SAVU

On the same date by Decision 61/16.10.2019 they designated as provisional Directorate members for two months’ time beginning with 21.10.2019, not exceeding the completion date of the selection procedure for Directorate members, Messrs

- Virgiliu IVAN
- Luca - Nicolae IACOBICI

by the same Decision appointing Mrs. Claudia-Gina ANASTASE a Directorate chairperson, alternatively called Executive Director general or Chief Executive Officer – “CEO” of the Company.

13 December 2019 – The Company’s Supervisory Board by Decisions 75, 76, 77, 78, and 79 / 13.12.2019 designated as provisional Directorate members for two months beginning with 21.12.2019, with possible extension the following people:

- Catalin NITU
- Ionut-Bogdan GRECIA
- Adrian MOISE
- Ioan FOLESCU
- Andreea-Mihaela MIU

On the same date by Decision 80 / 13.12.2019 they designated Mr. Catalin NITU as Directorate chairman, alternatively called Executive Director general or Chief Executive Officer – “CEO” of the Company.

Statement of the responsible persons

To the best of our knowledge the stand-alone financial-accounting statements as of 31 December 2019, elaborated in accordance with OMFP 2844/2016 approving the Accounting regulations compliant with the International Financial Reporting Standards, as approved by the European Union, provide fair accurate image and true to reality of the assets, liabilities, financial position, profit and loss account of CNTEE Transelectrica SA, and the Directorate Report comprises fair truthful information with respect to the Company's development and performance, as well as a description of the main risks and uncertainties specific to the activities performed.

Directorate,

Catalin NITU	Andreea-Mihaela MIU	Bogdan-Ionut GRECIA	Adrian MOISE	Corneliu-Bogdan MARCU
Directorate Chairman	Directorate member	Directorate member	Directorate member	Directorate member

Key figures

FINANCIAL HIGHLIGHTS				OPERATIONAL						
2,398	mill Lei	▼	12%	Revenues	2.27%	*	▼	0.20	pp	OTC
			y/y					y/y		
396	mill Lei	▼	1%	EBITDA	56.01		▼	8%		Net internal production
			y/y		TWh			y/y		
96	mill Lei	▲	18%	Net profit	(1.51)		▼	160%		Export sold**
			y/y		TWh			y/y		
55,34	TWh	▼	1%	Charged energy volume*	57.53		▼	1%		Net internal consumption
			y/y		TWh			y/y		
321	mill Lei	▼	33%	Liquidity	43.36		▼	2%		Transmitted energy***
			y/y		TWh			y/y		
INVESTMENTS										
242	mill Lei	▲	42%	Acquisition of tangible and intangible assets						
			y/y							
171	mill Lei	▼	31%	Fixed assets recorded in the accounts (commissioning)						
			y/y							

*The share of the own technological consumption in the electricity taken over by the electric transmission network (the energy transmitted)

**Balance of cross-border physical flows (export-import) aggregated across borders

***The quantity transmitted is defined by the amount of electricity physically transmitted in the transmission network

****The tariff amount is defined by the amount of electricity extracted from public electricity networks (transmission network and distribution networks), less electricity exports

Note: For the ease of reading and understanding the results, some figures presented in graphs and / or tables use mill. Lei as unit of measure and are rounded to this unit. This presentation convention might cause, in certain cases, minor differences between the total figures obtained by adding up the components.

Important events

Jan



Feb

►The Company began the full refurbishment of the 220/110 kV transformer substation Craiova Nord, an investment amounting to 9.89 mill Euro. The contract was signed in 2018 and the completion term is 2020.

►The colleagues of the Transmission Branch (TB) Bacau completed the capital repair of the segment between towers 192 and 253, the 220 kV overhead line Gutinas-Munteni, a project of over one million Lei.

Mar

►The Company's Directorate decided releasing additional funds of 170,248 Euro to carry out the public procurement contract for Connecting the 400 kV OHL Isaccea-Varna and the 400 kV OHL Isaccea-Dobruja in Medgidia Sud substation; stage I – extending the 400 kV substation Medgidia Sud, procuring the 400 kV GIS assembly, its installation and commissioning.

Apr

►Ministry of European Funds approved non-reimbursable European funding of 31 mill Euro for the 400 kV OHL Gutinas-Smardan project under POIM 2014-2020, the total investment amounting to 56.8 million Euro.

►Following a transaction made and the notification sent by NN Group NV, the share they hold in the company exceeds 5% the Company's share capital.

May

►Romania's Government approved a governmental decision to take out of the forestry fund the lands required to build the 400 kV OHL Portile de Fier - Anina - Resita, component in the conversion of Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, an essential project to close Romania's 400 kV ring, maintain national energy security and increase interconnection with neighbouring countries.

Jun

►Romania's president promulgated law 120/2019 on certain measures required in order to implement projects of national importance in the electricity transmission grid. This law facilitates achieving the investment projects which are vital for Romania's energy security and building overhead lines, while observing the deadlines for projects with European financing.

Jul



Aug

►Transelectrica has obtained the BLeize Level Recognition prize in the top of the most sustainable companies, conducted by The Azores. The Romania CSR Index 2019 study was executed by the independent consultancy agency The Azores, examining the performance and transparency of corporate sustainability within Romanian companies.

Sep

►The Company is the partner of the Romanian National Committee CIGRE in organising the fifth International conference on condition monitoring, diagnosis and maintenance of equipment and high voltage lines of 2019 - CDM 2019. This event was organised with the support of CIGRE Paris.

►The International Rating Agency Moody's Investors Service reconfirms the rating granted last year to the Company, namely Ba1 positive outlook.

Oct

►On 03 October 2019 the Company signed the financing contract to build the 400 kV overhead line (OHL) Gutinas-Smardan amounting to 33.43 mill. Euro. The European grant was obtained under the 2014-2020 Operational Programme Large Infrastructure. The overhead line will be 140 km long, of which 2 km underground cable, which will enable to remove congestions on the main direction of power flows between generation centres from the east and the western consumption and storage centres, but also securing the electricity supply of consumers from Moldova.

Nov

►Beginning with 01.11.2019 the Company joined the shareholders of the Joint Allocation Office SA (JAO), the European Centre allocating cross-border transmission capacities and became effective, with cash subscription of 259,325 Euro, thus the Company was allotted 50 shares.

►Beginning with 06.11.2019 the exercise of rights and achievement of liabilities ensuing from the state's shareholder capacity in CNTEE Transelectrica SA is performed by the SGG.

Dec

►On 19 December 2019 the Fitch Ratings agency reconfirmed the Company's long-term rating at the level of the 2018 one, namely BBB stable outlook. Such rating is one notch above the sovereign one (BBB-/stable). At the same time for commercial considerations Fitch Ratings withdrew the long-term rating granted to the Company. For the time being Moody's Investors Service provides Company assessment and monitoring.



Transelectrica®

Societate Administrată în Sistem Dualist

Management Report

1. Business model

1.1. Position on the electricity market

Transelectrica was established as Romanian legal person under GD 627 / 13 July 2000 on the reorganisation of the National Electricity Company CONEL SA, published in Romania's Official Gazette 357/31.07.2000. This decision was issued according to GD 138/2000 on the restructuring plan in the energy sector, which fully sedefendanted the electricity transmission and dispatch activity from electricity generation, distribution and supply activities.

When it was established the Company had a share capital of 4,959,822,000 thousand Lei, fully paid on the establishment date and divided into 49,598,220 registered shares amounting to 100,000 Lei.

In accordance with the Electricity and Natural Gas Law 123/2012, as subsequently amended and supplemented, the electricity transmission activity constitutes a public service of national interest. Electricity transmission is performed by transmission system operators which are legal persons certified by the competent authority according to legal provisions. The Electricity Transmission Grid (ETG) existent on the Romanian territory is the public property of the Romanian State in terms of the assets assigned to

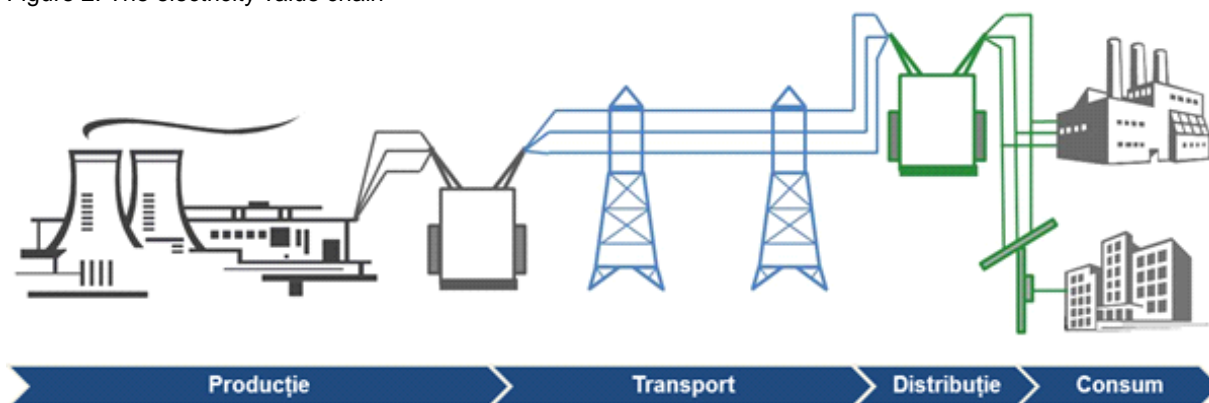
Transelectrica and they constitute returnable goods, according to the assignment nature and legal provisions.

In its capacity of transmission system operator, Transelectrica operates according to License 161/2000 for the provision of electricity transmission and system services and for the management of the balancing market, amended by ANRE Order 641/25.04.2018.

The concession over the ETG and the land plots it is located on was granted for 49 years under concession agreement 1/29.06.2004, concluded between the Ministry of Economy in its capacity of grantor authority and CNTEE Transelectrica SA, in the capacity of grantee.

In the value chain of electricity activities, Transelectrica holds the central place of transmission system operator, which are natural monopoly activities situated between producers and suppliers – the main players on the competitive electricity markets. The electricity transmission activity is not the only natural monopoly in the electricity value chain, the distribution activity as network operation is also a natural monopoly.

Figure 2: The electricity value chain



Transelectrica has the mission to provide the public service of electricity transmission while maintaining the operational safety of the national power system under non-discriminatory access conditions for all users; by developing the electricity transmission infrastructure, the Company becomes an active participant to the sustainable development of the national power system and facilitates the operation and integration of energy markets.

The key role of Transelectrica is of transmission system operator (TSO), together with the roles of balancing market administrator, metering operator as well as capacity allocation operator on interconnection lines.

Basic activities relate to infrastructures of strategic importance in the electricity sector, which include multiple elements of critical infrastructure. Thus, the transmission services have the electricity

transmission network as support and dispatch activities, including the balancing activities, use the dispatch and metering infrastructure for support.

The activities of Transelectrica are regulated under primary legislation (the national framework being Law 123/2012, as subsequently amended and supplemented, while the European one is Directive 2009/72/EC and Regulation 714/2009) and secondary legislation issued by ANRE - substantiated by licenses, establishment permits, tariff-setting methodologies (ceiling type for transmission and cost plus for system operation, tariffs, framework agreements, procedures and others).

Business profitability comes from the return of the regulatory asset base, which depends on the regulated profitability ratio and the regulatory asset base ("RAB").

The business model corresponds to the standard profile of a TSO and is designed uniformly at a European level under the European strategy and legislation, applied in all community countries and transposed as such in the national legal framework.

TSO type companies are subject to an European certification process as transmission system

operators. The certification procedure can be mainly implemented in accordance with three possible models: ownership unbundling - OU, independent system operator - ISO, and independent transmission operator - ITO.

Today, pursuant to ANRE Order 164/07.12.2015 published in JO 908/08.12.2015, Transelectrica has been finally certified as transmission system operator of the national power system and it operates in accordance with the ownership unbundling model.

The certification notification was sent to the European Union, which published it in the EU's Official Journal of 08.01.2016, in accordance with article 10 para (2) of Directive 2009/72/EC.

In accordance with the certification conditions as transmission and system operator according to the ownership unbundling model, the Company's shareholders representing at least 5% of the Company's share capital will exercise their rights ensuing from Company shares while observing the provisions of Law 123/2012 regarding the non-simultaneous exercise, directly or indirectly, of control or right over an economic operator that performs any of the generation or supply activities.

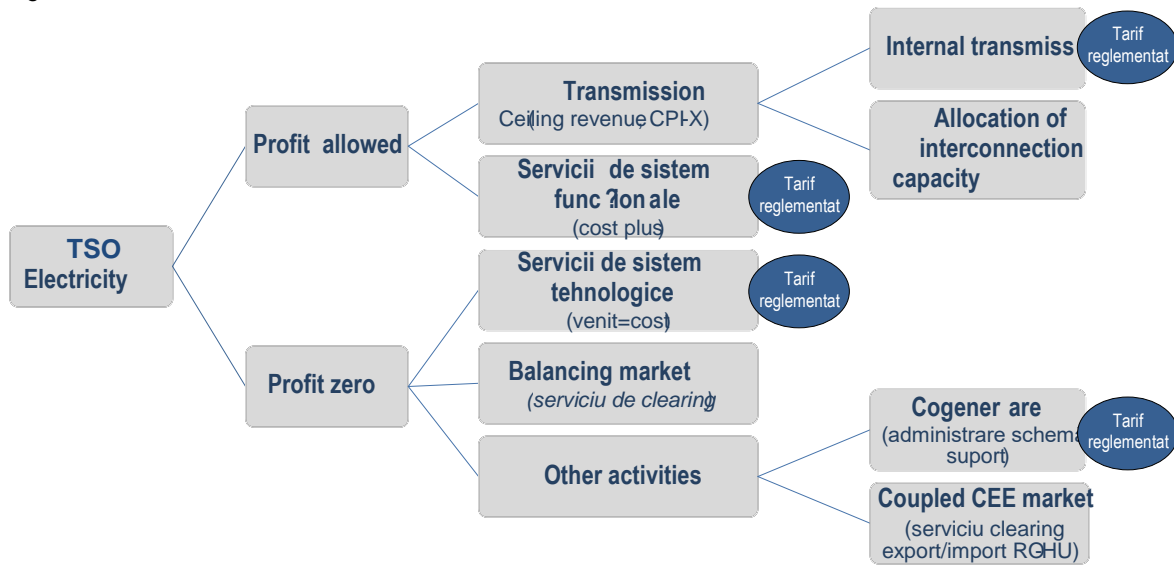


Photo Cover Transelectrica

1.2. Portfolio of activities and tariff-setting model

Transelectrica's portfolio includes allowed profit activities (transmission services plus functional system services) and zero profit activities (technological system services, balancing activities, support schemes), all activities being regulated by ANRE.

Figure 3: Portfolio of activities



The activities provided in the graph above in the "zero profit category" are designed using neutral bases against the Company's profit, according to the applicable regulatory framework.

Revenues associated to technological system services are estimated using the respective tariff with a view to fully covering the costs associated to activities. Similarly, the cash flows associated to the support scheme administration to promote high-efficiency cogeneration rely on the contribution set by

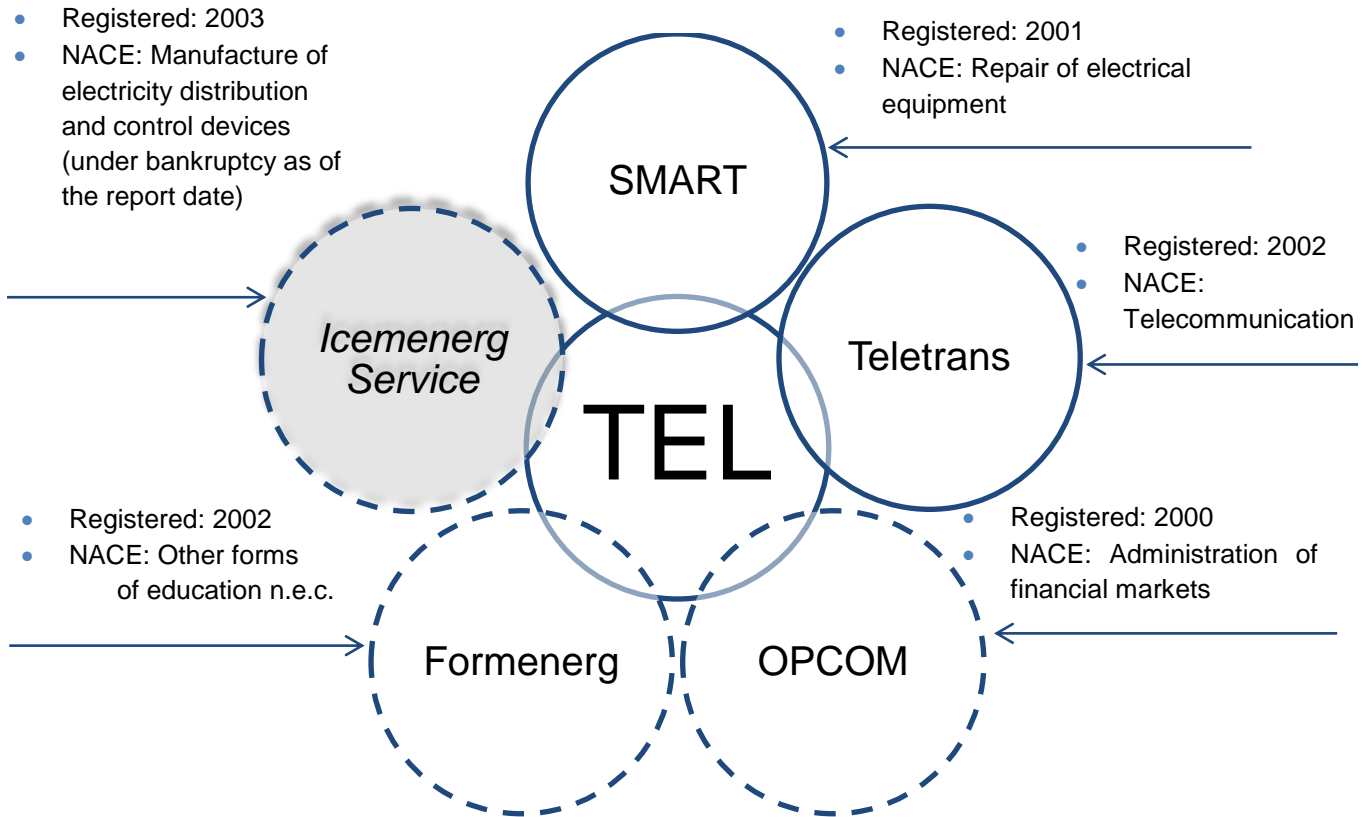
ANRE and estimated so as to fully cover the costs associated to the support scheme administration.

In case annual non-null positive or negative results are reported from the activities of technological system services, determined by differences between the forecasted values used for tariff calculation and actual values, the neutrality of such activity against the company profit is re-established within a multi-annual timeframe by means of proper adjustments included in the tariffs.

Allowed profit activities	
Transmission	<p>Domestic transmission</p> <ul style="list-style-type: none"> • ANRE regulated activity; • Tariff reviewed and updated annually; • The tariff associated to the transmission activities is determined using default settings for multi-annual periods (usually 5 years) according to a revenue cap incentive model; • The revenue cap model enables recovering operational and investment costs as well as obtaining the financial return dedicated to the proper remuneration of financiers, in accordance with the general risk of regulated activities performed by Transelectrica; • Certain cost components included in the tariff calculation are capped at levels preset by ANRE (according to certain operational efficiency requirements), the superior efficiencies obtained by Transelectrica being partially retained by the Company using a distribution mechanism of additional profit with the users of transmission services.
	<p>Interconnection management</p> <ul style="list-style-type: none"> • This is an activity related to cross-border available transfer capacities allocation along interconnection lines with the power systems of neighbouring countries; • The allocation mechanism relies on a competitive system using the price offered by the participants on the energy market for the available cross-border transmission capacity, applicable in cases when the capacity demand exceeds the available level offered on the market.
Functional system services	<ul style="list-style-type: none"> • ANRE regulated activity; • Dispatch operations of the SEN in order to maintain the operational safety level of the system (the system is maintained under stable output-consumption balance, while also keeping system parameters within preset margins that should provide a safe and stable operation of the SEN, operational scheduling to cover load) using the technical operational management infrastructure of the SEN, which is the EMS – SCADA system as well as the telecommunication, remote control, protection and control systems; • The tariff for functional system services is set annually beforehand by ANRE, using a cost-plus model that enables recovering operational and investment costs as well as obtaining the financial return dedicated to the proper remuneration of financiers, in accordance with the general risk of regulated activities performed by Transelectrica.

Zero profit activities	
Technological system services	<ul style="list-style-type: none"> • ANRE regulated activity; • Planning and procurement of power reserves necessary for the permanent provision of the output/load balance in order to ensure the operational safety of the SEN, from producers or consumers that may be disconnected; • The tariff for the technological system services is annually set beforehand by ANRE using a zero-profit model ("pass-through") designed to fully recover the costs necessary to procure system reserves, with the possibility to keep a part of potential savings obtained when procuring power reserves under competitive terms.
The balancing market	<ul style="list-style-type: none"> • The market administration activity by which the generation and the load are balanced in real time; • The procurement of control power from dispatchable generating units and full recovery of balancing costs from balancing responsible parties; • The recovery of costs is performed in a zero-profit regime.
Other activities	<p>Cogeneration</p> <ul style="list-style-type: none"> • The administration of the support scheme for promoting high-efficiency cogeneration. The purpose of this support scheme is to promote highly efficient systems cogenerating heat and power with the advantage of a more environmentally friendly electricity production; • The role of Transelectrica under the support scheme is to collect the contribution from the suppliers of electricity consumers and to pay the bonus to the qualified producers of electricity and heat under cogeneration; • The recovery of paid amounts is performed in a zero-profit regime. <p>Shipping agent of the Romania-Hungary connection on the regional electricity market</p> <ul style="list-style-type: none"> • The compensation-settlement activity (shipping agent role) on the regional electricity market (price coupled market in the central-east European area, including the markets from: The Czech Republic, Slovakia, Hungary, Romania) in the day-ahead trading horizon (day-ahead market). Transelectrica carries out the financial clearing function on the Hungarian border, an important part in the settlement chain of energy traded on the wholesale market between Romania and Hungary (export and import).

2. Group structure



On the date of this report Transelectrica has five subsidiaries in its structure, Romanian legal entities, organised as joint stock companies where it is the sole shareholder, namely: Formenerg, Teletrans, and Icemenerg Service (which at the date of this report is in bankruptcy proceedings).

In the case of Smart, following the increase of its share capital on 23 December 2014 by the Directorate of Smart with the value of land plots for which certificates authenticating the ownership rights have been previously obtained, the Company became the major shareholder with 70% shareholding of the subsidiary's share capital.

Among the Company's subsidiaries, only Smart and Teletrans are included in the Group's financial consolidation area. Formenerg and Icemenerg-Service have not been taken into consideration for the consolidation because, according to the applicable accounting legislation, the impact of their activities is considered as being insignificant for the purpose of the consolidation, while OPCOM is subject to ANRE regulations and holds an independent position on the energy market, and

therefore Transelectrica does not have control over it.

The subsidiaries participating to the consolidation area (Smart and Teletrans) began procedures with a view to implement the corporate governance principles, in accordance with the regulations of GEO 109/2011 on the corporate governance of public enterprises. Thus, the recruited managers will be made responsible and remunerated as provided in GEO 109/2011. By implementing the corporate governance principles, the Company intends to increase the efficiency of the two Subsidiaries' activities.

SMART



The main activity of SC SMART SA subsidiary is reviewing and repairing live devices and equipment, transformers and autotransformers, as well as the remedy of incidents in electric installations and micro-production of electric equipment. The Company has 8 branches with no legal personality, situated in the locations of Transelectrica's branches.

The mission SMART SA was established for has still been to provide preventive maintenance, special works and corrective maintenance of the Electricity Transmission Grid (ETG) starting from the primary objective of Transelectrica: to safely and stably provide electricity transmission in the national transmission network.

The following are envisaged at least as general strategic objectives:

- Ensuring the high availability of assets in the ETG
- Increasing operating flexibility
- Reducing intervention time
- Coordinating maintenance services/works with the operating withdrawal schedule of the National Power Dispatcher (DEN)

As of 31 December 2019 the registered capital is 55,026 thousand Lei. Transelectrica takes part as a majority shareholder in the registered capital. The results of SMART are consolidated with the Company's financial results.

In accordance with ONRC registrations, Decision 12375 / 23.12.2014 of the BA chairman (increasing the registered capital of Smart SA by 16.508 mill Lei, representing the Romanian State's contribution in kind thus acquiring 29.994% participation quota to benefits and losses and thereby diminishing the participation quota to benefits and losses of the National Power Grid Company Transelectrica SA from 100% to 70.005%) under which mention 449314 of 23.12.2014 was registered was cancelled by final ruling 835/14.05.2019 pronounced by the Appeal Court Bucharest, Section VI Civil under file 7763/2/2018, pertaining to nullity of juridical deed, namely review request. Transelectrica SA filed appeal to cancel the mention, with a view to return to 100% ownership, constituting file 37718/3/2019 on the docket of Bucharest Tribunal, hearing term 02.04.2020.

According to letter 165/13.01.2015 (registered in Transelectrica under no. 1552/14.01.2015) transmitted by the subsidiary, beginning with 30.12.2014, when the capital was increased by contribution in kind with the value of the land plots for which certificates authenticating the ownership rights were obtained, the shareholder structure is the following:

- CNTEE Transelectrica SA - 70.005% - 3,852,860 shares;

- The Romanian State through the Ministry of Economy - 29.995% - 1,650,770 shares.

TELETRANS



The TELETRANS SA subsidiary was established by Decision 13/04.12.2002 of the Shareholders' General Assembly based on Law 31/1990 and Orders 3098 and 3101 of 23.10.2002 and is the provider of specific telecommunication and IT services for the operation and management of Transelectrica, mainly dealing with the supply of specific telecommunication services and information technology in electrical transmission grids.

Based on the Articles of Association and the applicable legislation, Teletrans holds the ANCOM certificate for networks or electronic communications service provider since 2002 (GEO 679/2002), allowing it the right to provide the following electronic communications services:

- Public electronic communications networks (starting with 11 November 2004);
- Publicly available electronic communications services: (i) Leased line services and (ii) Electronic communications services other than telephony and leased lines (as of 01.07.2003);
- Private electronic communications networks and services (starting 15.01.2003)
- The TELETRANS staff also holds certifications relevant for the operation and management of IT&C systems dedicated to critical infrastructures.

The competences of TELETRANS follow these main directions:

- Telecommunication services - mainly as the manager of the magistral optic fiber network of the Company, with a length of about 5,000 km and covering the entire territory of Romania
- Process IT services, especially for the energy sector
- Management IT services, including consulting, design, implementation, maintenance, technical support and training for complex systems, software applications, Oracle databases, communication equipment, structured wiring, internet/intranet.

TELETRANS uses an optical fiber network built in a reliable OPGW technology with access points in 110 settlements, as well as cross-border connections with Hungary, Bulgaria and Serbia and supplies

EMS/SCADA integration services for renewable energy manufacturers and new command-control systems in refurbished substations.

As of 31 December 2019 the share capital amounts to 6,874 thousand Lei, Transelectrica being sole shareholder. The results of Teletrans are consolidated with the Company's financial results.

TELETRANS shares are 100% held by Transelectrica.

FORMENERG



FORMENERG
Dam forma energiei!

FORMENERG SA by Decision 33/19.11.2001 of the General Assembly of Shareholders – Transelectrica SA, by outsourcing the subsidiary's activity of training the staff in the

energy sector.

FORMENERG started its activity on 21 March 2002.

The FORMENERG subsidiary is a company mainly dealing with the initial and continuous training of staff with attributions in the energy sector, in all fields of activity related to energy in the national economy, as well as other beneficiaries; its clients include Transelectrica, GDF SUEZ Energy Romania, Romgaz, Transgaz Medias, Nuclearelectrica and Hidroelectrica.

FORMENERG SA is the oldest professional training centre in Romania, with an experience of more than 48 years in the field of professional training, that has managed to upgrade and adapt to clients' requirements, currently providing a wide range of courses in various fields: management, marketing, finance, accounting, legislation, IT, quality, environment, work health and safety, constructions, energy strategy, ECDL, communication, human resources, EU funds, public procurement, technical courses, energy-specific courses.

The competences of FORMENERG follow these main directions:

- Development of training activities
- Launching new courses
- Taking part in auctions
- Re-authorisation of courses
- Improving the company's technical and material resources.

The share capital as of 31.12.2019 is 1,948 million Lei, fully paid up, represented by 194,842 shares with a nominal value of 10 Lei each.

FORMENERG shares are 100% held by Transelectrica.

ICEMENERG – SERVICE

On 9 June 2017 the Bucharest Court of Appeal, Civil Section VII, ordered the bankruptcy procedure through the simplified procedure of the debtor, ICEMENERG SERVICE - SA Subsidiary, designating Solvendi SPRL as a temporary liquidator.

- The Icemenerg Service SA subsidiary focuses on the design, manufacture and distribution of metering, running and control apdefendantuses meant for the power system, being ISO 9001 and IQ NET certified by SRAC ROMANIA (licensed by ANRE).
- By Order 855/10.12.2004 of the Minister of Economy and (on the establishment of the special administration procedure and financial supervision) beginning with 23.12.2004 the special administration and financial supervision procedure was instituted in the SC ICEMENERG – SERVICE SA subsidiary during the privatisation period of ICEMENERG – SERVICE SA, subsidiary of Transelectrica, with a view to determine the manner of administration and management as well as the measures to be taken in order to expedite the company's privatisation process.
- Decision 1/28.02.2017 of the Shareholders' General Assembly approves the default of the company in simplified form.
- On the date of 9 June 2017, according to the Decision issued by Bucharest Court, Civil Section VII, the bankruptcy procedure has been ordered in the file 18051/3/2017 through the simplified procedure of the company. Transelectrica recorded an impairment adjustment in the amount of 493 thousand Lei in 2016 for the shares held at Co. ICEMENERG SERVICE SA.
- CNTEE Transelectrica SA submitted to the registry of the court (Bucharest Court) a statement of claim in file 18051/3/2017 requesting the enrollment at the statement of affairs of the debtor Icemenerg Service SA with the amount of 92.2 thousand Lei representing the value of the financing made by CNTEE Transelectrica SA under the Convention no. C 156 / 21.06.2006, for the predefandation of the privatization of the Company Icemenerg-Service Subsidiary SA, out of which: the amount of 63.1 thousand Lei representing registration fee at the ONRC of the share capital

increase and the amount of 29.2 thousand Lei representing evaluation report prepared by Inco Consulting SRL, sums recorded and detailed in the supporting documents annexed to the application, prior to opening the file. Also, the amount of 200 lei was requested, representing the judicial stamp duty, related to the enrollment application of CNTEE Transelectrica SA at the advanced list of creditors in this file.

➤ On 07.08.2017 the judicial administrator SOLVENDI SPRL confirmed the inclusion in the preliminary table of receivables of debtor Icemenerg-Service SA the amount of 92.2 thousand Lei, representing the value of the financing made by CNTEE Transelectrica SA based on the Convention C 156 / 21.06.2006, for the predefendantion of the privatisation of subsidiary Icemenerg-Service SA, to which is added the amount of 200 lei representing the judicial stamp duty related to the application for enrollment at the statement of affairs.

➤ Pursuant to completing the assessment of the company's goods, as resulting from the Rules on the use of assets (an informative material on the agendas of creditor meetings of 19 April 2018), a market value of assets of 10,860,796 Euro resulted, equivalent to 50,337,703 Lei, at a Eur/Lei exchange rate of 4.6348, on the valuation date of 9 January 2018.

The share capital amounts to 493 thousand Lei, fully paid, represented by 49,300 shares of 10 Lei nominal value each.

OPCOM



OPCOM was established according to GD 627/2000 on the reorganisation of the National Electricity Company SA as subsidiary, whose sole shareholder is Transelectrica.

Based on the provisions of the primary and secondary legislation in force, Operatorul Pietei de Energie Electrica si Gaze Naturale (the Operator of the Electricity and Natural Gas Market) OPCOM SA acts as the administrator of the electricity market, providing an organised, reliable and efficient framework for the performance of commercial transactions on the wholesale electricity market and performs administration of centralised markets in the natural gas sector, in a consistent, correct, objective, independent, fair, transparent and non-discriminatory manner.

The main activities undertaken by OPCOM based on the primary and secondary legislation in force.

- The organisation and management of central electricity markets
- Acting as a settlement operator, by performing settlement operations for the day-ahead market and the intra-day market, respectively setting the payment obligations/collection entitlements for the Balancing Market and the quantity and value imbalances of parties in charge with balancing;
- Acting as the organiser and manager of the green certificate market;
- Acting as the administrator of the Platform for trading greenhouse gas emission certificates;
- Managing centralised markets in the natural gas sector;
- The supervision of the operation of managed markets;
- The collection and publication of statistical market data, based on the provisions of the Law on energy.

Throughout 2019 OPCOM cooperated with the Bucharest Stock Exchange in order to identify projects by which the two entities will propose transacting by-products for management of the energy price relativity risk and executing compensation and settlement operations through a national clearing house.

The participation of OPCOM to the CCP RO project has significantly impacted the business plan of CCP RO in terms of transactions on centralised markets for standard products with forward delivery of electricity made on OPCOM platforms, estimated to 19% of CCP RO's revenues, as well as in terms of the contribution made into CCP RO's revenues by the transactions with by-products having as support assets the OPCOM indexes, estimated to over 9%.

Transelectrica does not exercise actual direct control over the decision making mechanisms of OPCOM, whose administration is performed according to ANRE regulations.

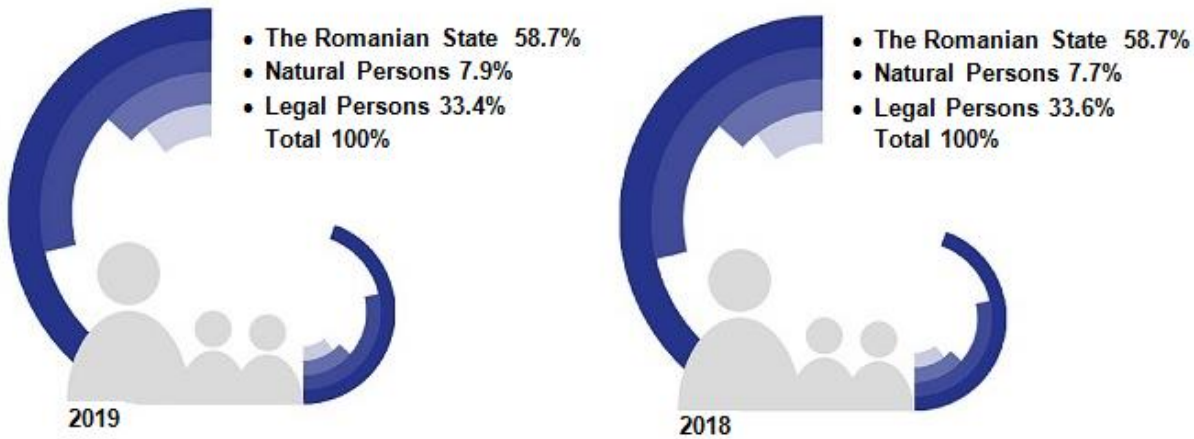
The registered capital of OPCOM as of 31.12.2019 is 31,366 thousand Lei. Transelectrica takes part as a majority shareholder in the registered capital. The structure of associates is the following:

- CNTEE Transelectrica SA – 97.84%
- The Romanian State through the Ministry of Economy – 2.16%

3. Transelectrica on the capital market

3.1. Shareholding structure

Figure 4: Development of the shareholding structure 2019-2018



DEDEMAN SRL became a significant minority shareholder as of 28.09.2017. On 31.12.2019, DEDEMAN SRL held a participation of 6.1% (4,503,567 shares).

The legal person NN Group NV became significant minority shareholder beginning with 11 April 2019. On 31.12.2019 NN Group NV held 5.5% participation (4,007,688 shares).

Free Float Shares	31.12.2019	%
Non-resident individuals	165,833	1%
Resident individuals	5,629,464	19%
Non-resident legal entities	1,907,734	6%
Resident legal entities	22,579,802	75%
Total shares	30,282,833	100%

3.2. Share price evolution

On 29 September 2016 the decision of FTSE Russell was published, according to which Romania was included on the list of countries with substantial potential to transfer to the "emerging market" status from that of "frontier market" it now has. The decision was taken after the amendments and changes made both in the capital market legislation and also in the regulations specific to this market, adding the conjugated efforts made by NBR, BSE, ASF, PFM and the Central Depository.

Beginning with 5 January 2015 the Company was included in the Premium category of the regulated market managed by the BSE.

Transelectrica shares are part of the BET index - which reflects the evolution of the 10 most traded companies on the BSE Regulated Market, excluding financial investment companies (SIFs) and are traded on the regulated market, managed by the Bucharest Stock Exchange under category I and the TEL symbol.

BSE indexes reflect the evolution in the prices of the most traded listed companies or the evolution of certain representative sectors, such as the financial sector or the energy sector. In terms of calculation methodology, all BSE indexes are price indexes with free float capitalisation weighting, with maximum limits for the shares of component companies. Except for the BET-TR and BET-XT-TR indexes, which are adjusted for dividends, the other indexes only reflect the evolution of market prices.

During 2019 the share of Transelectrica had quite stable development with price oscillations from 19.48 Lei / share on 31 January 2019 to 22.15 Lei – maximum reached on 14 February 2019.

Transelectrica has been included in the local stock exchange indexes (BET, BET-BK, BET-NG, BET-TR, BET-XT, BET-XT-TR, and BET Plus).

In accordance with the latest adjustment date on 13.12.2019, TEL shares held 1.42% under BET and 4.06% under BET-NG.

Figure 5: TEL compared to BSE 2019 indexes

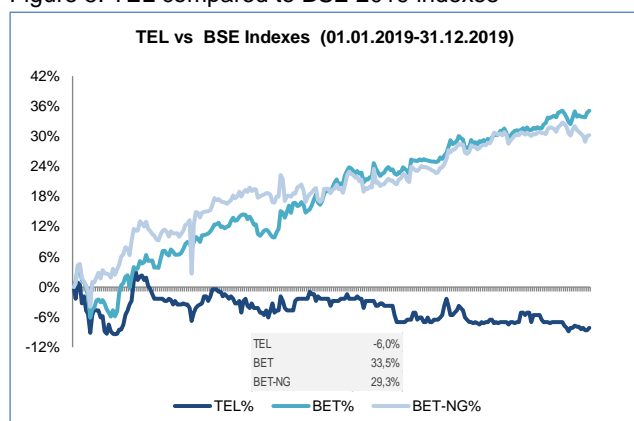


Figure 6: TEL share price evolution 2019

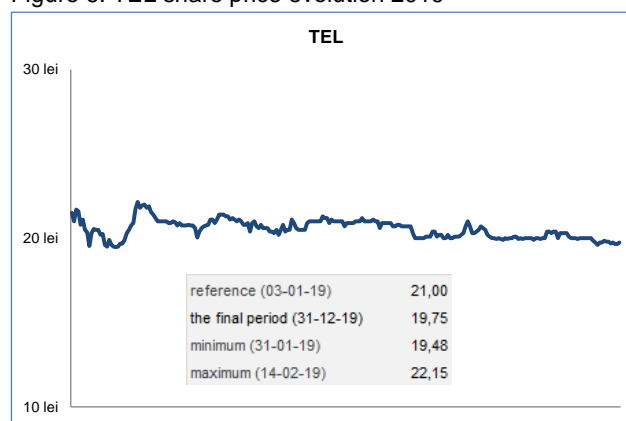


Table 1: Stock exchange information 2019-2017

Indicator	2019	2018	2017
Number of shares	73,303,142	73,303,142	73,303,142
Stock exchange capitalisation (mill Lei)	1,448	1,576	1,800
Stock exchange capitalisation (mill Euro)	303	338	386
Maximum price (Lei/share)	22.15	27.25	33.70
Minimum price (Lei/share)	19.48	19.40	24.55
Price at the beginning of the year (Lei/share)	21.50	24.55	29.20
Price at year-end (Lei/share)	19.75	21.50	24.55
Profit per share (Lei/share)	1.31	1.11	0.39
PER	15.08	19.38	63.67
P/BV	0.51	0.57	0.66
Gross dividend per share (Lei)	0.00	0.00	0.00
Special gross dividend per share (Lei)*	0.00	-	2.33
Dividend return**%	0.00	0.00	0.00
Free Float %	41.31	41.31	41.31

*** special dividend according to GD 29/2017

** the dividend return submitted for approval in the General Assembly of Shareholders was calculated using the latest share price as of December 31 of the year.

Share ID data: ISIN **ROTSSELACNOR9**; Bloomberg **TEL RO**, Reuters **ROTEL.BX**

3.3. Dividends

On **25 January 2019** (payment date) the Decision taken by the Shareholders' General Ordinary Assembly on 14 December 2018 approved distributing / redistributing the amount of 67 mill Lei representing dividends from 'retained earnings' and/or 'other reserves'.

The **gross dividend** amounted to **0.91 Lei/share**. The tax was calculated, withheld, stated and paid to the state budget by CNTEE Tranelectrica SA in accordance with applicable legal provisions, while shareholders cashed net dividends.

The Company began distributing dividends by means of the Central Depository SA (DC) and of BRD Group Société Générale (BRD), to shareholders registered on **4 January 2019** in the Company's Shareholder Register, **ex-date** being **03 January 2019**.

The liability to pay the net dividends owed to the shareholders of CNTEE Tranelectrica SA from the amounts existent in the 'retained earnings' and/or 'other reserves' accounts **is subject to the general write-off provisions, being fallen under the statute of limitations from 25 January 2022 onward, namely within 3 (three) years from payment beginning date, i.e. 25 January 2019.**

3.4. Rating

On 23 September 2019 the credit rating agency Moody's Investors Service published its updated credit opinion whereby it assesses the Company's present and future capability to fulfill its payment liabilities to creditors. The current credit opinion maintains the Company's rating to the level of the previous year, namely Ba1.

The valuation of the Company's rating is found just one notch below the country's (Baa3 stable), thus acknowledging the Company's improved financial performance and sound operational results, thus providing premises for future funding under optimum cost conditions for the fourth regulatory period.

Table 2: Transelectrica Rating

Rating agency	2019	2018	2017
Moody's Investors Service	Ba1 positive	Ba1 positive	Ba1 stable
Fitch		BBB stable	BBB stable

3.5. The relation with investors and stakeholders

In the context of implementation of corporate governance rules and best practice, Transelectrica has committed to an active communication with shareholders and investors, using in this respect several communication channels and dedicated interfaces. The Company is aware of its important responsibility in the position of publicly traded company.

The diversity of shareholders and the presence in the main indexes published by BSE emphasize exigencies with regards to transparency, information relevance and its quick dissemination, as well as maintaining an uninterrupted dialogue with the investor public.

Thus, shareholders and investors have access to relevant information for their investment decisions by accessing the dedicated section from Transelectrica's internet page (financial statements, periodical reports and presentations), by written electronic correspondence and phone calls by dedicated contacts.

The Company also keeps in touch with investors by direct meetings periodically organised by the company to present its results, direct meetings upon request from investors or their brokers and similar direct meetings when the company participates to events dedicated to individual or

On 19 December 2019 the international credit rating agency Fitch Ratings reconfirmed the Company's long-term rating at the level of that registered in 2018, namely 'BBB' stable outlook, showing the Company's sound business profile as transmission system operator with revenues sustained by the regulated asset base (RAB), as well as the cautious responsible approach of operational activities.

Such qualification is one notch above the sovereign one (BBB-/stable).

At the same time for commercial considerations Fitch Ratings withdrew the Company's long-term rating.

institutional investors, organised by the Bucharest Stock Exchange or by the financial investment service companies.

According to the financial calendar published by the Company at the beginning of the calendar year, Transelectrica organises quarterly meetings/video conferences with shareholders, investors, financial analysts and journalists with a view to presenting the relevant financial elements for the investment decision.

Transelectrica shares are monitored by the research departments of the main financial investment service companies active on the regulated market managed by the Bucharest Stock Exchange. The Company is always in touch with the analysts of companies that have included Transelectrica in their research portfolio.

Also in the first quarter of 2019 the Association Liaising with Stock Exchange Investors of Romania¹

¹ It is a non-governmental non-profit organisation established in order to provide the current and potential issuers with a platform to develop professional people in the investor relation (IR) domain and to contribute to implementing the best practice of investor communication and corporate governance. ARIR was set up by listed companies, potentially listed, fund administrators and professionals in investor relations (IR). Founding members of ARIR are: Bucharest Stock Exchange, ALRO, Franklin

(ARIR) took over from the BSE the "White charter of listed companies" project and coordinated a working group dedicated to reviewing the communication methodology of companies listed on the stock exchange, project renamed VEKTOR. The proposed methodology aims at assessment relying on objective clear-cut criteria, which also include provisions on: *investor relations office, corporate governance, transparency, proactive approach of investor relations, interactive IR tools, coverage by financial analysts and non-financial reporting.*

ARIR's first evaluation was provided in 1-20 December 2019 and following it Transelectrica obtained the final score 8 on a 1 to 10 scale, for its communication with investors.

3.6. Main risks and uncertainties

The environment the Company acts in provides uncertainties such as threats to objective achievement or opportunity like.

Obviously knowing one's threats enables to hierarchically classify them depending on the likelihood of their occurrence, on the size of their impact over objectives and on the costs associated with the measures meant to reduce the occurrence probability or to limit the undesired effects.

Throughout Transelectrica we periodically analyse risks in systematic mode, as associated to one's own activities, elaborating the Register of detected risks and proper Measure plans, with a view to limit the possible consequences of such risks in accordance with legal provisions.

The items that might impact the liquidity of the Company include:

- Interest rate fluctuation,
- Exchange rate variation,
- Covenants in financing agreement: clauses on observing certain financial indicators, changes of control over the Company, *pari passu* clauses,

- Violation of such clauses may entail, based on preliminary notification and a reasonable time interval, credit repayment in anticipation, some credits being attached penalty interest in case of such repayment. To date the Company received no such notification of anticipated repayment for its failure to comply with assumed liabilities,
- Credit risk: the Company incurs financial loss because of the inability of or refusal from a contractual partner to fulfill his contractual liabilities; such risk results mainly in trade receivables, cash and cash equivalents,
- Risk of not collecting the securities of investment projects: the main cause of such risk comes from the bank or insurance companies that provide security services without the financial capability to pay the liabilities assumed under the issued security tools,
- The fiscal level, including new taxes and charges being applied.

The Company does not stay only with treating the consequences of events that might occur but provides reactive management, implementing measures meant to mitigate risk occurrence. Also periodical risk revision as provided by standards leads to reallocating resources in compliance with the changes of risk hierarchies and implicitly of priorities.

The Company pays adequate attention to the examination of the risk environment and to timely detect possible risks that might occur in the future and have to be dealt with in proper manner.

In January-December 2019 the Company did not find it impossible to comply with its financial liabilities.

Therefore there are no risks or uncertainties foreseen for the following months of 2020, others than what has been described previously, which might impact the Company's liquidity.

4. Risk management

4.1. Risk management policy

The Integrated Risk Management System is implemented in the Company as provided in the strategic requirements for the operational safety and continuity of the SEN, which represents a fundamental condition for a sound internal managerial control. The Company addresses risk management in a proactive manner, thus the Directorate reasonably ensures that objectives will be achieved by managing possible threats. To this effect, potential losses are detected and managed before the occurrence of events of likely negative impact, with the anticipated predefendation of the technical, operational and financial solutions specific for mitigating or counteracting these possible losses.

The Company's risk management observes the applicable legal and regulatory requirements to provide risk control capacities according to the risk profile of the Company, in order to identify, assess, manage, monitor, notify, consult and report risks:

- Order 600/2018 of the General Secretary of the Government approving the internal management control of public entities;
- The regulator's requirements and other requirements derived from its capacity as Company listed on the Bucharest Stock Exchange or required by rating agencies or auditors;

The set of risk management solutions used by Transelectrica aims at assisting the organisation in reaching its objectives and contributing to the improved planning by means of risk mitigation measures, comprising the organisational and financial solutions in an optimised structure. Thus, in organisational terms, risks are kept under control at an acceptable level with reasonable costs, mitigated or even transferred, by means of activities such as:

- Organising, designing, planning, structuring activities, communication including business continuity measures after the occurrence of a risk. Procedures have also been executed taking into account the principles to be complied with by all employees and labour security and safety measures have been enhanced with a view to mitigate risks;
- Insurance contracts aiming at risk transfer; bank letters of guarantee, financial securities required by Transelectrica's counterparts; financial

solutions including share offers, bond emissions and other instruments provided on the capital, insurance and other financial markets.

As a part of the Risk Management activities, the following have been achieved in 2019:

- Updating the Monitoring commission components in order to implement the Internal / Managerial Control System and the Team managing risks Company-wide;
- Measures related to ensuring the organisational and procedural framework undertaken by the heads of organisational units in order to enforce the internal control and risk monitoring measures;
- Guidance and control measures.

In 2019 the *Risk Register Company-wide - 2019* was executed as approved by the Directorate, aiming at minimising the effects of significant risks the Company is exposed to. The *Risk register* was devised in accordance with the requirements of Standard 8 *Risk management* from OSGG 600/2018. At the same time the Directorate approved elaborating the *Plan to implement control measures in 2019*.

For 2019 twelve (12) significant risks have been synthetised and hierarchically classified, which might impact the achievement of general objectives for Transelectrica's operation.

The Monitoring commission for the implementation of the Internal / Managerial Control System analyses and prioritises annually the significant risks that can impact the general objectives of the Company's operation by establishing every year the risk profile and the risk tolerance limit.

4.2. Objectives of Transelectrica with respect to risk management

The Directorate aims at preserving the continuity of strategic functions as transmission and system operator within the SEN of Romania, even under the most unfavorable circumstances.

Both in direct mode and by the implementation in the branches and subsidiaries, and by transposing the applicable requirements into the service contracts with specialised suppliers, the Company's policy aims at providing operation in accordance with the quality, security and efficiency norms specified in the Technical Code of the ETG and with any other

specific applicable regulations, emphasising on the compliance with the employees' safety and health criteria, as well as on the protection and preservation of the property and environment.

The Company's management determined the following strategic objectives in terms of risk management:

- Understanding the risks the Company is exposed to, their causes and the possible budget deviations and costs, as well as the impact they might have over general and specific objectives;
- Maintaining a safe working environment for employees;
- Operating the equipment and installations under safe conditions with no dangers for third parties or environmental impacts;
- Implementing the optimal risk control measures.

The main objectives established include:

- Improving the Company's risk profile by managing the global risk identification, assessment, monitoring and controlling process;
- Eliminating or minimising the conditions and practices that might lead to non-attained performance indicators, or to interrupting or limiting Company activities;
- Reducing the risk total cost with a view to contributing to ensuring financial resources necessary for operation expenses, payment of liabilities and completing investments;

The Company's activities are sensitive to the general economic conditions which might impact the quantity of transmitted electricity and implicitly operational revenues and results. Moreover, the demand for electricity and its price depend on a variety of factors over which Transelectrica has no control, namely:

- Economic and political developments at a global and regional level;
- The demand of industrial consumers;
- Climate conditions;
- ANRE regulated tariffs for transmission and system services;
- Existing laws and regulations.

4.3. Main risks identified

Risk management is an integral part of the Company's management and decision making processes, contributing to a higher degree of objective achievement by better planning taking into account the risks and by measures hedging and controlling the potential negative effects over the Company's financial performance owed to the

unpredictability of the economic and financial environment.

During the upgrading process of the Risk Register the level of risk exposure was observed to be the same as the previous year and the residual risks were generally kept at the same level compared to the previous assessment. The risks identified in previous years are kept under control accordingly.

Technical and operational risks

The substantiation of technical risks or those resulting from non-compliance with existing procedures or systems, generated by the employees' behaviour or by external events – including hazard, might negatively impact over the Company's activities, representing a hindrance in reaching the proposed results and also impacting the Company's financial situation:

- Deficiencies in scheduling SEN operation and in congestion management;
- Interrupting the provision of telecommunication services for SEN operation;
- Failures to installations and equipment;
- Malfunctions in the operation of the Balancing market;
- Non-execution or delays in carrying out the annual Investment plan;
- Malfunctions of the systems and platforms used for operational management, communications and telecommunications;
- Unavailability of data collection, storage and access in terms of qualitative measurement data for electricity;
- Incompliance with legal requirements regarding disassemblage;
- The annual investment / maintenance / procurement programmes are performed below the scheduled quantity and quality;
- Delays in procuring the services necessary in order to provide the security and intervention stocks of Transelectrica SA;
- Inadequate application of users' connection to electricity networks of public interest;
- Incompliance with the regulatory or contractual terms, mainly determined by difficulties with obtaining passage rights over lands;
- Failure to achieve the full annual procurement plan and distortions of procurement procedures, with major impact over investment activities;
- Risks associated to the energy market: counterpart risk; risk of non-collection of trade receivables; forecast risk;

Based on the Energy Law 123, amended on 16.07.2018 by Law 167, the electricity transmission system operator's and the electricity distribution grid operators' failure to meet the maintenance and investment schedules, by the deadlines and under the requirements stipulated in ANRE regulations shall be sanctioned by a fine of 5-10% of the annual turnover.

Financial risks

In terms of financial risk management, the risks faced by the Company with the most significant impacts over financial results come from the financial instruments: interest rate risk, currency risk, credit risk and liquidity risk. Another risk likely to affect the Company's performance is the risk regarding provisions from financing agreements.

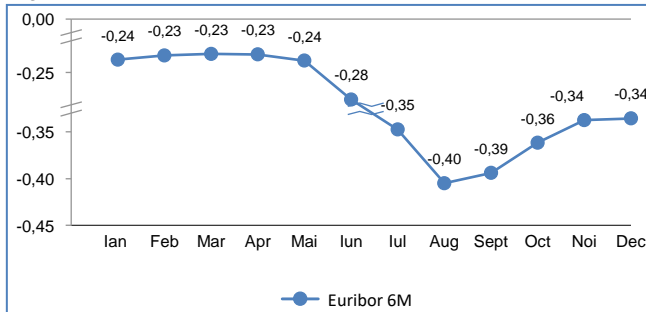
The main risks the Company may meet in its activity are summarised as follows:

The interest rate risk

The Company has entered (short and long-term) credit agreements to finance investment programmes and to sustain operational activities.

The variable component of the interest rate associated to the credits drawn by the Company can influence both the cash flows from operational

Figure 8: EURIBOR 6M (%)



On the national bank market ROBOR at 1 month underwent in 2019 a deep descendant trend, reaching from a maximum of 3.35% (April 2019) to a minimum of 2.77% (August 2019).

Towards the end of the year ascension occurred both against a background of restricted liquidity on the monetary market and following an increased inflation rate in 2019.

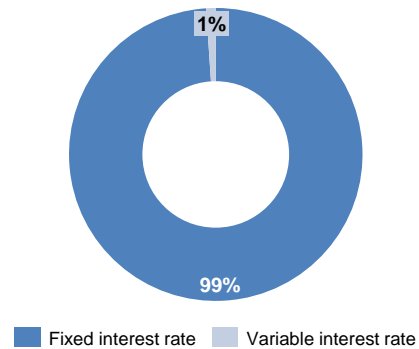
ROBOR decrease in April-August 2019 is owed to the liquidity injection that BNR performed on the market by means of repo operations in order to gain back the banks' confidence and enhance crediting.

Exchange rate risk

The company's functional currency is Romanian Leu. The Company is exposed to the exchange rate

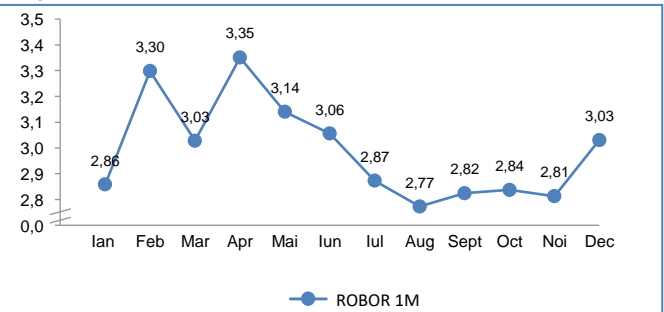
activities and profitability, if the values of international indexes based which the interest rate is calculated on are significantly modified. Taking into account the share of loans with variable interest rate is insignificant (1%), we can state the impact of this risks is insignificant.

Figure 7: Debt structure by types of interest as of 31.12.2019



During 2019 the EURIBOR index at 6 months slightly decreased, reaching from -0.24% (beginning of 2019) to -0.34% (end of 2019).

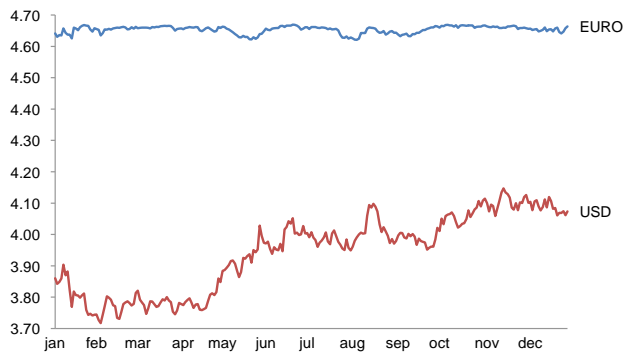
Figure 9: ROBOR 1M (%)



fluctuations caused by revaluating assets and liabilities denominated in other currency, but also by modifications in the interest and principal payments as a consequence of credits contracted in other currencies.

Periods of higher volatility were registered in 2019, with short Leu appreciation intervals followed by time periods of unfavourable fluctuations, against the background of foreign events. From the beginning of the year the national currency depreciated 1.56% to the Euro and 4.39% to the US dollar.

Figure 10: Development of exchange rates 2019



In 2019 exchange rate difference revenues amounted to 4.17 mill. Lei, while expenses amounted to 8.26 mill. Lei. The general impact of exchange rate differences represents 4.09 mill. Lei loss following unfavourable conjectures when liabilities were paid, namely when hard currency trade receivables were collected.

Liquidity Risk

Due to the liquidity risk, the Company might be faced with difficulties when fulfilling the obligations associated to financial liabilities settled in cash or by transfer of other financial assets. The provisions from the Company's financing agreements can limit its financial and operational flexibility.

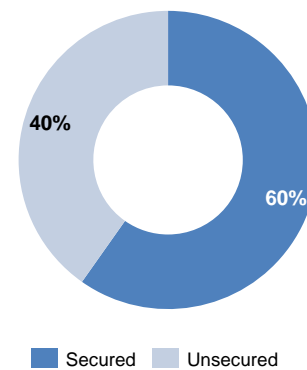
A cautious policy managing the liquidity risk implies preserving enough liquid resources in order to cover liabilities as they reach maturity, as well as to provide available financing by means of proper credit facilities.

The liquidity risk is diminished by the introduction of the Company's financing mix of unsecured instruments (unsecured corporate bonds and loans offered by international financial institutions), which significantly reduce the dependence on the limitations and constraints of the banking environment and the need to secure commercial credits.

Another component of the liquidity risk comes from the opportunity cost of financial investments towards the liquidity excess that the Company might have at a certain moment.

In this respect, the Company's management was permanently concerned with investing this excess liquidity into low risk but satisfactory return instruments. The average return obtained in 2019 corresponds to market conditions.

Figure 11: Debt structure by types of guarantees as of 31.12.2019



The credit risk

The credit risk is the one whereby the Company incurs a financial loss because of a contractual partner's incapacity or refusal (client or counterparty under a financial instrument) to carry out his contractual obligations. This risk results mainly from trade liabilities, cash and cash equivalents.

The internal measures the Company applied in order to keep credit risk under control and reduce it include: diversifying the client portfolio, monitoring the clients' creditworthiness, and contractual measures for insurance purposes.

The Company has enforced a series of policies that ensure that the sale of services is performed towards customers with an appropriate creditworthiness or that their obligation to provide financial guarantees covering the default risk is included in their commercial contracts. The value of receivables, net of the adjustments for value losses and including guarantees, represents the maximum amount exposed to the risk of collection.

The risk of not collecting these receivables is relatively limited given the structure of the clients' portfolio, the monitoring of receivables' duly receipt and other measures taken in order to increase the collection degree, considering the contractual framework and the applicable ANRE regulations.

Risk associated to provisions from financing agreements

The Company has entered financial agreements with international financing institutions (IFI) and with commercial banks in order to fund its investment projects and to support certain operational activities, as part of its business. Financing contracts include clauses with respect to: compliance with financial indicators, control changes in the Company, pari-passu type clauses, etc.

The potential breach of these clauses might entail, based on a preliminary notification and a reasonable amount of time, the anticipated credit payment as certain credits include penalty clauses in case of

repayment in advance. To this date, the Company has received no advance repayment notification for breaching the obligations undertaken.

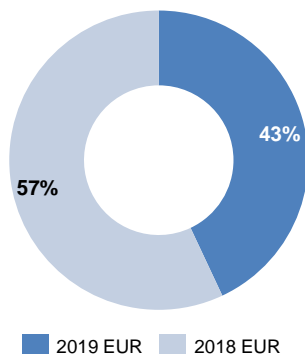
Table 3: Total exposure in the financial position statement

Mill Lei	Total	LEI	EUR	USD	JPY
31 December 2019 (mill Lei equivalent)	147	0	147	0	0
31 December 2018 (mill Lei equivalent)	195	0	195	0	0
31 December 2017 (mill Lei equivalent)	509	200	306	3	0

In 2019 bank liabilities decreased from 195 mill. Lei to 147 mill. Lei both due to principal payments under the contracted credits and to no longer contracting any.

On 31.12.2019 the Company had underway credits in Euro, while the Lei credits were ended by repayment of bonds having reached maturity in 2018.

Figura 12: Liability structure by types of interest rate on 31.12.2019 vs 31.12.2018



The risk of not collecting the amounts constituted as guarantee under investment projects

Such risk is substantiated by not collecting monetary amounts because the security instruments were drawn which guaranteed the down payments the contractors received under investment projects.

The main cause of such risk springs forth from the bank or insurance companies that provide security services without the financial capability to pay the liabilities assumed under the issued security tools.

This risk was maintained also in 2019, because there were contracts valid for service provision by certain suppliers.

Company-wide the strategy applied consists in requesting damages from contractors and taking to court the company that issued the security instrument and failed to provide the Company with the requested amount by enforcing the security instrument.

The tariff (price) risk associated with the regulatory framework

Taking into account the position of regulated natural monopoly, the price risk associated with the regulatory framework is an important factor which might influence the Company's activities, having a negative impact on the Company's operational results, financial position and perspectives.

The price risk also has a structural component, namely the manner to determine the tariff (the capacity to fully and quickly recover the costs) and a component regarding the transparency of regulatory norms, as well as the history of tariff setting decisions.

During 2014-2018, a substantial improvement was noticed both in the recovery capacity of costs and the transparency of regulatory deeds (the tariff calculation mode and the communication between the Company and the regulator). Nevertheless, the regulatory risk is still maintained by the existence of a historical risk marked by unfavorable regulatory conditions and an insufficient degree of transparency in tariff setting.

The volume risk

The volume risk is an important component of the regulatory risk.

The current tariff-setting system is monomial (with only one billing component: energy) and thus generates a high exposure of revenues to the volume of power circulated in the network. When the cost base associated to the transmission activity is prevalingly fixed (variable costs represent ca. 20% from total recognised costs, the ca. 80% majority component being determined by fixed infrastructure costs: investments, maintenance), the discrepancy created between the cost base structure and the mechanism generating revenues may lead to large revenue deviations from the regulated income approved by ANRE. Such deviations are corrected by means of ex-post tariff adjustments, thus a risk occurs of major fluctuations in the revenue from one year to another and such disturbance is further

transmitted to the profit level (as the cost base is prevalingly fixed).

ANRE has launched a project simulating the effects of introducing a binomial tariff system (with two tariff components: energy and power). Such simulation is ongoing, the first stage was achieved in 2017-2018 and a second one is foreseen for 2020, as ANRE will then assess the opportunity to implement such tariff system based on the results of this simulation.

The tariff system considered for implementation provides the important benefit of correlation between the cost base structure (fixed vs. variable costs) and the structure of the mechanism generating revenues (fixed vs. variable revenues). The volume risk will be substantially subdued by the implementation of the binomial tariff.

Risk control/mitigation measures: sound foundation, within the limits of the applicable methodology, of the requests to include in the tariff certain cost levels sufficient to cover costs necessary for regulated activities; rapid response to ANRE proposals in order to amend the existing regulatory framework by analysing the impact of their implementation over the Company and proposing adjustments as required with a view to protect Company interests.

Network codes implementation risk

Taking into account the novelty and complexity of the Company-wide implementation of provisions from European Regulations on networks codes, the implementation risk provides a component related to the failure to comply with certain set dates and another component related to non-compliant implementation of certain provisions of these network codes.

This risk may be substantiated in unfavorable reports from ENTSO-E and ACER with respect to the Company's implementation of certain provisions from network codes. Later on, depending on the seriousness of such nonconformity and the lack of proper feedback, the European Commission may initiate infringement actions, which may translate into penalties of 10% from the Company's turnover.

Risks associated with the unpredictability of Energy Markets

- The price risk owed to the energy market might lead to cost rises associated to OTC;
- Non-collection risk - failure to meet contractual clauses;

- Counterparty risk - the risk of not collecting receivables (a client's incapacity or refusal to carry out its contractual obligations);
- Forecast risk - a hazard risk related to external events (sudden changes in the atmospheric conditions or in ETG circumstances), thus determining the increase of CPT.

Legality risks resulting from changes in the legal, political, regulatory framework, the social environment or the Company's internal policies

- Company-wide, failure to comply with legal terms;
- Failure to defend the Company's rights and lawful interests;
- Distorsion: failure to be informed about one's incompliance with legality;
- Risks associated to licences, contractual risks;
- Risks occurring after third parties' summoning the Company to court;
- Risks occurring after legal proceedings for recovery of prejudices;

Security risks

- Breaching the security and protection of ICN/ICE critical infrastructures as well as the activity continuity in cases of emergency;
- Failure to provide security of classified information;
- Failure to provide security and protection to cyber infrastructures.

Personnel risks

- Difficulties/deficiencies in personnel hiring, professional training and motivation;
- Incompliance or incomplete achievement of the annual professional training plan;
- Improper personnel recruiting;
- Impacting the health and security of employees;
- Human errors - caused by manual operation, repeatable operations, therefore additional check-ups are proposed in order to limit human risks and conclude insurance to externalise risks;

Environmental protection risks

- Environmental pollution
- Inadequate waste management

Risks that occurred in 2019

- Investment risk: the difficult financial situation that SMART subsidiary is facing with, which occasioned reviews and debates in the Company;

- Risk of non collecting amounts of money because the security instruments guaranteeing the down payments received by contractors under investment projects have been enforced;
- Difficult procurement processes leading to incomplete application of the RET maintenance plan;
- Difficult procurement processes leading to

Riscuri semnificative materializate la nivelul sucursalelor de transport:

Failure / defect / unavailability of 220 kV and 400 kV OHL, of primary equipment in electric substations, transformer units and/or shunt reactors, protection and automation systems, command control - monitoring systems (SCC), dc and ac auxiliary service systems, communication/ telecommunication systems, incomplete achievement of RET maintenance plan, impacts on employees' health and security, discharge / spills of noxious substances in the environment (smoke, SF6, oil, fuels etc.).

New risks detected in 2019

The responsible person for the protection of personal data Company-wide detected specific risks of data security, in terms of personal data protection in accordance with applicable standards, possible risks that might endanger the integrity, security or confidentiality of personal information.

The detection of specific data security risks in terms of personal data protection will be implemented when reviewing the *operational procedure TEL 10.00 Risk management*.

Actions set for 2020

Pentru anul 2020, acțiunile stabilite pentru ținerea sub control a riscurilor sunt cuprinse în documentul *Planul de implementare a măsurilor de control 2020, pentru riscurile semnificative la nivel de Companie*. The procedure includes for each risk: causes, inherent risk estimation (likelihood and impact), control-prevention measures with dates and responsible persons, consequences, controls to limit consequences with dates and responsible persons, residual risk estimation (probability and impact), entities managing the risk.

Progress lines to make risk management efficient can be mentioned the following measures:

- The activities / projects proposed for inclusion into annual investment, procurement and maintenance plans should be founded so that they can also include risk management issues, more specifically what Company risks are mitigated and estimated effects such as impact, likelihood of occurrence; such issues will be also included in the reports pertaining to the achievement of annual plans.
- Reports (synopses) should be transmitted on the manner in which annual investment, procurement and maintenance plans were achieved in order to keep risks under control.
- Detecting interdependences – what other organisational entities can induce risks in the activities of another entity; what other organisational entities might be impacted in case of risks occurring in their activities.

5. Human resources

5.1. Staff structure

The Company recognises that employees are the most important resource for the proper development of its activity. To this purpose, it envisages that its staff policy should mainly ensure human resource development, the achievement of suitable material involvement and motivation.

During the last years, human resources management has mainly aimed at increasing employees' involvement. Based on its operating licence, Transelectrica does not usually use temporary employees. The operation of electric substations of the ETG and the provision of dispatch services of the SEN are performed by operational personnel organised under working hours with permanent shifts.

In the context of the activity upgrade and job assessment standards, starting 2018, the reporting on the number of employees was amended, with a view to reflecting the number of actual staff on December 31, 2019.

Table 4: Number of employees

Year/indicator	2019	2018	2017
Average number Employees	2,027	2,102	2,180

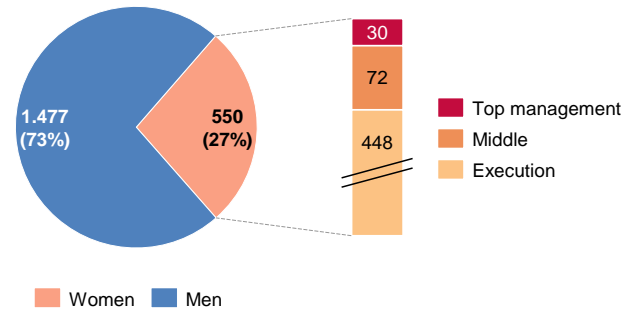
In the current year the share of personnel with university studies represent 63% of total employees, 37% being staff with high school education, in general of electric power engineering domain.

Table 5: Structure of personnel by education level

Education level	2019	2018	2017
Academic education	1,267	1,304	1,308
Secondary education	758	796	872
Elementary education	2	2	0
TOTAL	2,027	2,102	2,180

Analysing the employee structure by gender, we can see that three quarters of the total number of employees are represented by men.

Figure 13: Structure of personnel by gender 2019



Out of the 550 women working in Transelectrica on 31.12.2019 (a greater number than 532 working on 31.12.2018), 30 held top management positions and 72 were middle management, representing together 19% of the feminine personnel. Employees aged above 40 in 2019 represent 75% of the total number of hired people.

47 years old Average age in 2019

The employees aged 18-35 years old represent 13%.

Table 6: Structure of employees by age categories

Age [years]	2019	2018	2017
18-35	268	291	502
36-40	229	246	466
41-50	711	759	628
51-60	685	643	516
>60	134	163	68
TOTAL	2,027	2,102	2,180

Figure 14: Structure of personnel by age

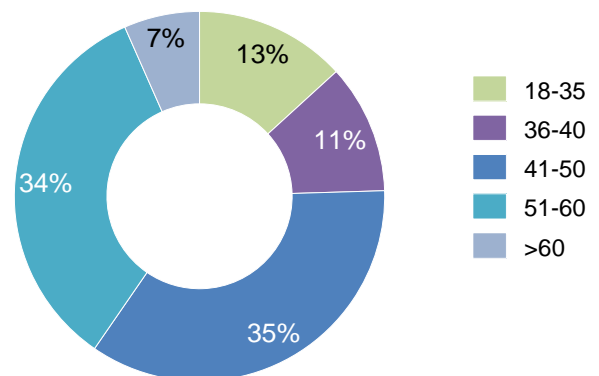


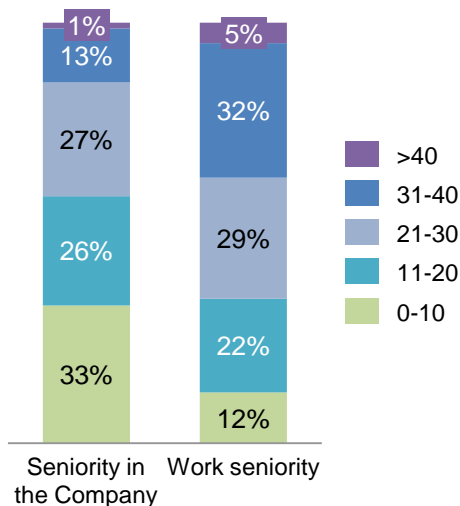
Table 7: Structure of personnel by categories

Staff categories	Number of employees 2019	Number of employees 2018	Number of employees 2017
Operative and operational personnel (standardised activity), of whom:	1,656	1,651	1,733
NPD	180	183	182
Operational personnel in transformer substations, remote control and operational centers	894	864	978
Admission-reception personnel	110	118	117
OMEPA personnel directly involved in production activities – operational centers, solving non-conformities, tele-metering systems, relations with market participants	45	45	41
Personnel directly involved in organising and monitoring the operations of substations	427	441	415
Personnel for support activities and executive management	371	451	447
TOTAL	2,027	2,102	2,180

The operative and operational has the greatest share in personnel categories, namely 82%. Of among them the greatest concentration is held by operational employees at 44%.

Taking into account the activity performed by the Company, which is of strategic interest, most employees have from 21 to 40 years' labour seniority, therefore they are experienced and add value to the Company.

Figure 15: Number of employees by seniority groups 2019



The energy sector has been facing a lack of qualified staff in the last years. Since an energy engineer's training is complex, we focus on continuous training at the workplace, as well as the motivation and retention of employees with a high potential.

Table 8: Structure of employees by work seniority

Work seniority [years]	2019	2018	2017
0-10	244	275	485
11-20	452	471	450
21-30	584	603	634
31-40	648	642	524
>40	99	111	87
TOTAL	2,027	2,102	2,180

As far as Company activities are concerned, more than half of the employees have over 20 years' seniority, and those with over 20 years' seniority represent 41% in 2019.

Table 9: Structure of employees by their seniority in the Company (years)

Seniority in the Company	2019	2018	2017
0-10	664	677	488
11-20	527	598	451
21-30	548	514	614
31-40	261	278	557
>40	27	35	70
TOTAL	2,027	2,102	2,180

5.2. Professional training

Employees’ professional training in 2019 was performed according to the training needs specified in all Company entities. The „The 2019 annual maintenance, professional training and improvement programme” was drawn up based on such needs identified, its purpose being to develop and improve the competence employees have as required for their compliance with job requirements, to update knowledge and skills specific to working places and to acquire thorough information, new abilities and up-to-date procedures with a view to carry out professional activities.

In 2019 there have been 686 participations to professional training courses provided by external professional training suppliers and 708 participations to periodical courses / sessions of professional maintenance for operative personnel, provided by internal instructors in the Company’s electric substations.

In order to update the employees’ knowledge in various domains of interest to the Company specific courses have been organised in accordance with the new legislative provisions into the following domains: IT, public procurement, finance-accounting, archive, legislation with respect to anticorruption, human resources, integrated management system etc.

Professional training activities were carried out in accordance with applicable legal regulations, with the particular feature and complex nature of company activities and processes with a view to acquire a high qualitative standard of personnel training.

The table below provides the costs associated to the participation to training courses using trainers from outside the Company.

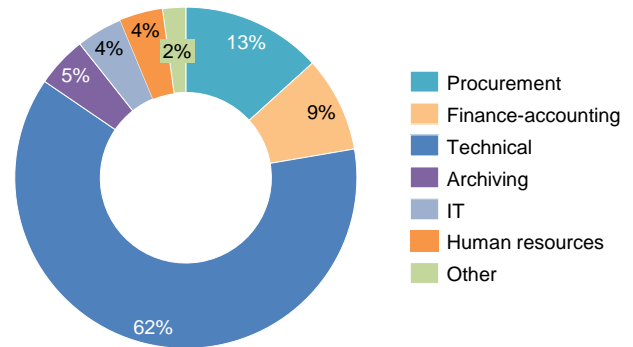
Table 10: External professional training courses and expenses with the trainer

Indicator/Year	2019	2018	2017
Number of participants	571	606	522
Number of attendances	686	665	641
Expenses (Mill Lei)	0.30	0.37	0.29

Out of the total number of courses conducted with external providers of professional training the greatest share is held by courses in the technical domain (approximately 62% of all delivered courses), special attention being paid to operational personnel from electric substations, the objective being to enhance the expertise level necessary in order to

perform activities in the capacity of Transmission System Operator and to provide SEN operation under maximum security and stability conditions.

Figure 16: Distribution of course attendances by domain in 2019



5.3. Trade union representation

The Company and the trade union organisation are recognised as permanent social dialogue partners.

The rights and obligations of personnel are stipulated in the Collective Labour Contract (CCM) of the Company, which relies on Law 62/2011 of social dialogue, on the Labour Code, republished, with later amendments and additions and the applicable legislation in this domain. In November 2018 a new CCM was negotiated, which was registered in the Labour Ministry and bears effects in the 01 January 2019 – 31 December 2020 interval.

Company employees are affiliated to the Trade Union of Transelectrica, which is part of the National Federation of Electricity Trade Unions UNIVERS, in its turn affiliated to the National Union Block (NUB). Currently, more than 95% of all employees are members of the 10 legally established trade unions: one for the Company’s executives, one for the operational unit - National Power Dispatcher and one for each transmission branch; none of these meets the requirements for representation at unit level, based on Law no. 62/2011, with later amendments and additions.

The Collective Labour Contract regulates individual and collective labour relations, as well as the parties’ rights and obligations regarding:

- Concluding, executing, amending, suspending and terminating the employment relationship;
- Working time and resting time;
- Wages;
- Labour health and security, working conditions;
- Professional training;

- Social protection of employees and other rights;
- Rights and obligations ensuing from employment relationships;
- Mutual recognition, employer's rights and obligations and those of trade union organisations.

In order to settle the issues that might occur in the application of the applicable Collective Labour Agreement ("CLA"), to avoid employment conflicts and to create an organisational framework that allows keeping permanently in touch for the predefendation of CLA negotiations, the parties negotiated to meet at any time needed in the joint Commission employer - Trade Unions. The joint commission operates in accordance with its own regulation.

The objective of union representation are mainly supervision on the application of the Collective Labour Contract overall in the entity, diminishing salary differences among similar positions and qualifications, complying with the labour health and security conditions for company employees and renegotiating a new Collective Labour Contract during the last quarter of 2020.

5.4. Responsibility towards employees

The Company's success depends on the value of its employees, and:

- Employees are the Company's main resource development, and the care for employees is essential. Thus, ensuring a safe and healthy work environment, aimed at minimising the impact of Company-specific activities on the environment and natural resources, is a main objective in the direct relationship with employees.
- In case of serious disorders, the Company provides financial support to employees for special medical treatment, flexible or reduced working hours during the time recommended by the physician.



The maintenance and permanent development of the Integrated Management System with respect to operational health and security represents a top priority Company-wide.

In 2019, medical assistance of occupational medicine was and is provided in the Company by occupational physicians in the medical units of the Executive Offices and the Company's branches.

In order to achieve its objectives, the Company, by means of work health and safety-specific activities, documents the integrated management system by updating operational procedures, updating/drawing up its own Work Safety Instruction, assessments on risk factors for accidents and professional diseases for all the Company's staff, through staff training and awareness programmes, by assessing the risk level of jobs and through a regular operational control mainly consisting of operational control on the observance of legal requirements and other requirements on work health and safety.



The surveillance of health in 2019 was structured as follows:

- In January – April 2019 the periodical medical examination of operational personnel took place for the work provided in electric substations.
- In May – November 2019 took place the periodical examination of non-operational personnel and the six-months periodic control of employees working in isolated conditions.

The 2019 labour health and safety programme was achieved 71% corresponding to an amount of 1,166 thousand Lei (248 thousand Euro) as compared to the planned amount of 1,652 thousand Lei (351 thousand Euro).

The objectives aimed by the Company's work health and safety programmes may include:

- Bringing installations to the level of health and security requirements set in one's own labour security guidelines, aligned to European requirements. Such activities resulted in reduced accident and professional illness risks for personnel active in Company installations;
- Endowing Company personnel with individual protection equipment, according to the Company's own labour security requirements;
- Providing and permanently supervising the health condition of personnel, according to the provisions of GD 355/2007;
- Training personnel with respect to the accident risks in Company installations.

No labour accidents involving Company workers were experienced in 2019.

The following actions are envisaged to improve the effectiveness of the integrated management system on operational health and safety:

- Completing the revaluation of risk factors for professional accident and illness for all substations that were upgraded in 2020;
- Monitoring the health of personnel with cardiovascular conditions (forbidden to licensing) and quarterly reporting to the Integrated Management Department;
- Consulting the main general contractors of works in ETG installations regarding work health and safety, by inviting them to CSSM-TEL meetings.

6. Research and development activities

Presentation of research and development activities

The Company's research and development activities are supported by the following documents and activities:

Strategic level

- Vision – “Transelectrica will become a dynamic and innovative transmission system operator, nationally and internationally recognised for its technical excellence, financial performance and ability to successfully operate in a volatile economic environment. The Company aims at and commits to successfully and responsibly fulfilling its public service mission, based on a modern and efficient transmission infrastructure and dispatch management of the SEN, integrating the newest smart grid available technologies, protection of critical infrastructure, etc.) and supporting their development” (ETG Development Plan, Management Plan);
- Active contributions to European / international / national strategies, policies and standards as a member of international and national organisations: ENTSO-E, CIGRE, ACER, ANRE, ASRO, etc.;
- ETG development plan (2018-2027);
- The strategy on research and innovation (2018-2027);
- The Company's digital transformation programme (2018-2027);
- The asset management strategy;
- Reference methodologies;
- Applicable standards;
- Good practice guides.

Tactical level

- ETG maintenance strategy (2016-2025);
- The Smart Grid policy (2018-2027);
- The technical policy for ETG asset digitalization;
- Partnerships with suppliers and manufacturers of solutions and technology;
- Technical-scientific sessions;
- Sessions for the presentation of products, solutions and technologies;
- Staff training and certification sessions for operation and maintenance activities;
- Joint meetings on the analyses of operation and maintenance results;
- Research and innovation partnerships;
- Projects with own funding for the needs of basic activities;

- Projects with external (European and non-European) funding to test and prove some concepts, technologies, solutions;

Operational level

- The operational procedure on the documentation, approval and execution of the Annual Studies and Research Plan (unitary coordination, priority of expenditure, convergence of the Company's specific and general goals);
- Operational Procedure on annual expenditure budgeting;
- Annual investment programmes resulting in the upgrade of the Company's assets using modern technologies, equipment and systems;
- Annual competence development and maintenance programmes for Company staff;
- Periodic information dissemination sessions supporting research and innovation;
- Defining and implementing pilot project portfolios reinforcing management and operational decisions with a significant impact on the Company's performance;
- Standardisation of ETG asset-specific solutions and systems (specific internal guidelines: design topics, technical specifications, test and trial portfolio, frame tender books, etc.);
- Assessing the performance of newly implemented technologies and the impact on the Company's performance indicators.

Based on strategic objectives in the domain of research and innovation, the Company provides human, informational and financial resources so that:

- Innovation is promoted on a priority basis for the Company's essential activities, providing added value by digitalising processes, improving services and increasing staff competences;
- The Company's research should focus on the development of the following pillars:
 - National and international partnerships in fundamental research and technological research (observing basic principles, drawing up concepts on technologies, experimental proof of concepts, technology validation in laboratories);
 - Partnerships with solution and equipment providers for product / technology demonstrations (validating technologies in relevant and operational environments);

- Partnerships in competitive procedures (for the delivery and commissioning of products and solutions).
- The involvement of the Company's staff in events with an important innovation and research component, both within the national and international contexts (e.g. ENTSO-E, CIGRE, conferences, round tables, symposia, etc.) will also include the development of knowledge and good practice dissemination processes (knowledge sharing, spreading best practices, etc.) within the Company, in an integrated and regulated manner;
- General and specific objectives shall be structured based on the methodology promoted in the ENTSO-E strategy on research and innovation;
- Research and development works shall be funded both from own sources and from other sources, reaching the most consistent group of European power grid operators (e.g. grants, subsidies, partnerships, etc.).

The research and innovation strategy

This is consolidating the Company's vision with respect to upgrading the transmission network, providing the support necessary to implement Company priorities while sustaining the implementation of digitalisation concepts.

Digital transformation

It will bring new challenges for the management teams, specialists from the operational area and Company partners. Transelectrica complies with all the conditions to become a „*Learning organisation*“ in case it fully utilises the potential of new technologies in the achievement of digital transformation.

In order to sustain the previously-mentioned objectives in 2018 approval was provided for the „*Programme to implement the digital transformation concept (2018-2027)*“, and in 2019 the operationalisation stage was initiated under this programme by approving and applying the Company's Digital Agenda.

The actions and activities comprised in the portfolio of initiatives under the “Digital Transformation” programme aims at increasing the Company performance by means of:

- Innovation in the operational and managerial processes;
- Innovation by introducing digital technologies;
- Innovation by introducing new concepts that will change the Company's business model;

- Developing the Company's strategic capabilities (e.g. personnel, strategic assets, structure, processes, etc.);

The general and specific objectives for research and development will lead to developing digital capabilities as follows:

Operational level

- Digitalisation for ETG assets (using open smart grid standards for the data obtained from power substations, power lines, expert systems and platforms, etc.);
- Digitalisation at the operation level of ETG assets (using standards ensuring interoperability between the components of the smart grid TEL architecture);
- Maintenance and upgrade of existing assets that manage information and data (IT solutions and apps with the related hardware architecture serving a significant group of internal and external customers/supporting the Company's basic activities).



Organisation (enterprise) level

- Elaboration and implementation of the organisational architecture (documenting the vision, mission, objectives and IT strategy, as well as officially translating them into the main operational processes and IT capacities);
- Ensuring the convergence and interoperability of the operational level with the organisational level (e.g. Enterprise Asset Management);
- implementing the TEL 2018-2027 digital agenda, to cover the organisation on an end to end basis (e.g. projects aimed at digitising project management processes, the productivity system regarding documents, collaborative messaging services, video conferences, IT&C infrastructure projects, identity management solutions, cyber security solutions, platforms/systems specific for a TSO role, etc.);

- Automation of repetitive processes involving manual skills and which are non-productive (through punctual projects for digitisation and digitalisation).

The research and development strategy assures the operationalisation of all interested parties' vision in terms of implementing a flexible, open and interoperable infrastructure within a digital portfolio in which traditional processes, mainly the manual ones (based on paper and printing) are discarded or digitalised so that information is accessible on a real time basis.

The achievement of the objectives included in the "Research and innovation strategy" will bring added value in the following fields:

- Strategic vision of the Company;
- Asset management;
- Improving the portfolio of performance indicators;
- Developing the key capabilities necessary for network operation;
- Policy on human capital;
- Organising and operating research and innovation activities as per the ENTSO-E model;
- Capitalising the opportunities to improve Company performance;
- Developing competence for Company personnel;
- Testing and applying new technologies, standards, solutions, policies, etc.;
- Smart Grid Policy;
- Technical policies to digitalise RET assets;
- Maintenance and operation policies;
- Defining and implementing pilot projects with great innovation content (e.g. Project of digital substation Alba Iulia, projects for monitoring technical condition for transformer units, electric lines, GIS, multispectral scanning using LIDAR technologies, etc.);
- Developing partnerships with the receivers of technologies and solutions;

The operationalisation of new concepts included in documents regarding development and research (e.g. "Technical policy on the digitalisation of assets within the upgrade initiatives of CNTEE TRANSELECTRICA SA) shall be made both:

- Promoting pilot projects (e.g. monitoring ETG assets for the implementation of standards in asset management, asset digitalisation implementing the pilot project for the Alba Iulia digital substation, management of renewable

resources and storage in the microgrid pilot project of the Brazi Vest substation, etc.);

- Taking part as a partner in research projects with non-refundable financing (e.g. projects Crossbow, Interface, Re-Serve, Phoenix, Farcross).

To sustain such projects in 2018 the *Programme to implement the digital transformation concept* (2018-2027) was approved.

The strategia sustains network digitalisation is a clear opportunity for efficient development and management of the power system, with proved profitability as far as improvement of service quality and operational costs is concerned.

In 2019 the following tactical documents on digitalisation were elaborated and approved:

- Part I - "Technical policy regarding asset digitalisation under the upgrade initiatives within CNTEE Transelectrica SA";
- Part II - Concept of „Geographic Information System and Outage Management System“;
- Part III - Concept „Laboratory to test digital technologies and develop personnel competence“;
- Part IV- Concept „Health centre for RET assets“.

At the same time the most ambitious project within SEN was launched, namely the pilot project „Refurbishment of substation Alba Iulia using the digital substation concept“, found in the stage of procurement for design services, which will prove the following concepts:

- Monitoring the technical condition;
- Asset management;
- Smart building;
- E-learning;
- Health index;
- Risk index;
- Testing laboratory;
- OMS + GIS + Health centre.

The following projects have been also launched, aiming as well at digitalisation:

- Feasibility Study "Optimising the funcționării of a number of fourteen 400 kV OHL existent within SEN, by installing on-line monitoring systems";
- Procuring 21 integrated monitoring systems for transformer units found within the substations of CNTEE Transelectrica SA.

The annual studies and research plan

With a view to provide SEN operation under maximum safety and stability conditions according to the quality standards specified in the transmission licence, the Company needs research, support studies and consultancy to ground the decisions and to implement new technologies similar to what is found worldwide and/or specific to the Romanian power system.

Transelectrica annually finances its own study and research programmes. For 2018, the allocated funds were between 0.1 and 0.2% of the Company's turnover (the range 2-5% is practiced by similar international companies).

The studies approved in the Company and included in the PASC 2019 have been well grounded and are necessary to carry out the following objectives:

- Meeting the requirements associated with the regulatory framework (e.g. ANRE Licence 161, Law 123/ 2012 of electricity and natural gas, with later amendments and additions, technical codes, the TSO associated regulatory framework etc.);
- Foundation laying to Company decisions with respect to:
 - RET development (the 2020 - 2029 RET development plan) as well as RET asset management;
 - Operational behaviour of RET installations;
 - Extending the lifecycle of assets or asset replacement;
 - Improving the foundation of long term investment decisions (e.g. cost-benefit methodologies and analyses);
 - Maintenance operations acquiring higher efficiency;
 - Technical support;
- Dispatcher management of SEN and RET under efficient and safe conditions;
- Detailed overall analysis on the expense chapters associated to the performance of TSO role;
- Knowing and applying methodologies, standards and good practice elements in order to turn efficient the strategic vision for Company development;

The need to promote work under PASC 2020 was carefully examined in the light of obligations ensuing

from the performance of TSO role under licence and the opportunities to improve decisions with respect to operationalising the Company's vision in the domain of system operation and asset management.

The works carried out under the 2019 Annual Study and Research Programme, which expenses were made under amounting to 789 thousand Lei, are annually reported to ANRE.

In the draft 2020 Revenue and Expense Budget subject to AGOA approval studies have been budgeted amounting to 1n570 mill. Lei.

Research and development activities, 2019

The objectives for 2020 refer to the following targets:

- Implementing, testing and validating the following concepts and methodologies in upgrade projects:
 - The online monitoring of the technical condition of the Company's critical assets (e.g. transformer units, power lines, etc.);
 - The concept of asset health;
 - The concept of risk index in ETG assets;
 - The methodology to elaborate and implement smart grid concepts (e.g. architectures, interoperability standards, telecommunication standards, client interfaces, etc.);
 - The e-learning concept;
 - The smart building concept;
- Training and certifying personnel to develop strategic capacities in the digitalisation domain (e.g. IT governance courses, cyber security, TOGAF architectures, etc.);
- Start-up of development projects with a significant innovation component (e.g. the digital substation project in Alba Iulia, IT&C infrastructure upgrade projects, the asset management platform, etc.);
- Continued participation in projects with non-refundable financing, to prepare the environment for the adoption of new models, concepts and methodologies in the Company's operational or enterprise area;
- The continuous development of partnerships with consultants, solution and service providers to understand the new technological and management trends likely to influence the Company's performance in the future.

7. Perspectives and challenges

Recent evolutions in the world of energy, as well as global economy, provide a range of new challenges, requiring the management of a most efficient, most safe and most sustainable energy system.

Investment and institutional efforts are a part of the Company's strategy to pursue the cross-European integration of energy markets.

In relations with technology suppliers it is likely to occur requests to amend the value of contracts, against a background of legislative changes requiring the minimum salary for construction employees, and all contracts in progress or the future ones will be impacted during 2020.

The possible reduction in the country rating may influence the Company's credit rating provided by rating agencies, which is now, by way of exception, better than the country rating. If the rating is changed, the Company will borrow money at a higher cost and additional guarantees will be requested.

A possible reduction of the regulated asset rate ending as of 1 May 2020 might lead to smaller revenues from transmission tariffs and accordingly diminished overall revenues in the Company, when the amount of electricity transmitted maintains constant.

At the same time, an efficient European electricity market depends, among others, on the capacity of national power systems to host new energy flows under safe operational conditions and low prices. Such flows are piloted by a market characterised by extreme dynamics and increasing cross-border integration.

Consolidating the safe electricity supply of domestic consumers and increasing the energy efficiency of the transmission grid

- Refurbishing the Electricity Transmission Grid (ETG) - Transelectrica aims at expediting the upgrade and refurbishment process of the entire equipment and installation pool from transformer substations and to modernise the dispatch systems it currently operates.
- In the following 10 years, time horizon covered by the 2018-2027 edition of the RET Development Plan, Transelectrica aims at operating a park of refurbished equipment, providing high reliability and energy efficiency. The benefits of a refurbished highly reliable

equipment fleet are higher quality of transmission services (network availability, outage frequency and time) and reduced costs to operate and maintain the network (operation, maintenance and internal electricity consumption);



Photo: The 400/110/10 kV Cluj Est transformer substation

- Continuing the investments with a view to complete the 400 kV national ring, which will increase the nation-wide safe consumption supply, especially in areas characterised by an important local deficit of electricity generation, namely the areas where electricity consumption is only partially supplied by the power plants located in those parts (Transylvania, Moldova); the deficit of these regions is covered by electricity transmission over great distances from areas of excess generation;
- Increasing the ETG transmission capacity in order to integrate the electricity generation in conventional and/or renewable power plants, estimated to be built in areas that currently are or in the near future tend to become excess zones in comparison with the local electricity demand;

Developing the single electricity market at European Union level (active support for the integration of the single electricity market)

- Expediting the investment projects into Romania's transmission infrastructure with the highest European relevance (projects declared of common interest in the EU electricity transmission sector), mainly oriented towards increasing Romania's cross-border interconnection capacity with the power systems of neighbouring countries;
- Participating into the inter-regional integration processes of electricity markets in all time horizons specific to electricity trading (spot market, day-ahead market, intra-day market, real time balancing market between electricity output and consumption);
- Active participation to the European standardisation process of network access via grid codes, the operation of electricity grids as well as the calculation and allocation of cross-border exchange capacity and balancing energy systems - grid codes represent common rules established at European level and applied in all European states, developed with a view to enable the uniform and efficient operation of the electricity market to the general benefit of European consumers; grid codes are developed in the European Network of Transmission System Operators (ENTSO-E) according to the

priority areas determined by the European Commission (EC) and based on the framework guidelines issued by the Agency for the Cooperation of Energy Regulators (ACER).

At the beginning of 2018, all eight grid codes were approved by EU Regulations. EU Regulations cover three main domains of the electricity sector: grid connection, market functioning and power systems operation. In terms of the regulations in the domain of market functioning, Romania is part of two cross-border exchange capacity calculation regions (the Romania-Bulgaria border in the EEA region², the Romania-Hungary border in the CORE region).

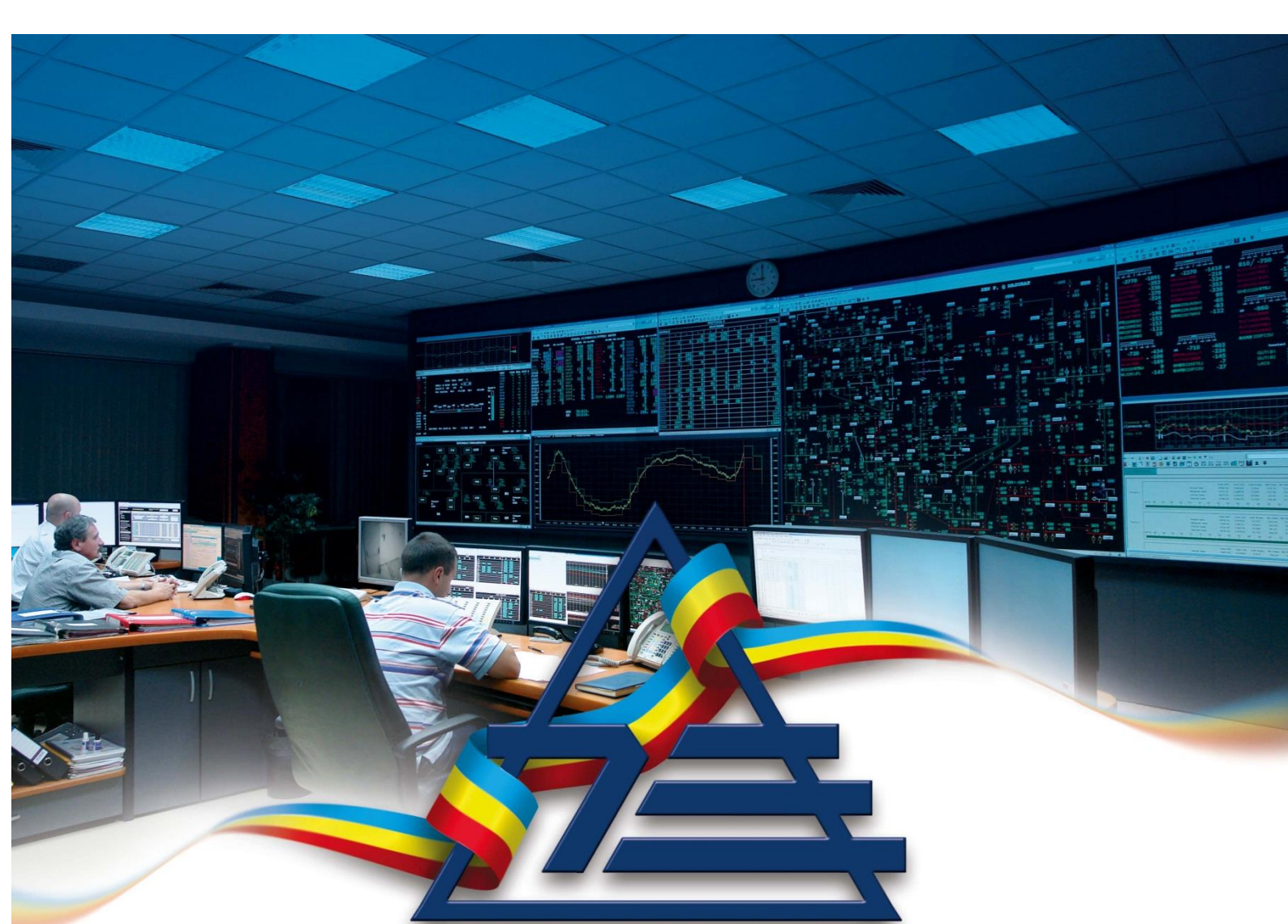
Within the CORE region, Transelectrica aims at getting actively involved in the governance and decision making mechanisms at regional level by entering the shareholding of the existing regional security center.

In this context, the Company's focus is seen in its shareholding of the Security Coordination Centre in the CORE region³, TSCNET Services GmbH, in its participation in the share capital of this company and in the shareholding of Joint Allocation Office SA, the European Centre for the allocation of cross-border transmission capacities.

Within the SEE region the Company aims at participating as founder shareholder into the establishment of the regional centre for operational security, which will serve the entire region. Estimations are this regional centre will be set up and become operational during 2020.

² The EEA region comprises a series of borders which mark market areas in which electricity trading is carried out via a transmission capacity allocation process (according to ACER Decision 6/2016)

³ The CORE region comprises a series of borders which mark market areas in which electricity trading is carried out via a transmission capacity allocation process (according to ACER Decision 6/2016)



Transelectrica®

Societate Administrată în Sistem Dualist

Operational Report

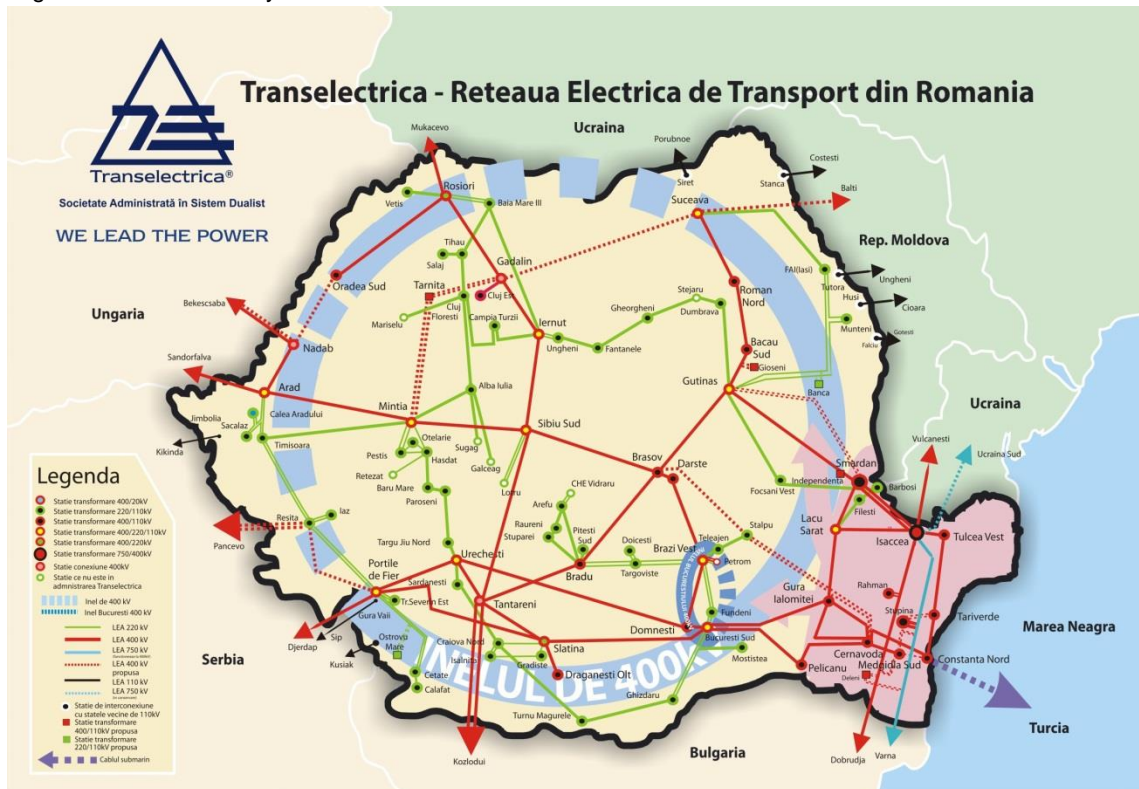
8. Operational data

8.1. Network configuration

The Electricity Transmission grid ("ETG") is an electric network of national strategic interest with nominal line voltage above 110 kV and it consists of all lines plus their support, control and protection

elements, electric substations and other interconnected electrical power equipment. The ETG provides interconnection between producers, distribution networks, large consumers and the neighbouring power systems.

Figure 20: The Electricity Transmission Grid



A good part of overhead lines ("OHL") and of the electric transformer substations constituting the ETG was built between 1960 and 1980, with the technologies of that time.

The amount of installed capacities, in accordance with the licence for provision of electricity transmission services and system services, is presented in the following table:

Table 11: Amount of capacities

Voltage (kV)	Substations (no.)	Installed capacity (MVA)	OHL (km)
400	39	21,435	4,971.70
220	42	14,274	3,875.64
750	-	-	3.11
110	-	-	40.42
Total	81	35,709	8,890.87

Of the total length of the Electricity Transmission grid, which is 8,890.87 km, interconnecting lines have a length of 489.4 km.

The Company aims at maintaining the quality of the transmission and system services under economic efficiency conditions, as well as the operational safety of the national power system, in accordance with the applicable regulations and the standards jointly undertaken at European level.

Investments undertaken so far have allowed to maintain the dispatch management infrastructure and the infrastructure required for the operation of electricity markets to a suitable level: national optical fibre network, EMS-SCADA monitoring and management system, system for the measurement of electricity amounts traded on the wholesale market, IT platforms for transactions and settlements.

The EMS/SCADA-DEN system supplies the main specific functions: data acquisition, monitoring, alert

and event management, energy management, secondary frequency adjustment - exchange power, optimisation and operational safety of the national energy system, remote control of equipment, archiving, as well as a complex software environment for dispatcher training. At the same time, it represents the automation system on the upper level of a hierarchy of sub-systems. The EMS/SCADA central system exchanges information with regional control systems, the control systems of manufacturers, the automation and control systems in substations, market systems, as well as external systems, forming a compound global operational structure.

The programme for the upgrade of the entire network at the level of the highest European standards with upgrade and re-technologisation of the most important power substations in the ETG, as well as the development of transmission capacities along interconnecting lines is in progress.

To maintain the adequacy of the network so that it is suitably sized for the transmission of electricity expected to be produced, imported, exported and carried, two categories of investments have been included in the 10-year development plan of the ETG and will be performed:

- Refurbishment of existing substations;
- Extension of the ETG by building new lines, increasing the transmission capacity of existing lines, extending existing substations and increasing the transformer capacity in substations.

8.2. Selected operational data

The Company’s responsibility is to maintain the National Power System operating uninterruptedly under safe conditions while complying with the quality standards provided in the technical code of the electricity transmission grid. To this effect, the Company uses its own resources called functional system services and purchases technological system services from electricity producers. Furthermore, in order to balance production and consumption on a real time basis, the Company uses balancing market mechanisms.

The operational management of the SEN is ensured by means of:

- National Power Dispatcher
- 5 territorial dispatchers: Bucharest, Bacau, Cluj, Craiova, Timisoara

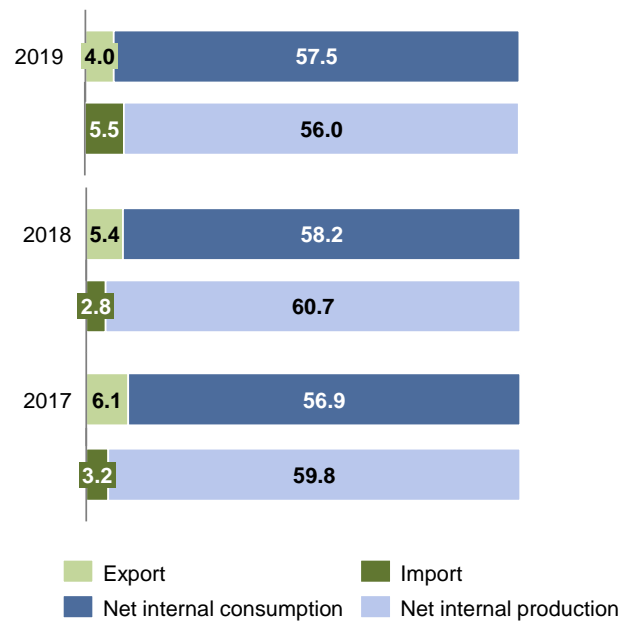
The energy balance of SEN

Table 12: Energy balance

TWh	2019	2018	2017
Net internal production	56.0	60.7	59.8
Import	5.5	2.8	3.2
Export	4.0	5.4	6.1
Net internal consumption	57.5	58.2	56.9

Note: net values do not include the consumption of auxiliary services from the power plants generating electricity; the value of the net load includes the losses from transmission and distribution networks, as well as the consumption of pumps from the pumping storage hydropower substations.

Figure 17: Energy balance (TWh)



In 2019 the net internal consumption dropped 1.1% in comparison with the similar period of last year, while the net energy generation decreased about 7.7% compared to the similar time interval of 2018.

Cross-border exporting physical flows have decreased 25.4% compared to the similar period of 2018, while cross-border importing flows have registered increase of about 95.2%.

National generation units pool

In 2019 the gross installed capacity of electric power plants registered decrease in comparison with the similar time interval of 2018.

The installed capacity in the power parks generating from renewable sources has increased approximately 0.2%, namely from 4,546 MW installed on 31 December 2018 to 4,553 MW installed on 31 December 2019.

The installed capacity in the overall National Power System of approximately 24,600* MW does not mirror reality because unavailable units were recorded in many power plants, which could no longer operate for reasons such as: high technical wear, incompliance with environmental requirements, low efficiency, high generating costs, as well as financial difficulties of the entities holding them. Beginning with 01 January 2020 the website of Transelectrica publishes only the units that have ANRE licence.

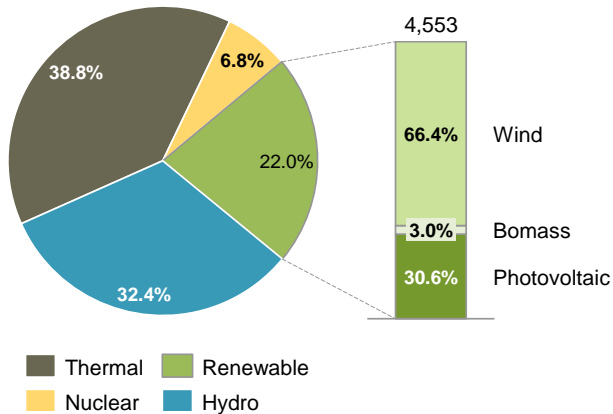
Table 13: Installed capacity (gross values)

MW	2019	2018	2017
Thermal	8,026	11,888	12,029
Nuclear	1,413	1,413	1,413
Hydro	6,704	6,759	6,761
Renewable	4,553	4,546	4,535
Total	20,696	24,606*	24,738

* Values on 01.01.2020

The structure of the generation pool for 2019 is presented below:

Figure 18: Installed capacity 2019 (gross values)



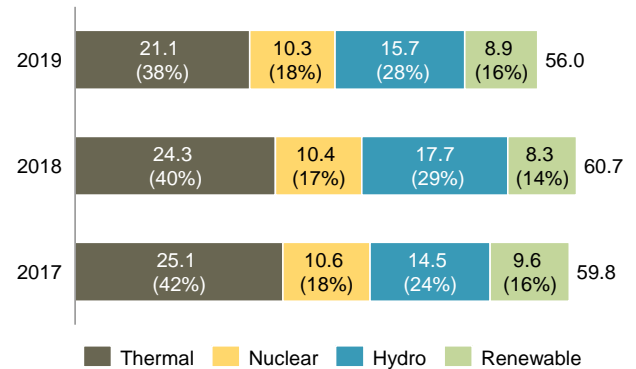
Mix of electricity output

In the generation mix structure of the January - December 2019 time interval in comparison with the same period of 2018 decrease of about 12.9% was registered for the thermal component, decrease of 0.9% of the nuclear source and drop of 11.3% in the hydro power component. The renewable component had 6.5% higher contributions. Examining the shares of the components in the 2019 net generation mix one can notice the greatest share (38%) is represented by the thermal component, followed by the hydro component (28%), while the electricity generated from renewable sources and from nuclear sources count approximately 16% and 18%.

Table 14: Net electricity generation mix

TWh	2019	2018	2017
Thermal	21.1	24.3	25.1
Nuclear	10.3	10.4	10.6
Hydro	15.7	17.7	14.5
Renewable	8.9	8.3	9.6
Total	56.0	60.7	59.8

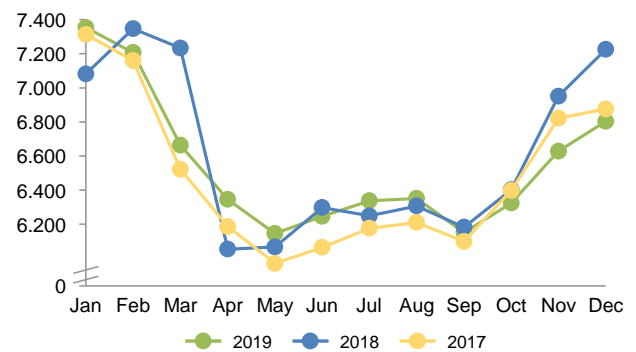
Figure 19: Generation mix 2017 – 2019 (TWh)



Net load

Each month, the net average load of electricity in 2019 registered increasing trends compared to 2018.

Figure 20: Net average load (MWh/h)



Maximum net hourly consumption in 2019 registered a maximum value in January, maintaining the same trend of these last years when maximum values have been registered during winter months.

Figure 21: Net maximum hourly load (MWh/h)

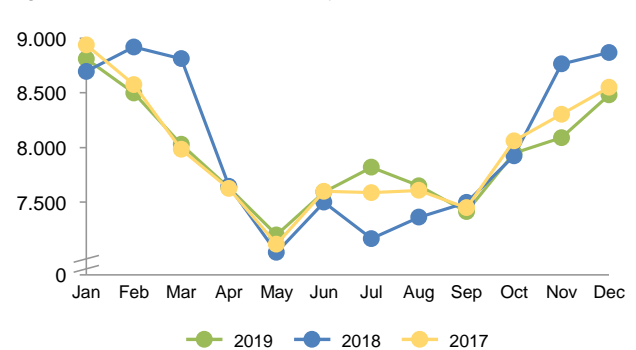


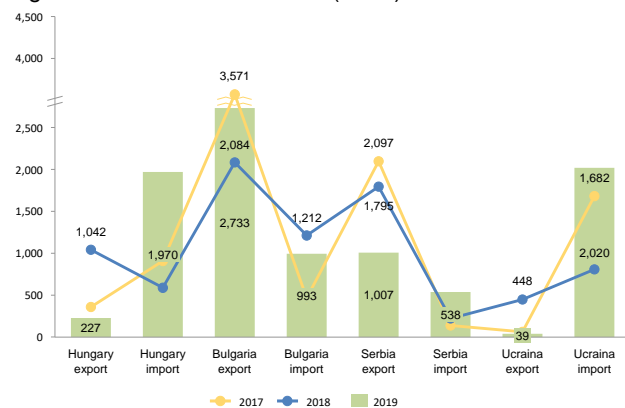
Table 15: Maximum load

Year	Month	Value (MWh/h)
2019	Jan	8,812
2018	Feb	8,920
2017	Jan	8,940

Commercial electricity exchanges

In 2019 the trend registered in previous years has been maintained and 1.5 TWh net physical flow has been registered, decreased in comparison with 2018 (by 2.5 TWh).

Figure 22: Cross-border flows (GWh)



In 2019 cross-border flows registered fluctuating developments in the relation with Bulgaria, Serbia, Hungary and Ukraine.

The 2019 distribution of import / export physical flows on interconnection lines compared to 2018 has been as follows:

- Export increased on the Bulgarian border and decreased on the borders with Serbia, Hungary and Ukraine.
- Import decreased on the Bulgarian border and significantly increased on the interconnection lines located in deficit areas of electricity generation (on the borders with Hungary and Ukraine), at the same time also registering 143% increase on the interconnection line situated in the excess electricity generation area, which specifically means the Serbian border.

Such developments have had effects long-distance transmission of electricity, which also determined higher losses within RET.

In concrete terms and compared to the time interval January - December 2018, export physical flows

have decreased with Serbia (43.9% - 788 GWh), Hungary (78.2% - 815 GWh) and Ukraine (91.3% - 409 GWh) and increased with Bulgaria (31.2% +650 GWh) at the same time with significant increase of import physical flows on interconnection lines with Serbia (142.8% +316 GWh), Hungary (235% +1,382 GWh) and Ukraine (150.2% +1,213 GWh), while the same decreased in relation with Bulgaria (18.1% - 219 GWh).

Use of total allocated capacity

The development of commercial exchanges with neighbouring countries is mainly influenced by the price development on the electricity markets of Europe, but also by the availability of generation capacities and by the value of net cross-border exchange capacities.

In January - December 2019 the utilisation degree of the totally allocated capacity (cross-border capacity allocated under commercial contracts) on interconnection line just dropped in comparison with the same period of 2018 and this occurred for most destinations.

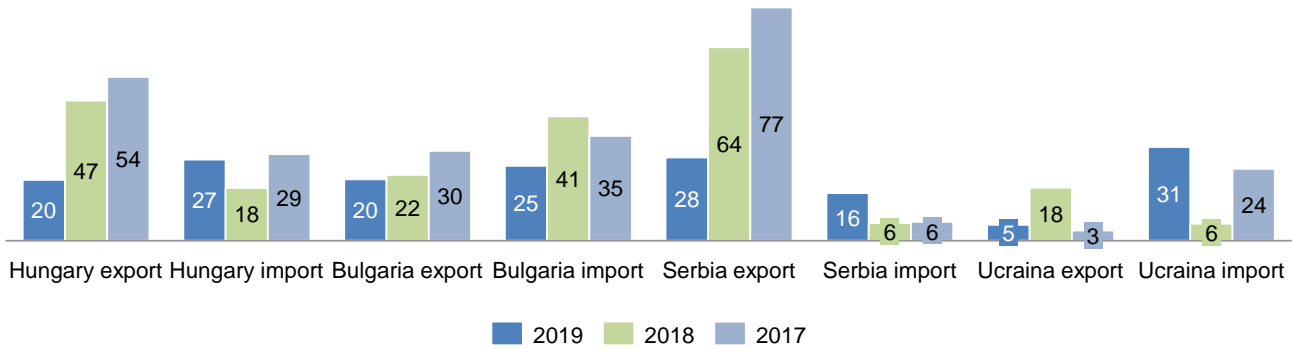
In 2019 out of the total allocated amount following auctions for interconnection capacities (as a result of annual, monthly, daily and intradaily allocations), the utilisation degree for export was smaller in comparison with 2018, 20% average values being registered on the export direction to Hungary, 28% on the export direction to Serbia and around 20% on the export direction to Bulgaria.

Table 16: Cross-border interconnections (use of total allocated capacity, %)

Border	Direction	2019	2018	2017
		[%]	[%]	[%]
Hungary	export	20.23	46.57	54.4
	import	26.95	17.55	28.8
Bulgaria	export	20.37	21.94	29.9
	import	24.91	41.30	34.9
Serbia	export	27.71	64.22	77.5
	import	15.83	5.94	6.3
Ukraine	export	5.31	17.61	3.4
	import	31.20	5.69	23.9

Note: the values in the table represent annual averages calculated as simple arithmetic averages of monthly averages

Figure 23: Utilisation of total allocated capacity (%)



The evolution of own technological consumption in the Electricity Transmission Grid

The development of the own technological consumption ("CPT") in the ETG is influenced by several factors independent from Transelectrica's activities, such as: meteorological conditions, output structure vs. load location, physical import/export flows along SEN borders. The lowest values (compared to the energy contour input) are registered in droughty years, given that the low level of the hydro component determines the use of primarily gas fired electric power plants and thus a better structure is obtained for generation, while corona losses are reduced.

Network losses are mostly influenced by the distance between generation and consumption centres, i.e. by how load coverage is distributed across the units of the system and by the volume and destination of international exchanges.

Tabel 17: Development of CPT

Indicator		2019	2018	2017
Energy input in the network	GWh	43,358	44,469	44,337
Losses	GWh	986	1,100	965
OTC	%	2.27%	2.47%	2.18%

Factors determining the evolution of CPT in 2019 compared to the previous year

In 2019 CPT as absolute value (986 GWh) decreased 10.4% in comparison with 2018 (1,100 GWh).

Loss reduction was brought about in the first place by better distribution of physical import/export flows on interconnection lines, which determined reduced transmission at long distance. Physical import increased from 1,396 GWh to 3,988 GWh on the lines situated on the north and north-western

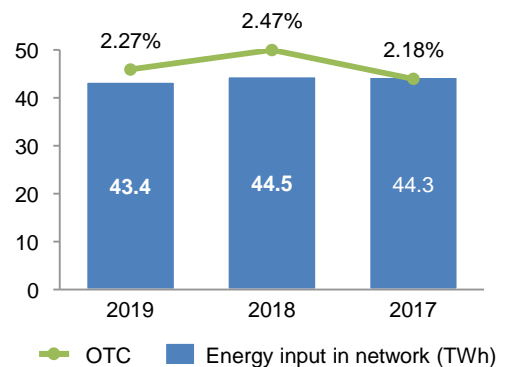
borders, which are found in deficit electricity generation, while physical export of the same decreased from 1,488 GWh to 265 GWh.

Physical import slightly increased from 1,434 GWh to 1,531 GWh on the lines situated on the south and south-western borders, while physical export slightly decreased on the same from 3,878 GWh to 3,738 GWh.

Another factor that has contributed to overall loss reduction by also diminishing corona losses was the smaller amount of precipitation.

Factors which significantly influenced the CPT in 2019, for instance precipitation and the distribution of cross-border physical flows, are not fourm under control of Transelectrica.

Figure 24: CPT evolution



Monthly evolution of CPT in 2019

The maximum level was recorded in May:

In May a maximum value of 2.49% was registered. The CPT development in the first part of the year was influenced by better import / export flows that led to the reduction of electricity transmission at long distances from generation sources, and also due to good meteorological conditions, which determined reduced corona losses.

The minimum level was recorded in July:

In monthly terms and compared to the electricity injected in the RET outline, the minimum value of CPT was achieved in July, namely 1.93% (69.8 GWh). The determining factor for such small losses was represented by favourable distribution of physical flows on borders, which has led to reduced electricity transmission at long distances from generation sources.

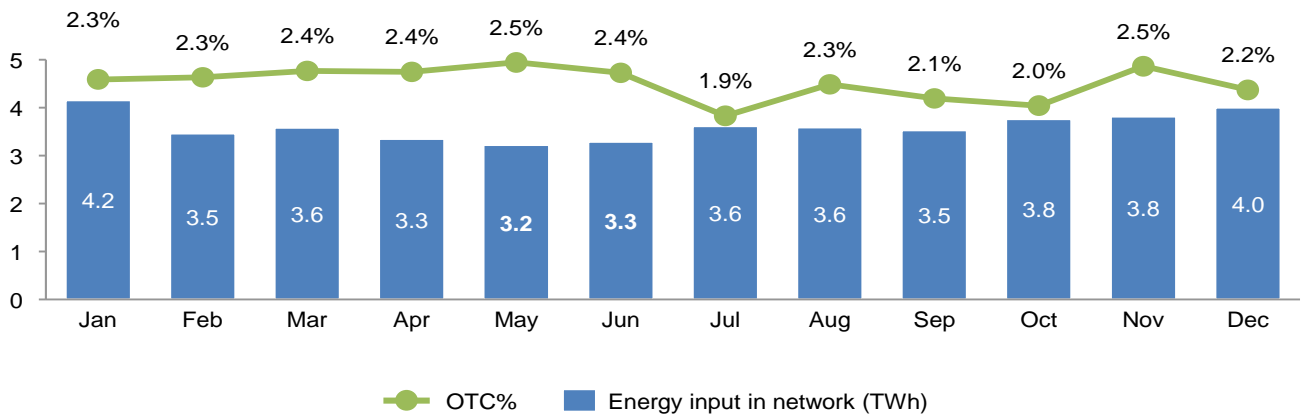
In terms of absolute values there were three months with low values: July (69.8 GWh, namely 1.93% from the electricity input into RET), October (76.6 GWh,

namely 2.04% of the electricity input into RET) and December (88.1 GWh, namely 2.20% of the electricity input into RET) .

In October CPT as absolute value decreased because of better import/export flows, which has led to reducing the electricity transmission at long distances from generation sources.

In December CPT as absolute value decreased because of favourable physical flows on interconnection lines and of meteorological conditions characterised by low precipitation, which in turn determined reduced corona losses.

Figure 25: Monthly evolution of OTC in 2019



9. ETG development

The Company's ETG development strategy includes expediting investment projects to upgrade and reinforce the Electricity Transmission Grid, to increase the interconnection capacity with ENTSO-E and non-EU countries.

Expediting investments is the top priority for the Supervisory Board and Directorate members, being motivated by the very financial circuit determining financial performance in accordance with the ANRE approved tariff-setting methodology and applicable to the Company, which determines provision of financing sources for operational and investment activities.

ETG development plan - 2018-2027

The „RET development plan in 2018 - 2027” („RET Plan”) approved by ANRE was elaborated using analysis of prospective RET operational regimes, relying on scenarios with respect to the development of consumption, generation fleet and exchanges with neighbouring systems in the mid- and long run.

In order to establish the needs to consolidated the network during the time horizon of RET's development plan the real possibilities to balance the generation consumption equilibrium and the presumption that regulations will provide correlation between the promotion system and national strategic objectives so that the total installed capacity in wind and photovoltaic power parks should be brought to a level nearer the output which provides efficient sustainable development.

By their specific characteristics the RET infrastructure projects require a great time interval for predefendation and achievement, so that results become visible only after a certain period of time.

Experience shows that the usual full cycle of an investment project (beginning with the initial design stage, elaboration of the feasibility study, terms of reference and technical project, up to execution and project commissioning) to achieve / refurbish an electric substation is of 5 years, while building a new electric line lasts 9 years.

The generation park in Dobrogea region has known fast development. Many wind power parks were built, as well as photovoltaic ones. There are also planned two more new units in the NPP Cenavoda. Consequently it is necessary to enhance the section in the internal network that provides electricity transmission to the consumption centres located in

the western and northern parts of the region. And starting from about 3,000 MW output from new power plants in Dobrogea (regardless of the primary source they use - WPP, PVPP, NPP Cernavoda, etc.) there is also the need to enhance the network capacity to discharge power. Depending on the accurate location of power park projects that will be built and on the manner in which the load of power plants from the remaining parts of SEN is distributed, this need can occur from an amount of 2,500 MW / 3,500 MW upward.

Network development should take into account solutions that enable removal of congestions along the main directions of power flows in-between the generation centres from the eastern part of the country and the consumption centres of the west, corresponding to the following transmission corridors:

- N-S corridor interconnecting Moldova and Dobrogea;
- E-V/S corridor connecting Dobrogea and Bucharest region + limit area / south continent;
- E-V corridor connecting Moldova to west of SEN;

The development of generation capacities using renewable sources leads to intensified exchanges in-between systems and to increased variability of power flows across large regions. The experience of last years and the forecast of the future period provides a high utilisation degree for Romania's network at the borders with Serbia and Hungary, both for exchanges between SEN and such systems and for transit, which only crosses SEN network. Increasing the exchange capacity at the western interface of our system is necessary in order to provide the infrastructure required by electricity exchanges in the region.

Interconnection projects with the Republic of Moldova are under study as well.

Enhancing Romania's interconnection capacity will facilitate export of electricity generated, within certain time intervals, by the wind and PV parks within SEN, which is exceeding domestic demand. At the disposal of market participants will be also placed an additional transmission capacity in order to export available output in competitive thermal power plants or to import cheaper electricity available on the market during certain hourly intervals.

Stationary regime and static steady-state were analysed and such showed the monitored segments S4 (supply section for N-V Transylvania) and S5 (in-

feeding section for Moldova) provide increased operational risk near the maximum admissible power cross-section and in the mid- and long term, thus proving the need to enhance each one of these sections. To this effect consolidating the electricity transmission grid by completing the 400 kV ring between the north-eastern and north-western parts of SEN is beneficial with respect to increasing the reserves of static steady-state both in sections S4 & S5 and in section S3 (joint transmission section between Dobrogea+Moldova regions and the remaining SEN). Areas were also detected with local issues of safe consumption supply, where additional capacities should be installed to inject from 400 kV to the lower voltage networks (Iernut, Sibiu).

Projects included in the ETG development plan - 2018-2027

In accordance with the competence and attributions established in the Electricity and natural gas law 123/2012, updated and in the general terms associated to Licence 161 for electricity transmission and system services the Company is planning the development of the electricity transmission grid taking into account the current stage and forecasted development of consumption, generation fleet and electricity exchanges, thus elaborating every two years a development plan for the following ten.

The latest approved edition of the Ten-years' development plan refers to 2018 – 2027. This was approved by ANRE under Decision 1604/2018 and

by AGA of CNTEE Transelectrica SA under Decision 16/2018.

In 2019 CNTEE Transelectrica SA elaborated a Note adding the 2018-2027 Development plan in accordance with the requirements specified in ANRE Decision 1604/2018. The additional Note was approved by ANRE under Decision 2070/2019.

The RET Development Plan represents a particular document for Company activities, which identifies and proposes development and monitoring projects for the electricity transmission grid in the next ten years, correlated with the forecasted development of electricity consumption, while observing applicable technical norms.

The main objectives which, when completed, can lead to the need to develop the RET are:

- Increase interconnection capacity with other systems;
- Increase transmission capacity between the eastern part (Dobrogea) and the rest of the interconnected SEN;
- Safe supply of consumption from deficit areas at rated quality and safety parameters;
- Refurbish and upgrade existent substations.

The above issues were declared as main projects and the adequacy of future RET developments was verified, which completion terms took into account the time intervals necessary to make such investments:



Photo: The first 400 kV slot of the National Power System - 400 kV overhead electric line, simple circuit, HPP Portile de Fier – Bucuresti Sud

Increasing the cross-border interconnection capacity

The following network developments are planned in order to increase the exchange capacity of Romania's western interface:

PCI „Romania–Serbia Group between Resita and Pancevo”, known also as „Mid Continental East corridor”, which includes the following projects of common interest:

- The 400 kV double circuit OHL Resita (RO) – Pancevo (Serbia);
- The 400 kV OHL Portile de Fier – Resita and extending the 220/110 kV substation Resita by building a new 400 kV substation;
- Converting the 220 kV d.c. OHL Resita - Timisoara - Sacalaz - Arad to 400 kV, building also 400 kV substations Timisoara & Sacalaz;

The 400 kV double circuit (d.c.) Resita (RO) – Pancevo (Serbia) was completed, but the 400 kV substation Resita is still under construction.

Increased transmission capacity between the eastern region (especially Dobrogea) and the rest of the interconnected power system, and system integration of electricity generated from RES and other sources in Dobrogea

PCI „Bulgaria–Romania Group, capacity increase”, known also as the „Black Sea corridor”, which includes the following projects of common interest:

- The 400 kV d.c. OHL Smardan – Gutinas;
- The 400 kV d.c. OHL Cernavoda–Stalpu, with an input/output circuit in Gura Ialomitei.

In 2017 the documentation was elaborated in order to access funds by means of the Connecting Europe Facility (CEF) financial instrument for the project of common interest of the 400 kV double circuit OHL Cernavoda–Stalpu, which was then submitted to the European Commission. Taking into account the importance of this project for the region, its contribution to increasing the cross-border exchange capacity between Romania and Bulgaria, as well as its maturity degree, following analysis and assessment of financing requests received in January 2018 the European Commission by means of the Innovation and Networks Executive Agency (INEA) took the decision to finance this project 50% of the total estimated eligible costs and the Grant contract was also signed.

Other projects increasing the discharge capacity from Dobrogea are as follows:

- Input/output connection of 400 kV OHL Stupina - Varna and the 400 kV OHL Rahman - Dobrudja in the 400 kV substation Medgidia Sud;
- Extend the 400/110 kV substation Medgidia Sud and refurbish 110 kV substation to increase the breaking capacity of circuit breakers correlated to the increase of short-circuit current;
- The 400 kV s.c. (s.c.) OHL Gadalin – Suceava;
- The 400 kV OHL Stalpu – Brasov;
- Converting the 220 kV OHL Brazi Vest - Teleajen - Stalpu to 400 kV (it was build for 400 kV), including construction of the 400 kV substations Stalpu and Teleajen;
- The 400 kV d.c. OHL Medgidia Sud – Constanta Nord;
- The 400 kV s.c. OHL Suceava – Gadalin;
- Reconductoring the 220 kV OHL Stejaru – Gheorghieni – Fantanele;
- Increasing the transmission capacity of the 8 km segment of smaller section of the 400 kV OHL Bucuresti Sud - Pelicanu;
- Increase the transmission capacity of the 53 km segment of smaller section of the 400 kV OHL Cernavoda – Pelicanu;
- Changing the 400 kV OHL Isaccea – Tulcea Vest from simple to double circuit.

Integrating the power generated from other power plants in the SEN

An agreement was reached with SC Hidroelectrica SA for safe discharge of the power from HPP Portile de Fier II at 220 kV, by building the 220 kV substation Ostrovul Mare and the 220 kV d.c. OHL tie line Ostrovul Mare in the 220 kV OHL Portile de Fier - Cetate.

Plans are to replace the 400/400/160 MVA 400/231/22 kV AT3 from the 400/220 kV substation Portile de Fier with a 500 MVA autotransformer.

Building the 400 kV substation Arefu with 400/220 kV 400 MVA AT and its input/output integration in the 400 kV OHL Tantareni-Sibiu Sud to safely discharge the power of HPP Arges-Valcea.

Safe consumption supply from deficit areas

- Installing the second 400/110 kV transformer in substation Sibiu Sud in order to reserve the single RET injection in Sibiu area;
- Installing the second 400/220 kV, 400 MVA AT in substation Iernut to provide safe supply of consumption in the N-V part of the country as there is insufficient installed capacity in power plants of that area.

Interconnection with the system from the Republic of Moldova

RET development plan in 2018-2027 includes building the 400 kV OHL Suceava-Balti to provide interconnection with the Republic of Moldova.

The general cooperation framework in the energy domain between Romania and the Republic of Moldova is regulated by the Memorandum of Understanding the Governments of these two countries had signed in 2015. In 2016 a Cooperation Agreement was signed between CNTEE Transelectrica SA and IS Moldelectrica to carry out the interconnection projects by back-to-back substations, also mentioned in the Memorandum of Understanding:

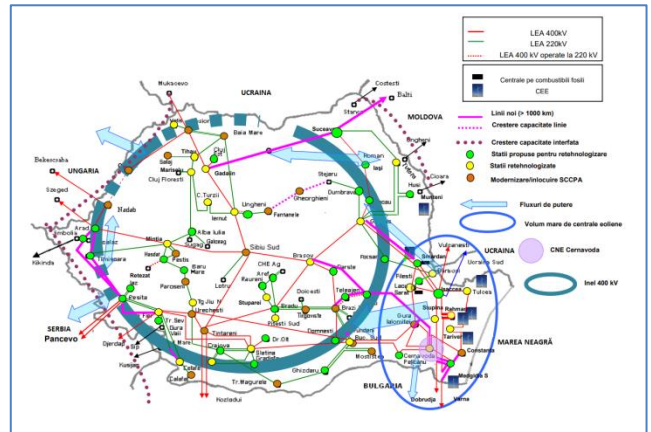
- The 400 kV OHL Isaccea (RO) – Vulcanesti (RM) (existing line) new 400 kV OHL Vulcanesti-Chisinev double circuit, back-to-back substation in Vulcanesti;
- The 400 kV OHL Suceava (RO) – Balti (RM) simple circuit și stație Back to Back la Bălți;
- LEA 400 kV Iași (RO) – Ungheni – Strășeni (RM) simplu circuit and back-to-back substation in Straseneni.

The first two of all these projects have the greatest chance of being achieved, the first one being included in the list of Projects of Mutual Interest (PMI) the Energy Community promotes. The 400 kV OHL Suceava-Balti might be built when the systems of Ukraine and the Republic of Moldova have been synchronously interconnected with the European continental one or as measure necessary for synchronous interconnection, if such comes out of the studies made.

Refurbishment and upgrade of existing substations

A significant number of existing substations are under / will begin a sustained refurbishment and modernisation programme for both installations and equipment:

Figure 26: ETG development requirements 2018-2027



The following projects have been also provided however for a farther time horizon:

- Refurbishment of the 220/110 kV substation Iaz;
- Refurbishment of the 400 kV substation Timisoara;
- Extending the 400 kV substation Cernavoda, stage II - connection of new lines
- Installing the 400 MVA, 400/231/22 kV AT2 as well as the associated bays in substation Iernut and upgrading the command-control system of the 400/220/110/6 kV substation Iernut
- The 400 kV double circuit OHL Cernavoda-Stalpu and its connection in Gura Ialomitei
- The 400 kV substation Stalpu and upgrading the 110 kV and medium voltage bays of substation Stalpu

9.1. Investments

Investments 2019

The value of non-current assets registered in account books in 2019 amounted to 170.9 mill. Lei.

On 31 December 2019 special installations, outfits and pieces of equipment, instrumentatin and control and vehicles were revaluated by an independent evaluator licensed by the National Union of Licensed Evaluators in Romania (ANEVAR). Such assets were revaluated mainly using the cost-based method.

Such cost-based method establishes the rough cost of replacement using the indirect method. The cost-based method has been used for considerations pertaining to the specialisation of assets, which insufficient market information and / or inexistent asset market was ascertained for.

In 2019 the greatest transfers from tangible assets in progress into tangible assets are represented mainly by the commissioning of investment projects as shown below:

- Refurbishment of the 220/110 kV substation Turnu Severin Est (BA Dec. 10/08.09.2009) – 42.7 mill Lei;
- Refurbishment of the 400/110/20 kV substation Domnesti – 35.8 mill Lei;
- Refurbishing the 400 kV substation Isaccea, stage I - Replacing shunt reactors, related bays as well as the 400 kV bay Stupina – 30.6 mill Lei;
- Refurbishing the 400/220/110/20 kV substation Bradu – 12.3 mill Lei;
- Upgrading the 110 kV and 400 (220 kV) stations of the Focsani Vest substation – 7.9 mill Lei;
- 110 kV, 220 kV and 400 kV mobile bays – 7.1 mill Lei;
- Upgrading the 110 kV substations Bacau Sud and Roman Nord from the 400 kV axis Moldova – 6.9 mill Lei;
- Replacing the 220/110 kV AT2 from substation Gheorgheni – 6.1 mill Lei;
- Motor cars to complete the car fleet of CNTEE Transelectrica SA - LOT2 – 2.8 mill Lei;
- Replacing autotransformers and transformers in electric substations, stage 2, step 2, LOT 1, LOT 2 – 2.6 mill Lei;
- Computation technique, hardware and software, Desktop PC – 1.9 mill Lei;
- Security solution to implement protection of classified information – 1.5 mill Lei;
- Building a remote protection system to the 220 kV OHL Tg Jiu Nord-Urechesti and the 400 kV OHL Urechesti – Tantareni- 1.2 mill Lei;
- Relocating the HV networks of 220 kV, Sebeş - Turda Motorway, lot 1, km 0 + 000 – km 17+ 000 - Section C – km 0 + 300 – 1.1 mill Lei;
- Relocating the HV networks, Braşov - Targu Mures - Cluj - Oradea Motorway, section 2A Ogra - Campia Turzii, lot 2 Iernut - Chetani, km 3 + 600 km 21 + 500 - the 400 kV OHL Iernut - Sibiu Sud – 1.1 mill Lei;
- Relocating the HV networks, Brasov - Targu Mures - Cluj - Oradea Motorway, section 2A Ogra - Campia Turzii, Lot 2 Iernut - Chetani, km 3+600+21+500 - the 220 kV OHL Iernut - Campia Turzii, km 13+580 – 1 mill Lei;
- Connecting the 400/110 kV substation Rahmanu to RET – 1 mill Lei;
- Replacing circuit breakers in electric substations – 0.7 mill Lei;
- Specific furniture for dispatchers in DET Bacau, DET Cluj, DET Craiova and DET Timisoara – 0.6 mill Lei;
- Replacing the diesel units 1 & 2 in the 400/110 kV substation Darste – 0.5 mill Lei;
- Accumulator batteries in Bacau Sud, Roman Nord, FAI – 0.4 mill Lei;
- Replacing tower 826 of the 400 kV OHL Urechesti - Domnesti – 0.4 mill Lei;
- Hydrocarbon (oil) sedefendantors for concreted platforms, substation Medgidia Sud – 0.4 mill Lei;
- Specific furniture for dispatchers in DET Bacau, DET Cluj, DET Craiova and DET Timisoara – 0.4 mill Lei;
- Connecting to RED the 110 kV substation Ulmi belonging to the Electricity Distribution Company Muntenia Nord SA by making related work in the 110 kV OHL Targoviste - Titu (Ulmi) bay in the 220/110 kV substation Targoviste of the CNTEE Transelectrica SA – 0.3 mill Lei;
- Providing coexistence conditions between the 220 kV OHL Alba Iulia - Sugag and Alba Iulia - Galceag and the interior road – 0.3 mill Lei;
- Water installation in the 110/220 kV substation Suceava – 0.3 mill Lei;
- Special intervention towers type Universal Guyed Portal for 220-400 kV, including prefabricated foundations – 0.3 mill Lei;
- Hydrocarbon (oil) sedefendantor for concreted platforms in substation Lacu Sarat – 0.2 mill Lei;

- Remote protection of the 400 kV OHL Arad (Romania) – Sandorfalva (Hungary) – 0.2 mill Lei;
- Hydrocarbon (oil) sedefendantors for the concreted platform, the 1250 MVA 400/110 kV and the 2250 MVA 400/110 kV transformers of the 400/110 kV substation Constanta Nord – 0.2 mill Lei;
- Fast intervention vehicle – UTV into areas of difficult access and motor car platform – 0.2 mill Lei;
- Replacing the accumulator battery 2 in the 220/110 kV substation Pitesti Sud – 0.2 mill Lei.
- Refurbishing the 220/110/20 kV substation Ungheni – 9.8 mill Lei;
- Upgrading the 110 kV substations Bacau Sud and Roman Nord from the 400 kV axis Moldova – 8.2 mill Lei;
- Integrated security system in electric substations, stage IV – 8 mill Lei;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400/220/110 kV substation Resita – 6.6 mill Lei;
- Refurbishing the 220/110 kV substation Craiova Nord – 6.5 mill Lei;

The balance of tangible and intangible assets in progress on 31 December 2019 is represented by ongoing projects, of which the most significant are provided below:

- Connecting the 300 MW WPP Ivesti, 88 MW WPP Falciu 1 and 18 MW WPP Falciu 2 to RET by the new (400)/220/110 kV substation Banca – 46.9 mill Lei;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV s.c. OHL Portile de Fier - (Anina) - Resita - 39.4 mill Lei;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – 35 mill Lei;
- Upgrading the 220/110/20 kV substation Arefu – 16.8 mill Lei;
- Refurbishing the 400/110/20 kV substation Domnesti (BA Dec. 5 / 19.05.2010) – 14.9 mill Lei;
- Extending the business continuity and post-disaster recovery services in the Executive branch -14.4 mill Lei;
- Refurbishing the 220/110 kV substation Hasdat – 14.4 mill Lei;
- 110 kV, 220 kV and 400 kV mobile bays – 14.3 mill Lei;
- Upgrading the 220/110/20 kV substation Raureni – 13 mill Lei;
- The 400 kV d.c. OHL Cernavoda - Stalpu and connection in Gura Ialomitei – 12.9 mill Lei;
- Refurbishing the 220 kV substation Otelarie Hunedoara – 11.6 mill Lei;
- Upgrading the 220/110 kV substation Dumbrava – 11.5 mill Lei;
- Replacing the EMS SCADA AREVA system components - the software & hardware components – 11.4 mill Lei;
- The 400 kV OHL Gadalin - Suceava, including its SEN interconnection – 6 mill Lei;
- 400 kV HVDC Link (Romania - Turkey submarine cable) – 5.9 mill Lei;
- Research & development centre of live work technologies and fast intervention to SEN - Centre building – 4.8 mill Lei;
- Upgrading the 400 (220)/110/20 kV substation Munteni – 4.8 mill Lei;
- The 400 kV OHL Suceava - Balti, for the project segment on Romanian territory – 4.4 mill Lei;
- The 400 kV double circuit (d.c.) OHL Gutinas – Smardan – 3.9 mill Lei;
- Replacing circuit breakers in electric substations -3.5 mill Lei;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV d.c. OHL Resita - Timisoara – Sacalaz – 3.3 mill Lei;
- Upgrading the remote control and telecommunication systems of substation Cernavoda – 3.2 mill Lei;
- Extending the IT control and supervision system of access into the objectives of CNTEE Transelectrica SA by new functions – 3.2 mill Lei;
- Connecting the 136 MW WPP Platonesti, Ialomita County to RET by building a 110 kV bay in the 400/110 kV substation Gura Ialomitei – 2.9 mill Lei;
- Integrated security system in electric substations, stage III – 2.8 mill Lei;
- Bypassing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV substation Ostrovul Mare – 2.6 mill Lei;
- Connecting the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County to RET by building a 110 kV bay in the 220/110 kV substation FAI – 2.5 mill Lei;

- Refurbishing the 400/110/20 kV substation Smardan – 2.5 mill Lei;
- Changes to the 400, 220, 110 kV OHL-s to carry out the penetration objective for Blvd. N. Grigorescu - Splai Dudescu – 2 mill Lei;
- Upgrading the 110 kV and 400(220) kV stations of substation Focsani Vest – 2 mill Lei;
- Replacing the 400/400/160 MVA 400/231/22 kV AT 3 - ATUS-SF of the 400/220 kV substation Portile de Fier -1.7 mill Lei;
- Consolidation, upgrade and extension of headquarters of CNTEE Transelectrica, Executive branch – 1.6 mill Lei;
- Replacing autotransformers and transformers in electric substations, stage 2 – 1.6 mill Lei;
- The 220 kV double circuit OHL Ostrovu Mare - RET (BA Dec. 17/2007) – 1.5 mill Lei;
- Refurbishing the 220/110 kV substation Iaz – 1.5 mill Lei;
- Extending the 400 kV substation Cernavoda - stage I+II, replacing 2 shunt reactors, connecting new lines – 1.2 mill Lei;
- Integrated security system in the new 400/220/110 kV substation Banca – 1.1 mill Lei;
- Achieving optical fibre communication between the 220/110/20 kV substation Pitesti Sud and the remote control and installation supervision centre of TB Pitesti (FS) – 1.1 mill Lei;
- Upgrading the building of DET Timisoara – 1.1 mill Lei;
- The 400 kV OHL Oradea - Beckescsaba – 1 mill Lei;

The balance of intangible assets in progress on 31 December 2019 is mainly represented by:

- Replacing EMS SCADA AREVA items - the software & hardware components – 14.8 mill Lei;
- Implementing an Electronic Archive and Document Management system in CNTEE Transelectrica SA – 5.5 mill Lei;
- Extending the business continuity and post-disaster recovery services in the Executive branch – 0.4 mill Lei.

The increase of intangible assets on 31 December 2019 is mainly represented by the usage right in sum of 10.5 mill Lei being recognised for the Company- rented spaces in Platinum office building (contract C217/2015 with Dagesh Rom SRL), as per the provisions of IFRS 16 – Leasing contracts.

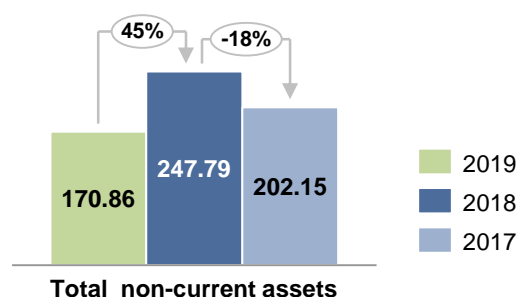
In 2019 the greatest transfers from tangible assets in progress into tangible assets are represented mainly by commissioning the investment objectives:

- Upgrade of existent antimalware solution;
- Software applications with SCADA licence - the 220/110 kV substation Turnu Severin;
- Windows Server 2019 licence (24 core), 6 pieces

Table 18: Acquisitions of tangible and intangible assets

Mill Lei	2019	2018	2017
Acquisitions of tangible and intangible assets	242	171	183

Figure 27: The amount of non-current assets entered in the accounts (excluding VAT, mill Lei)



Investment activity in 2019

Investments completed in 2019

No.	Categories of expenditure	Scheduled (thousand Lei)	Achieved (thousand Lei)
	Grand total (A + B)	290,178	251,285
A	Company's own expenses	283,107	245,059
I	Continued investments	215,597	203,476
II	New investments	17,888	9,683
III	Other investment expenditures	49,622	31,900
B	Investments financed from the connection fee	7,071	6,226

Detailing the 2019 investment expenses by the main programme chapters in correlation with the main chapters of the Development Plan is as follows:

The Company's own investments: 245 mill Lei

The amount allocated to further investments is of 203.5 mill Lei representing 81% of the Company's own investment expenses.

Investments financed from the connection fee

Their amount has a strongly decreasing trend because of the impactului coming from the new green certificates legislation, as many investors in electricity from renewable sources give up the SEN connection work, or they request postponing it even if they have paid the connection fee. Thus compared to the development period of wind power parks in 2009-

2012, when an annual average of 100 mill Lei was reached for such projects, 2019 ended with 6.2 mill Lei, decreasing 6.3 mill. Lei against 2018.

Difficulties occurred in starting up the projects

In general the difficulties notified for projects start-up were the following:

- Application of HG to take lands out of the forestry fund
- Delays in work execution

Short description of the main projects started in 2019

Refurbishment of the 220/110 kV substation Iaz

Project goal:

The 220/110 kV substation was commissioned in 1975.

The current location solution for primary electric equipment is under a conventional construction, this being installed outdoors.

The safe operation of this substation is endangered by the technical condition of equipment, as it has exceeded its lifecycle and shows a great physical and moral wear.

The substation requires modernisation, first targeting the upgrade of the electric diagram, of the primary electric equipment and the provision of remote control for the entire substation from the Remote Control and Supervision Centre of TB Timisoara and of territorial dispatcher centres. Thus can be met the functional and operational safety requirements of SEN. This substation refurbishment also provides premises to reduce operation and maintenance costs, of the remote monitoring and diagnosis for all equipment.

Project description

The project consists of:

Work carried out to the 220 kV and 110 kV bays, which will use AIS (Air Insulated Substation) equipment with the following configuration of single line electric diagrams:

- 220 kV – double bus-bar system, transversal coupler and bays placed face to face;
- 110 kV – double bus-bar system with bus-bar 1 sectioned (1A & 1B), two transversal couplers and bays placed face to face.

The 400 kV substation Timisoara

Project goal

The 220/110 kV substation Timisoara was commissioned in 1968.

The studies made by the Company with respect to how to achieve the conversion of the Portile de Fier-Resita-Timisoara-Sacalaz-Arad axis to 400 kV showed an optimum beneficial solution to perform it at the same time with refurbishing the substations along this axis: the 220/110 kV substation Resita, the 220/110 kV substation Timisoara, the 110 kV substation Sacalaz and the 110 kV substation Arad.

Project description

The profile and the diagram of the 400/220/110 kV substation will be as follows:

- The 400 kV substation – the connection diagram will include 2 bus-bars; the substation will be air-insulated and outdoor, endowed with conventional equipment;
- The 220 kV substation will consist of the 220 kV OHL Mintia bay line operating block with the autotransformer AT3. The 220 kV bay will be air-insulated, using conventional equipment;
- The 110 kV substation – the connection diagram will include 2 outdoor bus-bars, air-insulated, and endowed with conventional equipment.

Extending the 400 kV substation Cernavoda, stage II - connection of new lines

Project goal

The investment aimed at extending the 400 kV substation Cernavoda included two stages:

- 1) Stage 1 when shunt reactors commissioned in 2015 were replaced, such work being now during the guarantee period;
- 2) Stage 2 when the 400 kV substation will be extended in order to connect the 400 kV OHL, circuit Cernavoda - Stalpu and circuit Cernavoda - Gura Ialomitei, both new lines;

Project description

The second stage includes:

- Extending the substation with two new line bays;
- Changing the connection of the 400 kV OHL Gura Ialomitei circuit 2;
- Procuring the remote protection and necessary voltage transformers, including for the end substations Stalpu and Gura Ialomitei;
- Equipping the new 400 kV bays (three pieces) with associated circuits to be integrated into the systems existent within the substation;
- Extending the existing local metering system (balance) to the new metering points;

Installing the 400 MVA, 400/231/22 kV AT2 and the associated bays in substation Iernut and upgrading the command control system of the 400/220/110/6 kV substation Iernut

Project goal:

Carrying out the work and activities necessary for the construction, installation and outfits required in order to extend the 400/220/110 kV substation Iernut with the 400 MVA autotransformer AT-2 and the 400 kV & 220 kV bays related to it, as well as full replacement of SCADA.

The installation of a second 400/400/80 MVA, 400/231/22 kV autotransformer and of the 400 kV & 220 kV related bays in the 400/220/110/6 kV substation Iernut is necessary in order to increase the admissible power of static steady-state in section 4 of SEN (as well as providing criterion N-1 in the maintenance schemes or no generation in the area of this section).

Project description:

- Providing a second new autotransformer (AT2) besides AT1 and its transportation to location;
- Procuring the primary (400 kV & 220 kV) and secondary equipment for the new 400 kV and 220 kV bays associated to AT2;
- Construction installation work;
- The designer-recommended connection solution: Cable connection of AT2 in the 220 kV and full replacement of the SCCPA.

The 400 kV double circuit OHL Cernavoda-Stalpu and its connection in Gura Ialomitei

Project goal:

In the context of transmission capacity development and improvement in order to take over the electricity generated by the future nuclear units 3 and 4 of Cernavoda, as well as to take over the electricity generated by wind power parks installed in Dobrogea region CNTEE Transelectrica SA approved the investment "The 400 kV d.c. OHL Cernavoda – Stalpu and its connection in substation Gura Ialomitei", being about 159.8 km long.

Project description:

- The overhead line (OHL Cernavoda – Stalpu) will be built with double circuit and one circuit will be input - output for substation Gura Ialomitei and the second circuit will be uninterrupted until substation Stalpu;
- The route of the overhead line passes through the outer limits of 34 communal localities from the Counties Constanta, Ialomita and Buzau and it will also cross the Danube River and its Borcea branch;
- Constructive characteristics: total line length 159.8 km; number of towers - 509 type DONAU, of which with double circuit 491 pieces, and the remaining 18 pieces with simple circuit.

The 400 kV substation Stalpu and upgrading the 110 kV and medium voltage bays in substation Stalpu

Project goal:

The general purpose of the project is to replace the existing 220 kV level with 400 kV in substation Stalpu, as necessary for the conversion of the Brazi Vest - Teleajen - Stâlpu axis to 400 kV as well as for the connection of the 400 kV OHL double circuit Cernavoda - Stalpu in order to discharge the electricity generated in Dobrogea region.

Project description:

In order to increase the discharge capacity for the electricity generated within Dobrogea region towards other areas of the SEN, the future project "The 400 kV double circuit OHL Cernavoda-Stalpu and its connection in substation Gura Ialomitei" will build a double circuit 400 kV OHL as follows: a circuit of OHL Cernavoda - Stalpu and a circuit of OHL Cernavoda - Gura Ialomitei - Stalpu. Accordingly with the two new lines substation Stalpu will pass from 220 kV to 400 kV by building the 400 kV substation on the location of the existing 220 kV station.

Projects started in 2019

The main projects with contracts entered and starting in 2019:

No.	Objective	Contract	Value
1	Installing the 250 MVA transformer T3 in the 400/110 kV substation Sibiu Sud " in order to procure, install and commission the transformer unit and the equipment of associated bays	C 5/07.01.2019	13,139.51 thou. Lei
2	Refurbishment of the 220/110/ kV substation Iaz	C 8/09.01.2019	11,732,086 Euro
3	Refurbishment of the 110 kV substation Timisoara and converting the Portile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis to 400 kV stage II: the 400 kV substation Timisoara	C 112/29.01.2019	18,429,950 Euro
4	Extending the 400 kV subst. Cernavoda stage II, connection of new lines	C 168/11.02.2019	11,539.01 thou. Lei
5	Connecting the 400 kV OHL Isaccea - Varna and 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – Extending the 400 kV subst. Medgidia –NFIP procedure with ABB SRL to deliver & install GIS;	C 730/03.04.2019	5,168,380 Euro
6	100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest and Bradu	C 720/26.03.2019	13,846.38 thou. Lei
7	Installing the 400 MVA, 400/231/22 kV AT2 and the associated bays in substation Iernut and upgrading the command control system of the 400/220/110/6 kV substation Iernut	C 10/15.05.2019	27,110.47 thou. Lei
8	Replacing the 400/400/160 MVA 400/231/22 kV AT 3 - ATUS-SF of the 400/220 kV substation Portile de Fier	C 862/11.09.2019	2,829,853 Euro
9	400 kV mobile bays to connect shunt reactors in the 400 kV substations Bradu and Sibiu Sud	C 892/11.10.2019	2,445,669 Euro
10	Installing two modern means to compensate reactive power in the 400/220/110/20 kV substation Sibiu Sud and 400/220/110/20 kV substation Bradu - design	C 886/08.10.2019	768.00 thous. Lei
11	The 400 kV substation and upgrading the 110 kV and medium voltage bays within substation Stalpu	Contractual agreement C 920 /31.10.2019	73,940.23 thou. Lei
12	The 400 kV d.c. OHL Cernavoda-Stalpu and connection in Gura Ialomitei	Contractual agreement C 919 /30.10.2019	287,648.71 tho. Lei

The 2019 investment programme and estimations for 2020-2021

The Company has got a wide investment programme targeting the modernisation and refurbishment of the Electricity Transmission Grid, completing the 400 kV ring of Romania and increasing the interconnection capacity with neighbouring countries in terms of providing safe operation of the National Power System and facilitating electricity exports.

The Company's 2020 Investment programme and the investment expenses estimated for 2021 and

2022 (PAI 2020) has been elaborated taking into account the following basic elements:

- The investment priorities established in the RET Development plan - 2018 – 2027 period;
- Execution schedules of investment projects in progress;
- Proposals received from project directors, branches and entities from the Company's executive branch.

No.	Types of expenditures	2019	2020	2021	2022
	Grand total (A + B)	251,285	263,152	581,199	523,511
A	Company's own expenses	245,059	260,118	580,899	522,690
I	Continued investments	203,476	194,520	368,347	282,843
II	New investments	9,683	12,737	178,476	194,311
III	Other investment expenditures	31,900	52,860	34,076	45,536
B	Investments financed from the connection fee	6,226	3,034	300	821

Quality of the supplied transmission system services

In accordance with the Performance standard for electricity transmission and system services approved by ANRE Order no. 12/2016, the key

performance indicators for ETG management and operation and for the continuity of transmission services are:



99.9988%

Availability of the transmission grid

- Transmitted electricity (GWh) and the percentage coefficient of energy losses in the electricity transmission network – values presented in the CPT section (Operational data);
- Average time of unavailability of installations, determined by scheduled or unscheduled (accidental) events, against km for lines (INDLIN) or MVA for transformers and autotransformers (INDTRA);

Table 19: Performance indicators for the ETG management/operation activity

Indicator	2019	2018	2017
INDLIN (hours/year)			
Total	136.20	154.42	158.1
• Unscheduled (accidental)	7.19	9.25	11.67
• Scheduled	129.01	145.17	146.43
INDTRA (hours/year)			
Total	236.44	129.53	182.01
• Unscheduled (accidental)	27.56	3.11	18.51
• Scheduled	208.88	126.42	163.50

In 2019 the indicator of INDLIN standard had decreasing trend both on the accidental and on the scheduled component.

An important contribution to decreasing unavailability in 2019 comes from the development of quarter IV when no OHL incidents were registered within RET. This can be explained by the good maintenance of OHL passage corridors within RET, and by the particularly good weather in the last part of the year.

The reduction of scheduled unavailability can be also explained by a part of electric lines outaged in 2018 for major maintenance or investments were returned to operation during 2019 as a result of work completion.

In 2019 the indicator of INDTRA standard had an increasing trend both on the accidental and on the scheduled component.

The growth of accidental unavailability in 2019 was mainly caused by long defect intervals of certain transformer units, especially during quarter IV of 2019.

The growth of accidental unavailability of autotransformers / transformers can be accounted on

the observance of maintenance operations and of investment schedules, and also on the new transformers units that entered the maintenance plan, and in 2019 such first operations of minor maintenance were provided.

- Energy not supplied to consumers (ENS „Energy Not Supplied“) because of outages and of the mean interruption time (AIT „Average Interruption Time“) which represents the equivalent average time interval expressed in minutes during which electricity supply was discontinued.

Table 20: Indicators for the continuity of transmission services

Indicator	2019	2018	2017
Energy not supplied to consumers (MWh)	91.79	118.81	289.44
Average interruption time (min/year)	0.90	1.13	2.76

Table 24: Presentation of AIT

AIT (min/year) for the energy not delivered to users/energy not delivered from power plants	2019	2018	2017
a. Planned interruptions	-	-	-
b. Unplanned interruptions caused by force majeure	-	0 / 4.52	-
c. Unplanned interruptions due to special weather conditions	0.0885 / 0.00245	-	-
d. Unplanned interruptions caused by other operators, users, manufacturers	-	-	0.11 / 0.019
e. Unplanned outages due to TSO	0.9047 / 0.0643	1.13 / 29.30	2.76 / 10.55

Note: the performance standard for the electricity transmission and system service, approved by ANRE Order 12/2016 requires (starting 2017) that values for energy not supplied to consumers and energy not supplied from power plants because of long interruptions should be recorded.

The measures envisaged by the Company to improve ENS and AIT, based on the ETG Development Plan for 2018-2027, are as follows:

- A review of the technical requirements for the design and dimensioning of installations, considering weather and climate changes;
 - A review of the OHL, NTI-TEL 003/04 design guideline: Guideline for the construction of overhead power lines voltage above 1000 V.
 - Analysis, through modern software, of the structural capacity of overhead lines in the ETG, so as to improve the SEN operating capacity in a safe and stable manner. The checks consist of a software analysis, in alignment with the most modern design concepts. Thus, the software allows for 3D modelling of the entire OHL structure, also including elements related to the topography of the land and providing the entire range of functions for checking and analysing an overhead line, such as:
 - ✓ the structural analysis of all elements of the line (beams, insulator chains, conductors);
 - ✓ simulations on the behaviour of the overhead electric line in various scenarios (special weather conditions, mechanical or electrical overload, etc.);
 - ✓ establishing the required preventive measures to enhance safety in operation;
 - ✓ upgrading and adapting the existing overhead electric lines to the new conditions (weather, loads);
 - ✓ electrical and magnetic field calculations;
 - ✓ calculations on the transmission capacity of OHL-s.
- Replacing used equipment by state of the art equipment in the maintenance and investment programme.

9.2. Maintenance

ETG maintenance activities are compliant with the *Maintenance Assurance Programme* (MAP) developed pursuant to the Regulation regarding management and organisation of maintenance activities approved by Order 35/2002 of the National Regulatory Authority for Energy (ANRE), respectively on the basis of the ANRE Order 96/2017 (which abolished Order 35/2002), the *Regulation regarding preventive maintenance to the ETG installations and equipment* - Technical internal norm of Transelectrica with the symbol NTI-TEL-R001-2007 and the *Annual maintenance programmes* ETG (PM ETG).

The MAP provides *activity regulation, introduces the modern concept of activity optimisation and running* and is applied to all maintenance components (technical, economic and financial, relational, organisational) as provided to all assets from the ETG. The MAP comprises and maintains the entire documentation regarding maintenance activities while providing the framework to elaborate, review and update the *documents pertaining to maintenance*, as the case may be.

NTI-TEL-R-001-2007 sets out that the application of maintenance work/services must only take place *at appropriate times, according to the necessary quantities and quality*, in such a manner as to comply with the following important desiderata:

- Maintaining a proper operational safety level of ETG installations;
- Maintaining the intrinsic reliability levels of functional assemblies and component equipment;
- Increasing the availability of installations;
- Optimising the total costs during utilisation;

This provides *categories* (preventive, corrective) and *levels* (minor, major) of maintenance, fundamental planning principles, general indicative operations, periodicity etc. and constitutes the basis for the development of annual (value and physical terms) maintenance programmes.

Annual maintenance programmes are grounded on the Maintenance regulation and include all principles of maintenance activities into maintenance work and services, while also providing all necessary financial resources.

Categories, levels and types of maintenance practiced in Transelectrica; selection method for maintenance types

Categories of maintenance

Maintenance services/works are carried out to Transelectrica's electric installations, according to each case:

- Preventive – prophylactic for preventing defects, namely to reduce the occurrence likelihood of a defect or degradation;
- Corrective – when defects are detected, including all actions meant to restore an installation to the condition which enables to perform the specified functions,

while aiming at optimising all objectives proposed for ETG:

- Operational safety,
- Availability,
- Efficiency

as well as the compliance with the Performance standard.

Levels and types of maintenance activities

Maintenance work/services are classified according to the "Maintenance Assurance Programme", namely MAP, by 4 *levels* (level 1 - 4) which represent the complexity degree of services/works, the necessary tools/machines, the needed qualification for providers/contractors etc.

Levels 1 and 2 represent services/works falling in the *minor maintenance* category - usually supervision, visual control, inspections and revisions, while levels 3 and 4 represent *major maintenance* - usually repairs.

Preventive maintenance

The basic *principle* provides that *any preventive maintenance action should prevent* an accidental unavailability.

The types of preventive (planned) maintenance services/works are classified by levels, as follows:

- Level 1 – supervision, periodic control, monitorisation, functional tests;
- Level 2 – technical review work – RT;
- Level 3 – current repair work – RC;
- Level 4 – capital repair work – RK.

A particular type of maintenance is *rehabilitation*, defined according to ANRE Order 96/2017 as an array of *complex maintenance* works which, without changing the initial technology, restore the technical efficient condition of installations to a level close to the beginning of their lifecycle. In the ETG, rehabilitations are taken into account for electrical substations with replacement of equipment, and for OHL by replacing elements to improve reliability.

Corrective maintenance

Corrective maintenance services/works are classified in two levels - minor maintenance (control, inspection, check-up, measurement, revision activities after accidental events – technical defects and incidents) and major maintenance (repairs and replacements of equipment following accidental events such as incidents that seriously damage the equipment).

Corrective maintenance activities (accidental services/works) are urgently carried out to all installations in accordance with the provider's/contractor's maintenance works/services contractual obligations.

A combination of such methods will be used within ETG, namely:

- Services/works of levels 1 and 2 constitute minor preventive maintenance (mPM) and, depending on the category, voltage and technical characteristics (technology) of functional assemblies and their components, the maintenance will be scheduled in time - by planning at pre-determined time intervals relying on operational experience, while also taking into account their importance within the ETG, and it can be adjusted (tailored) depending on condition and significance;
- Works of levels 3 and 4 constitute major preventive maintenance activities (MPM) and they rely on condition, depending on the technical condition of installations, as determined using various procedures.

Preventive maintenance centred on condition includes determinations/forecasts of technical condition based on the information obtained by means of *supervision, visual controls, expertise, technical inspections and revisions*, which means the primary information obtained from the minor maintenance.

Annual maintenance programs are carried out providing priority to works/services that lead to

increasing the operational safety of installations, or to completing the contracted works/services and those contributing to the good operation of installations. One should also take into account the perspective of implementing the remote control and supervision programme for electric installations, which requires the rehabilitation of electric equipment and will lead to reduced personnel and operational expenses.

In 2019 maintenance expenses amounting to 97.3 mill Lei were made, an amount including major maintenance, minor maintenance as well as other maintenance expenses.

Table 21: Types of ETG maintenance (Mill Lei)

Maintenance	Budget 2019	Achievements 2019
Minor preventive	22.3	22.7
Minor corrective	31.0	29.4
Major preventive	46.7	45.2
Total	100	97.3

The 2019 maintenance programme and 2020-2021 estimations

The RET Maintenance Programme of 2019 comprises the management of operational activities to electric installations and the maintenance of non-current tangible assets like electric installations and technological buildings (except for the IT and Tc assets, remote metering systems and the integrated security systems) which make up the electricity transmission network (RET), with also minimised costs, optimum utilisation and increased performance of such, preventive, corrective and reliability-centred maintenance services/works, services/works in the design stage and services/works underway; it has been structured by programmes and projects depending on the types of installations as follows:

- Services/works into electric substations and power transformers;
- Services/works to overhead lines, technological buildings and other electric installations;
- Services/works specific for the maintenance of equipment metering electricity (achieving or remedying supply circuits, repairs to metering equipment and monitoring of electricity quality etc.).

The main concern of maintenance programmes has been and still is to provide safe operation of the SEN by means of:

- Updating the maintenance policy, strategy and regulation of CNTEE Transelectrica SA;

- Providing preventive and corrective maintenance: (i) minor maintenance under the contract concluded with Subsidiary SMART; (ii) major maintenance by projects (high power transformer units, OHL, substations and technological buildings) under contracts concluded with other specific entities;
- Using IT applications/databases for operational and maintenance activities;
- Optimising costs, reducing remedy and unavailability times of installations by concluding the framework agreement on supply of primary equipment of medium and high voltage;
- Analysis and expertise of the Company's power transformer units; the results obtained by this were used in providing the priority classification of their replacement under investment projects;
- Optimising the costs of OHL maintenance by making multispectral inspections (in visible spectre, infrared and ultraviolet) and providing replacement of faulty components;
- Introducing modern diagnosis, supervision and monitorisation technologies and methods or general application of solutions resulting from pilot projects such as: installing on-line monitoring systems to transformer units and also to OHL.

In 2020 and 2021 Maintenance programmes were estimated taking into account mainly the necessary technical work comprised in the RET Development plan for 2018 - 2027, the Preventive maintenance regulation to RET installations and equipment, the requests of Transmission Branches and the increased number of accidental events to OHL-s.

The perspective efficiency of maintenance activities is planned by means of:

- Furthering the multispectral inspection programme for OHL-s;
- Using non-invasive methods to ascertain the technical condition of electric installations;
- Concluding a new framework agreement to supply primary equipment of medium and high voltage and providing them to be installed into the Company outfits;
- Procuring the framework agreement for services/work to install/uninstall the systems of intervention towers and procurement of a framework agreement for OHL restoration work in case of failure;
- Coordinating the energy audit services to the administrative and technological buildings of the Company.

10. European projects

Regional projects of electricity markets coupling and implicit allocation of cross-border transmission capacity

The challenges facing Europe in the energy sector include aspects such as: increased dependency on imports, limited diversification, high level and volatility of energy prices, increased energy demand worldwide, security risks impacting the generating and transit countries, the ever increasing threats caused by climate changes, the slow progress of energy efficiency, the challenges ensuing from the ever growing share of renewable energy as well as the need for higher transparency, better integration and interconnection on energy markets.

To cope with such problems Europe needs a clear energy strategy, which should be centred on a series of measures meant to provide implementation of an integrated electricity market and on achieving the 3 main objectives:

- Security of supply
- Competitiveness
- Durability

Targets are: completing the integration of the pan-European energy market, consolidating the coordination of national policies, removing market barriers and energy isolation, lowering the energy price for consumers, modernising the infrastructure and drawing investments in the energy sector, with emphasis placed on innovative technologies and generation capacities for green energy.

Constituting a pan-European fully operational electricity market is crucial for the achievement of objectives such as to maintain the security of electricity supply, to increase competitiveness and to insure all European consumers' buying energy at affordable prices.

The security of electricity supply represents an essential element of public safety and is consequently indissolubly linked to the efficient operation of the internal electricity market, as well as to the integration of isolated electricity markets from member states of the European Union.

The target model of the internal pan-European electricity market for the day-ahead horizon provides coupling such markets by the price based on a single European coupling solution (the PCR mechanism - Price Coupling of Regions), with implicit allocation of interconnection capacities and calculation of such

interconnection capacities using the power flows (Flow-Based - FB method).

In order to carry out an electricity market that is truly integrated the harmonisation of the current norms should be continued with respect to capacity allocation, congestion management and electricity transactions.

In this context *Regulation 1222/2015 establishing certain guidelines regarding allocation of capacities and management of congestions* has been elaborated and approved, being a document that establishes minimum harmonised norms in view of the singular market coupling of day-ahead markets and the intraday markets at pan-European level, thus enabling a more efficient utilisation of the network and enhancing competition, to the benefit of all consumers.

For the time being all over Europe several initiatives are developed which aim at achieving the coupling of national / regional markets by means of the daily and intraday time horizons, into a single European electricity market while also implementing the implicit allocation mechanisms of cross-border transmission capacities, which means application of capacity calculation methods based on power flows or on the ATC (available transmission capacity).

On 15 November 2016 the Memorandum was signed at governmental level with respect to Romania's Participation to the projects coupling electricity markets by means of the day-ahead and intraday time horizons, which is under development Europe-wide under the implementation of the European energy market.

In accordance with article 2 from *Regulation 1222/2015 establishing certain guidelines regarding allocation of capacities and management of congestions* (Definitions), such areas are defined as being „Capacity calculation regions (CCR)”, which means „geographic region in which the coordinated calculation of capacities is applied”. Consequently a CCR should include a set of borders of the bidding area for which capacity calculation will be coordinated in-between TSO-s in accordance with the previously-mentioned Regulation.

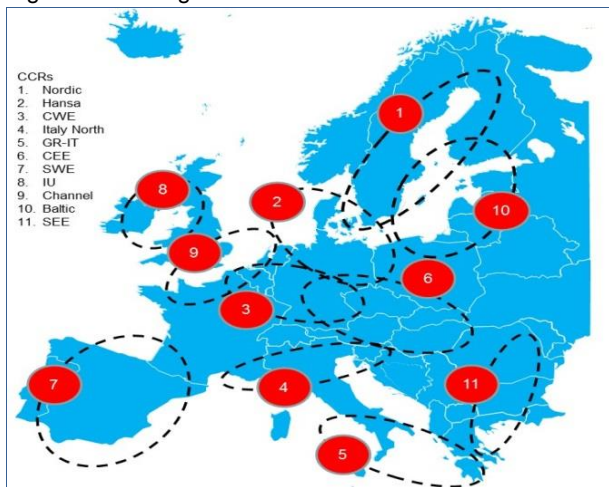
The proposal with respect to the configuration of capacity calculations regions for cross-border transmission (CCR) for all the borders of the European electricity transmission system represents a dynamic pragmatic pan-European approach with

short- and mid-term perspectives which sustains coordination across the borders of bidding areas where the greatest inter-dependence has been noticed.

The proposed CCR by the European Transmission and System Operators within the ENTSO-E and approved by all regulatory authorities in the domain at ACER level serve for providing optimum utilisation of the European transmission infrastructure. Within such defined CCR the inter-dependences between cross-zonal capacities can be modelled with maximum accuracy and efficiency, and the optimum level of such cross-zonal capacity can be offered on the market. CCR serve the objective of optimising the calculation and of allocating the cross-zonal capacity in accordance with article 3(d) from *Regulation 1222/2015 establishing certain guidelines regarding allocation of capacities and management of congestions*, because the RCC institutes coordination within the RCC and in-between RCC-s.

The figure below provides the configuration of the 11 CCR proposed by ENTSO-E:

Figure 28: Configuration of CCRs



By means of ACER Decision 6/2016 the proposal of all Transmission and System Operators to define capacity calculation regions was approved. Transelectrica is member in the CORE capacity calculation region through the RO-HU border and in the capacity calculation region from south-eastern Europe (SEE) through the RO-BG border.

The Company is member in the governance and working structures of associated projects under the establishment process for methodologies to calculate capacities and later developments in the market coupling and implicit capacity allocation project.

On 16 August 2016 Transelectrica together with the other 15 Operators from member states of the CORE

region signed a cooperation agreement (CEWE CoA), whereby they expressed their commitment to cooperate in view of developing a common calculation methodology for interconnection capacities and a future base for the implementation of requirements from all network codes in this most important region defined in Europe.

On 31 August 2016 Transelectrica signed the Accession Agreement whereby Romania has become a part of the market coupling project from the central-eastern European region NWE-CEE FB MC.

Within CCR SEE the solution of regional governance was found jointly with the TSO-s in the region (Romania, Bulgaria, Greece) and it is under implementation. To this effect in July 2019 the three TSO-s of the region signed a memorandum of understanding in order to establish the organisation manner of the entire region with a view to meet the requirements from European regulations.

The series of regulations from the new legislative package for energy is perhaps the most complex so far and it contains three communications regarding clean energy for all Europeans, acceleration of innovation in the clean energy domain, an European strategy with respect to smart transmission systems. In addition this package includes two proposals to review the Regulations regarding the internal electricity market and the functioning of the European Association of Energy Regulators ACER, four proposals to review the Directives on renewable energy, energy efficiency, common rules on the operation of the internal electricity market, and the energy performance of buildings.

The Commission has also adopted five new proposals of regulations with respect to preparing and anticipating risks in the electricity sector, the governance of the European Union and three specific proposals for Eco-Design.

All these measures together with the guidelines regarding implementation and good practice aim at gathering 177 billion Euro for public and private investments beginning with 2021 and at creating 900,000 jobs, thus generating 1% of the GDP in the following 10 years.

At present Europe-wide several initiatives are developed which aim at implementing the eight European network codes adopted by the European Commission and the European Parliament under a comitology process carried out in 2015-2017, documents with the nature of European regulation

(legislation directly applicable in all countries of the European Union), which is regulating the operation of synchronously interconnected electric power systems at pan-European level and the harmonisation and integration of national electricity markets .

One of the main obligations resulting from the content of the European Union's Regulation 1222/2015 (CACM), according to chapter 5 – „Single coupling of day-ahead markets”, namely chapter 6 – „Single coupling of intraday markets” is to unify the short-term (daily and intraday) energy markets, which obligations should be met by OPEED – „Designated Electricity Operators” and TSO – „Transmission and System Operators” of Europe.

For the time being as regards the coupling of Romania's electricity (daily and intraday) markets, there are three projects in progress, namely:

- The DE-AT-PL coupling project - 4MMC, which provides the coupling of daily electricity markets from Germany, Austria and Poland with the 4MMC coupled market base on NTC. In case the National Regulatory Authorities in the Energy domain from the involved countries approve the project achievement the daily markets from Germany, Austria and Poland are to be coupled to 4MMC in the first semester of 2020.
- The XBID project provides coupling the intraday electricity markets of the European Union. The project provides the coupling of Romania's intraday electricity market in the fourth quarter of 2019. The coupling was achieved on the borders Romania - Hungary and Romania – Bulgaria on 19 November 2019.
- The FB MC project provides coupling the daily electricity markets in the CCR Core, based on the calculation of interconnection capacities using the electricity power flows. The project is underway and correlated with the project from Core to meet the requirements of EU Regulation 1222/2015.

In parallel in the electricity domain the Transmission and System operators are developing a series of projects investigating some specific aspects with respect to research, development, innovation or pertaining to the challenges associated with the implementation of the new legislative package: the Clean Energy Package.

The Horizon 2020 programme is one of the most important research and innovation programmes financed by the European Union, providing a budget

of approximately 80 billion Euros, funds which will be distributed across 7 years (2014-2020).

Under this programme within the LCE – 04- 2017 pillar “*Demonstration of system integration with smart transmission grid and storage technologies with increasing share of renewable*” funds are allocated with a view to sustain electricity transmission activities, namely:

- The projects will be addressed to the Transmission and System Operators within ENTSO-E;
- Projects should demonstrate a combination of at least two of the following:
 - Electricity transmission technologies and wide-scale management of generation sources, in the context of increased share of output from renewable energy sources;
 - Wide-scale storage capacity for transmission networks that include different storage technologies, which should be managed in centralised manner;
 - Communication technologies, real time control instruments, with a view to increase flexibility in the operation of transmission networks in view of integrating storage facilities, demand-response mechanisms and interfaces with the operators of electricity distribution networks;
- New perspectives with respect to the wholesale electricity markets, facilitating the participation of renewable energy sources and active participation as aggregators of data in view of reducing network operational costs;
- Project proposals will include analyses with respect to the existing regulatory framework, applicable codes and standards, analysis of business models and of the pan-European architecture provided for the electricity market;
- proiectele vor susține programul Horizon 2020 în contextul smart grid și al promovării stocării.

Taking into account the experience and professionalism proved by CNTEE Transelectrica SA in the operation of the electricity transmission system the Company has been selected by the European Commission to be a part in the expert teams of several European projects, of which some are fully financed from structural funds.

Below are provided briefly just a few of these above-mentioned projects:

The RE-SERVE Project (Renewable in a Stable Electricity Grid)

The European electric power systems are actively involved in finding solutions with a view to utilise renewable energy resources into system balancing, as sources of system services in order to achieve the environmental objectives assumed within the community.

The technologies that will make the basis of the power system until 2030 and 2050 are still found in the research stage and they should be fully developed before being able to entirely demonstrate their potential worth for the future pan-European power system.

The RES theme (Renewable Energy Source) integration in the energy system (programul H2020-LCE-2016-2017, subject LCE-07-2016-2017) has been launched under the research-innovation programme of the European Commission. Having a budget of 4.9 million Euros, the RE-SERVE project has been a part of this programme and was assessed at 14 points out of maximum 15, thus obtaining full financing from European funds.

Having been developed along 3 years (2016-2019), the RE-SERVE project aimed at investigating the new concepts with respect to technological system services, when renewable energy sources are being widely integrated within electric power systems, as well as the possible utilisation of such sources for system balancing.

This project aimed at implementing renewable energy sources Europe-wide by means of establishing a virtual platform whereby the project team members could make simulations for various time intervals based on the data and information provided by the project participants.

The RE-SERVE project has drawn the attention of valuers from the European Commission by the topical issue they approached, where the contribution of CNTEE Transelectrica SA was very important.

CNTEE Transelectrica SA has participated to performing the RE-SERVE project under the Grant Agreement 727481 — RE-SERVE, belonging also in the consortium designated in this respect coordinated by ERICSSON GMBH.

Thus during the 36 months of project development (01.10-2016-30.09.2019), the Company team has designated 22 employees each month to carry out the activities corresponding to the following work packages:

- WP1 – RES integration at system level
- WP2 – Stability of system frequency
- WP5 – Validation of results from simulations
- WP6 – Pointing out juridical and regulatory aspects, as well as the business models appropriate for RES.

The performance of such new mechanisms will be investigated by means of various laboratory simulations in a virtual testing area and based on relevant scenarios. The contributions of Transelectrica have been particularly appreciated by all Consortium members, especially for their having defined the scenarios but also for the availability of data on specific system events. All the RE-SERVE work packages took into account short term (2016-2017), mid- (2020+) and long term simulations (2030+).

The project has been coordinated by Ericsson GmbH (DE), and consortium members have been: Transelectrica (RO), the Romanian Energy Centre (RO), ESB Networks (IE), Flexible Elektrische Netze FEN GmbH (DE), Gridhound UG (DE), Rheinisch-Westfaelische Technische Hochschule Aachen (DE), Polytechnic University of Bucharest (RO), University College Dublin (IE), Waterford Institute of Technology (IE).

In financial terms the Company has registered a total eligible cost of 152,513.50 Euro, which will be recognised and approved by the European Commission in accordance with the final reports transmitted.

CROSSBOW project

The project has been assigned under “Horizon 2020” of the European Commission with respect to research and innovation, namely LCE – 04- 2017 pillar “Demonstration of system integration with smart transmission grid and storage technologies with increasing share of renewable”, providing a budget of 17 mill. Euros, fully financed from structural funds.

The Crossbow project has been one of the most financed under this axis, amounting to 22 mill. Euros for 48 months, during which the project should reach its mentioned purpose.

The project consortium has included 24 partners (from 13 countries):

- 8 Transmission and System Operators from S-E Europe
- 1 distribution operator
- 1 Regional Security Centre

- 2 large producers
- 5 Universities
- 6 industrial partners
- 1 association

CROSSBOW has proposed the common utilisation of resources in order to promote cross-border management of renewable energy sources and storage centres, thus enabling a larger penetration of renewable energy sources while also reducing the operational costs of the network and improving the economic benefits of RES and equally those of the storage units.

The objective is to demonstrate a series of new technologies, but complementary ones, which provide transmission and system operators with greater flexibility and robustness by means of the following advantages:

- A better control over the balancing energy in the interconnection points;
- New storage solutions - distributed and centralised - which provide auxiliary services for the operation of virtual storage installations;
- Improvement of information technology and communications - for instance a better observation of the network, which should enable flexible generation and plans for demand response;
- Defining a trans-national wholesale market, proposing an equitable sustainable remuneration of clean energy sources by defining new business models which should support the participation of new players, as well as cost reduction.

The project began in November 2017 and is now in its initial stage, when details are defined as emphasis will be placed on them so as to maximise the results for the energy use of this region in the mid- and long term.

Transelectrica is one of the largest TSO-s of the 8 involved, playing an important role in this project both in network terms and as regards the geographical position.

The Company will be active in 15 of the 20 work packages organised and will attempt to bring an as large a contribution as possible in this project, which shows to be one with important results for what power systems will become in the following decade.

In financial terms Transelectrica collected 245,802 Euro until December 2019 out of the total eligible amount of the Company's 400,969 Euros, and the

difference will be cashed in instalments until the project conclusion in 2021, based on periodical reports.

The integration and marketing of CROSSBOW products and services is planned within maximum 36 months from project completion. This will contribute to creating more than 70,000 jobs, will reduce by 3 metric tons the greenhouse gas emissions and will increase 10% (15.2 TWh) the electricity output from renewable sources.

TERRE project – Trans European Replacement Reserve Exchange

The project is an initiative of Transmission System Operators that are ENTSO-E members, launched in the context of implementation for the Balancing code (*Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline regarding electricity system balancing*) and it aims at establishing an IT platform (LIBRA) dedicated to offer transactioning for the replacement reserve of participating power systems, with a view to allocate such reserves in improved manner depending on the balancing energy needs of every national Transmission System Operator.

The LIBRA platform has been designed to allow processing the data of 50 countries (the replacement reserve being the only balancing reserve which can be transacted in an island within the region), namely running 500,000 sale / purchase offers with 15 minutes resolution, the algorithm being capable to run and display results in less than 3 minutes.

The project started in 2017, year when the harmonisation stage ended for local rules and characteristics for the countries that will participate to the replacement reserve market and the platform design stage, while in 2018-2019 the infrastructure of the transaction platform should be achieved.

Transelectrica is observer in the TERRE project and participated into elaborating and implementing the LIBRA platform as well as into the completion of design elements for such platform. For the time being the Company will stay with the capacity of observer because it is an isolated TSO in the list of transmission system operators that use replacement reserves in eastern Europe. The provisions of Regulation (EU) 2017/2195 will be however complied with by remodelling the national balancing market platform and by using this kind of reserve with the same characteristics, offer mode, namely offer selection so that any time one of the neighbouring TSO-s requests entering this regional market of

balancing energy we should be well prepared for coupling.

MARI project - Manually Activated Reserves Initiative

The project began in 2017 as an initiative of Transmission and System Operators that are ENTSO-E members, with a view to achieve the European balancing platform for transacting the reserves with manual activation (mFRR), a requirement from the European Regulation 2195/2017.

The estimated benefits of this MARI project include:

- Increased efficiency of balancing market at national, regional and pan-European levels;
- Integration of balancing markets and promotion of exchanges with balancing services, thus providing operational safety at the same time;
- Procurement of balancing services in objective equitable transparent manner, thus providing liquidity for balancing markets;

Transelectrica is a MARI member and contributes besides the other member TSO-s to all the design, development and operation stages for the mRRF and aRRF transaction platforms.

At present ACER has approved all the design, settlement, monitoring, accounting, and design supervision conditions, as well as the predefinition of technical specifications for the software developers.

The testing interval will start at the beginning of the fourth quarter in 2021 and 24.07.2022 is the deadline for the mFRR platform to become operational.

The "FutureFlow Designing eTrading Solutions for Electricity Balancing and Redispatching in Europe" project

In relation with certain Transmission and System Operators participation began under the project financed from European funds *FutureFlow Designing eTrading Solutions for Electricity Balancing and Redispatching in Europe*, secțiunea *Transmission grid and wholesale market* (project ongoing), which aims at approaching a series of issues and aspects from the implementation of the Network Code regarding the balancing of electric power systems, as well as the establishment of certain regional markets for system services, which will place emphasis on the involvement of consumers in the balancing process and on providing optimum management with respect to the coordinated operation of the European

synchronously interconnected system against the background of higher renewable share integrated into the system.

The project has been part of the Programme regarding the implementation of a competitive market in all Europe, while also achieving the community targets with respect to reducing emissions (Horizon 2020 – "Call for competitive low-carbon energy", in the "Transmission grid and wholesale market" section), and its target is to approach a series of market operational aspects in the context of implementation of new network codes with respect to the balancing of electric power systems and to establishing certain regional markets for system services. The project approaches both the Transmission and System Operators and the traders on the electricity market and the manufacturers of industrial and communication components for the electricity domain.

The project has a budget of approximately 14 million Euros, provided from structural funds and it will develop along 4 years from 2016 to 2020.

This project aims at:

- Studying the existing balancing markets in terms of their flexibility potential for controllable consumers (demand response) and of distributed generating sources. The aspects pertaining to market adaptation for large wind power park's participation to secondary control will be studied, as well as the impact of forecast errors over the electricity generation from wind source on the secondary control market;
- Elaborating the architecture of the Future Flow platform for common automatic activation of the secondary control reserve and identifying the connections and bearings over redispatching. The flexibility of industrial controllable consumers with self-generation will be analysed, but also the renewable sources with installed capacity above 1 MW. The database of a completed European project on secondary control will be used, providing database with 18,000 potential clients and consumption greater than 500,000 kWh/year (about 747 industrial and commercial clients);
- Identifying the reserves and participating entities, the processes, data requirements to be exchanged for secondary control reserve and redispatching capabilities;
- Identifying the requirements for interactions between platforms aggregating the secondary

control reserve and analysis of cybersecurity for data transmission.

PICASSO project - Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation

The pan-European utilisation of energy from the frequency restoration reserve with automatic activation under a framework regulated by the new European balancing code and in the context of a European balancing market will lead to optimising the dispatching processes, decreasing risks related to power systems security and minimising the balancing costs.

The PICASSO project is an initiative of Transmission and System Operators that are ENTSO-E members, launched in the context of implementation of the new European legislation in this domain and it consists in achieving a European balancing platform for exchanges in-between Transmission and System Operators for frequency restoration reserves with automatic activation (aFRR – automatic Frequency Restoration Reserves).

The main project objectives are the following:

- Design, implementation and operation of an aFRR platform, in accordance with the requirements from the Balancing code (Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline regarding electricity system balancing), from the system operation code (Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline regarding operation of the electricity transmission system) and of the CACM code (Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline regarding capacity allocation and congestion management).
- Improving the economic and technical efficiency regarding the operation of the European synchronously interconnected power system;
- Integration of the European aFRR markets.

At present Transelectrica has been a member since 1 August 2018.

The implementation framework for the European balancing platform pertaining to exchanges in-between Transmission and System Operators with frequency restoration reserves and automatic activation (aFRR – automatic Frequency Restoration Reserves) was approved by ACER.

The testing period of the platform will start at the beginning of the fourth quarter 2021 and the commissioning deadline of the European aFRR platform is 24.07.2022.

IGCC project - International Grid Control Cooperation

The IGCC project is a reference one and the starting point for the establishment of the single European platform for imbalance netting in real time with a view to reduce costs of balancing energy (secondary control band).

In technical terms this project will lead to reduced number of orders to load/unload generated by the central frequency-power regulator over the units operating under secondary control, with direct effects which mean reducing their wear, namely extending the availability period on the balancing market.

The IGCC initiative was launched in 2010 by the operators from Germany and it has been later extended into the central European systems, representing a manner to optimise secondary frequency-exchange power control by reducing the actions in opposite direction of the member operators' regulators, so that a better utilisation results for reserves in the overall interconnected system.

At present the project has involved 11 Transmission System Operators from 8 countries: Germany, Denmark, the Netherlands, Switzerland, the Czech Republic, Belgium, Austria and France (50 HzT, Amprion, APG, CEPS, Elia, ENDK, RTE, Swissgrid, TTB, TTG, TransnetBW).

Transelectrica has been non-operational member since 01.05.2018, and it will become an operational member in the third quarter of 2020 (conditioned by the implementation of certain requirements for the SCADA system and the communication system).

SynchLeious interconnection of the systems from Ukraine and the Republic of Moldova with the European continental system

CNTEE Transelectrica SA is the Transmission and System Operator that supports within ENTSO-E the synchronous interconnection of the power systems from Ukraine and the Republic of Moldova with the European continental one. UCTE (currently the ENTSO-E Continental Europe) approved the demand for such interconnection in November 2006. Such interconnection request was made taking into consideration the power systems from Ukraine and the Republic of Moldova will detach themselves from

the ISP/UPS system and will establish a single “frequency control block (control block)”.

From November 2014 to January 2016 the feasibility study was elaborated regarding the synchronous interconnection of the power systems from Ukraine and the Republic of Moldova with the European continental system.

In view of this project the Ministry of Economy from the Republic of Moldova has obtained European funds (under the Common Operational Programme RO-UA-MD 2007+2013) together with the Ministry of Economy from Romania and the Ministry of Energy and Coal from Ukraine. The Ministry of Economy from the Republic of Moldova was the beneficiary of the project and the other two ministries have been partners.

CNTEE Transelectrica SA together with other transmission operators from different countries (EMS-Serbia, MAVIR-Ungaria, PSE-Polonia, ESO-EAD-Bulgaria) formed up a consortium in order to draw up this study. CNTEE Transelectrica SA was consortium leader and provided project management. Bernard Energy Advocacy (Belgium) joined the consortium with a view to approach the legislative issues.

The feasibility study recommended the technical and regulatory measures that should be applied in the power systems from Ukraine and the Republic of Moldova in order to make the synchronous interconnection possible.

In June 2017 Ukrenergo, Moldelectrica and most Transmission System Operators from Continental Europe signed the Agreements on the interconnection conditions for the systems from Ukraine and the Republic of Moldova with the Continental Europe’s system, which also agreed the Catalogues of Measures and the following road-map of pre-interconnection activities:

- Thorough additional studies will be conducted in order to define in detail all the necessary technical measures.

The studies will be drawn up by a consortium of Transmission System Operators, also ENTSO-E members and will use measurements performed in the most important generating units from Ukraine and the Republic of Moldova in order to identify the parameters of mathematical models of associated generators and regulators. In 2019 the Consortium Agreement was signed, as well as the service contracts with Ukrenergo and Moldelectrica and a

trilateral cooperation agreement for activity coordination. The studies will be completed in 2021. The consortium includes, besides CNTEE Transelectrica SA, EMS-Serbia, MAVIR-Hungary, PSE-Poland, SEPS-Slovakia, 50Hertz-Germany.

- The necessary technical and regulatory measures will be implemented in Ukraine and the Republic of Moldova;
- Operational tests will be performed for isolated operation of the systems from Ukraine and the Republic of Moldova;
- Interconnected operation tests with the European continental system will be made.

The European research project – Interface

The “INTERRFACE – Interface architecture to provide innovative grid services for an efficient power system” project under Horizon 2020 framework, on the axis LC-SC3-ES-5-2018-2020: TSO-DSO-Consumer: Large-scale demonstrations of innovative grid services through demand response, storage and small-scale (RES) generation, was one of the two projects approved for this axis by the EC in the summer of 2018.

The project has 42 partners and it will be carried out in 48 months.

It actually began in January 2019 and aims at developing and demonstrating a pan-European service architecture of inter-operable network (ASRIE), which will become an interface between the electric power system (TSO & DSO) and clients (consumers) which will enable their coordinated operation and procurement of services by all players involved in this chain. The project will develop and apply state-of-the-art technologies relying on “Blockchain” and “Big data management”, which will bring new opportunities on the energy market with benefits in the integration of renewable resources, lower electricity costs etc.

The project results will bring about the following new items:

- New services: market rules, coordination and flexible distributed allocation from distributed energy sources;
- Digital technologies: Internet of things, Big data management, Blockchain, Novel AI;
- Advanced communication and information management technologies: they will aid the plug-and-play model for various services and tools on an IT platform sustaining the implementation of

the pan-European service architecture of interoperable network (ASRIE);

- Data models: they will increase their confidentiality and will acquire a new structure, thus providing heterogeneous unified exchange between various European players;
- Changes and developments in the roles of SEN players: especially by greater involvement, changing the role of consumers and of the energy market by managing their needs and capabilities;

In financial terms Transelectrica collected an amount of 87,920 Euros until December 2019 out of the total eligible financing value of 198,625 Euros for the Company, and the difference will be cashed in instalments until the project conclusion in 2022, based on periodical reports.

PHOENIX project

The PHOENIX project began in September 2019 for a term of 36 months, being framed under the „Horizon 2020” programme of the European Commission, on the SU-DS04-2018-2020 axis and it pertains to finding solutions to defend the installations, systems, assemblies etc. from possible cyber attacks.

The Company is a part of the project consortium according to the Grant Agreement 832989 and to the Consortium Agreement, being allotted an amount of 170 thousand Euros eligible expenses.

FARCROSS project

The FACilitating Regional CROSS-border Electricity Transmission through Innovation (FARCROSS)

project began in October 2019 for a term of 48 months, being framed under the „Horizon 2020” programme of the European Commission on the LC-SC3-ES-2-2019 axis and pertains to connecting the important stakeholders from the energy transformation chain and providing integrated hardware and software solutions in order to “unblock” resources for cross-border electricity flows and for regional cooperation.

The Company is a part of the project consortium according to the Grant Agreement 864274 and to the Consortium Agreement, being allotted an amount of 183 thousand Euros eligible expenses.

Other activities

The Company pays great attention to knowledge development and the promotion of new technologies and solutions in the energy domain, which are developed and significantly advanced in the last years both with respect to concepts, solutions and to equipment.

Thus Transelectrica has become a partner into financed projects, whereby it can bring important contributions in its TSO capacity into this geographical region of Europe and can carry out the previously-mentioned aspects. Revenues are collected under such partnerships by other activity types from the contribution of Company experts.

The Company can develop activities for management of projects financed under non-reimbursable European funds under different axes, which coincide with the Company’s activity domains.



Transelectrica®

Societate Administrată în Sistem Dualist

Financial Report

11. Stand-alone financial results 2019

In 2019 Transelectrica registered improvement in terms of financial profitability in comparison with 2018.

The Company achieved operational profit 15% higher than in 2018 against a background of 13% smaller total operational costs (amortisement included) thus slightly compensating the 12% drop in operational revenues.

The *profit allowed activities segment* has registered 3% increase of revenues, as determined by the average tariff rise, which has been valid from 01 July 2019 onward.

During the studied interval revenues from the allocation of interconnection capacities increased 3% compared to the amount achieved in 2018 (84 mill Lei in 2019 compared to 82 mill Lei in 2018) which corresponds to the utilisation degree of available interconnection capacity by the traders on the electricity market. At the same time revenues from CPT transactions were de 2.1 mill Lei higher in 2019 compared to 2018 (7.9 mill Lei in 2019 from 5.9 mill Lei in 2018), because the imbalances of Transelectrica have been contrary to the imbalances of BRP CIGA ENERGY and thus it was more beneficial to sell the excess electricity under the BRP than on the balancing market.

EBITDA has received negative influence from the higher system operational expenses (14%) in comparison with 2018, especially the CPT expenses were 31 mill. Lei higher, but also the expenses from functional system services registered 17 mill. Lei more than in 2018.

Operational expenses relating to the profit allowed segment were mainly impacted by:

- 16% increase of system operation costs, mainly because of the negative development of CPT expenses (284 mill Lei in 2019 compared to 253 mill Lei in 2018) against a background of higher average price for procurement of electricity required in order to cover CPT within RET, a difference mainly associated with January when the „Market stability reserve” (MSR) became applicable, which imposes a limited number of

certificates for greenhouse gas emission while during the same month Romania was prevailingly an electricity importer, since some generating power plants were unavailable and the average price of CPT procurement increased (from 224 Lei/MWh in 2018 to 279 Lei MWh in 2019).

- Positive development of congestion expenses due to their 6.6 mill Lei (80%) decrease compared to 2018, mainly determined by the provision of the N-1 safety criterion when the 220 kV OHL Fantanele – Gheorgheni was unavailable because of bad meteorological conditions and by the N-1 safety criterion being provided in section 4, while the 400 kV OHL Iernut – Sibiu Sud was outaged according to schedule.

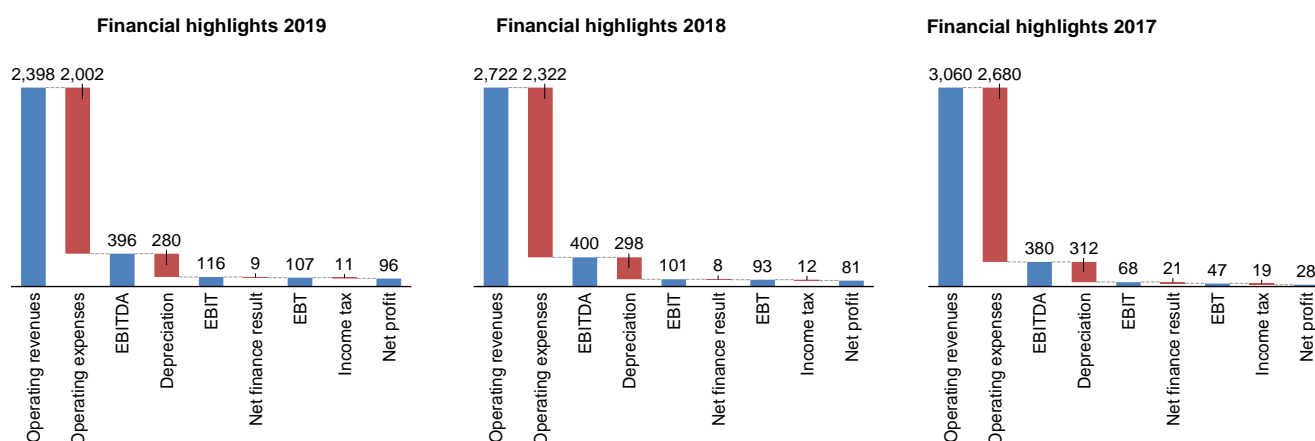
The *zero profit activities segment* has registered negative result, but with positive development compared to the similar period of 2018, determined by 3% higher revenues from technological system services and by the ANRE-approved average tariff.

In the *second semester of 2019* tariffs have been applied as approved by ANRE Order 81/2019, which tariffs became applicable on 01.07.2019 and were valid until 31.12.2019 and that was called transitory time interval from the third to the fourth regulatory period according to ANRE Order 57/08.05.2019.

Thus a decrease (-2.5%) was ascertained in the transmission tariff, and the quantity of electricity billed upon extraction from networks diminished accordingly from 55.78 TWh la 55.34 TWh. As regards the tariff of technological system services, it was indexed 25%.

The 2019 net financial result was registered as being negative, amounting to 9 mill Lei. It has been mainly influenced by the development of exchange rates for our national currency against the euro, since the Company has contracted bank loans in this European currency to finance its investment programmes, in the context of diminished interest expenses.

Figure 29: Net result (mill Lei)



11.1. Stand-alone profit and loss statement

Table 22: Stand-alone profit and loss statement

Mill Lei	2019	2018	2017	19/18
Charged energy volume (TWh)	55.34	55.78	54.75	▼ (1%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	1,221	1,180	1,173	▲ 3%
Transmission and other revenues on the electricity market	1,082	1,070	1,055	▲ 1%
Functional system services	88	64	68	▲ 37%
Other revenues	51	46	50	▲ 10%
Operating expenses	802	740	715	▲ 8%
System operating expenses	352	309	258	▲ 14%
Repairs and maintenance expenses	102	91	85	▲ 12%
Personnel expenses	210	189	179	▲ 11%
Other expenses	139	152	193	▼ (9%)
EBITDA	418	440	459	▼ (5%)
Depreciation	280	298	312	▼ (6%)
EBIT	138	142	147	▼ (2%)
ZERO-PROFIT ACTIVITIES				
Operational revenues	1,177	1,541	1,887	▼ (24%)
Technological system services revenues	654	637	582	▲ 3%
Balancing market revenues	523	904	1305	▼ (42%)
Operational expenses	1,200	1,582	1,966	▼ (24%)
Technological system services expenses	676	678	661	▼ (0%)
Balancing market expenses	523	904	1305	▼ (42%)
EBIT	(22)	(40)	(79)	▲ 44%
ALL ACTIVITIES (WITH ALLOWED PROFIT AND ZERO-PROFIT)				
Operational revenues	2,398	2,722	3,060	▼ (12%)
Operational expenses	2,002	2,322	2,680	▼ (14%)
EBITDA	396	400	380	▼ (1%)
Depreciation	280	298	312	▼ (6%)
EBIT	116	101	68	▲ 14%
Net finance result	(9)	(8)	(21)	▼ (6%)
EBT	107	93	47	▲ 15%
Income tax	11	12	19	▼ (6%)
Income tax	96	81	28	▲ 18%
Net result per share	1.31	1.11	0.39	▲ 18%

11.1.1 Allowed profit activities

Revenues from activities with allowed profit are mainly represented by **electricity transmission** and **functional system services**.

The regulatory framework applicable to the two fore-mentioned activities provides the premises to obtain financial profitability for the capital invested in the assets of those activities, by means of tariffs including components dedicated to the remuneration of financiers, calculated by applying a regulated return rate to the regulated asset base.

The **profit allowed activities** segmental registered 3% positive revenues development (1,221 mill Lei in 2019 compared to 1,180 mill Lei in 2018), determined by the 2% increase of the average tariff, beginning 01 July 2019.

Thus revenues from transmission activities registered about 1% increase in 2019, from 1,070 mill Lei in anul 2018 to 1,082 mill Lei in 2019 at the same time with a significant 37% growth of revenues from functional system services in 2019 from 64 mill Lei in 2018 to 88 mill Lei in 2019.

Table 23: Revenues from activities with allowed profit

Mill Lei	2019	2018	2017		19/18
Operating revenues	1,221	1,180	1,173	▲	3%
Transmission and other revenues on the electricity market	1,082	1,070	1,055	▲	1%
Revenues from transmission tariffs	986	974	971	▲	1%
Revenues from allocating the interconnection capacity	84	82	76	▲	3%
Revenues from reactive energy	11	15	8	▼	(24%)
Functional system services	88	64	68	▲	37%
Revenues from functional system service tariffs	81	62	66	▲	31%
Revenues from unplanned shifts on DAM	6	2	2	▲	n/a
Other revenues	51	46	50	▲	10%

Revenues from the allocation of interconnection capacities registered 3% increase above the amount of 2018 (84 mill Lei in 2019 compared to 82 mill Lei in 2018), which corresponded to the utilisation degree of available interconnection capacities by the traders on the electricity market.

The mechanism allocating the interconnection capacity consists in organising annual, monthly, daily and intradaily auctions. The annual, monthly and intradaily are explicit - as only the transmission capacity is offered, while the daily ones with Hungary are implicit - allocating capacity simultaneously with energy by the coupling mechanism.

Beginning with 19 November 2014 a regional energy exchange was organised by Romania, Hungary, the Czech Republic and Slovakia, which means these four countries should reach to a single electricity price transacted on spot markets. The capacity allocation between Romania and Hungary, the only country of the three Romania has a frontier with, is performed by the transporters: Transelectrica and MAVIR, through the common mechanism under a bilateral agreement.

Beginning with 2016 the UIOSI principle was applied on the border with Bulgaria, and from 2017 on the border with Serbia as well. In accordance with this

principle the participants that do not use the capacities they have won at annual and monthly bids are remunerated (by Transelectrica) for such capacity. The unused capacity is then sold under daily bids. The direction is opposite on the border with Hungary, which means MAVIR remunerates the participants for their unused capacities.

The market allocating interconnection capacities is fluctuant and prices thereof evolve depending on the electricity market participants' demand and need to procure interconnection capacity.

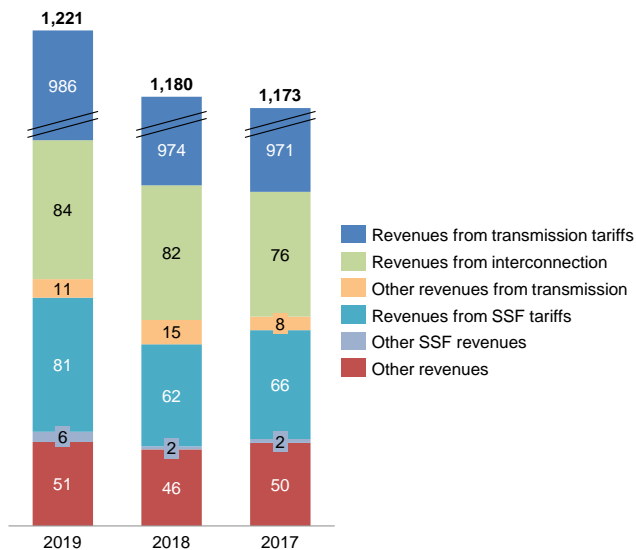
Net revenues from the allocation of interconnection capacities are used in accordance with the provisions of ANRE Order 171/2019 and EU Regulation 2019/943 of 05 June 2019 regarding the internal electricity market, as source of financing for investments meant to upgrade and develop the interconnection capacity with neighbouring systems.

Revenues from CPT transactions were higher with 2.1 mill Lei in 2019 compared to 2018 because the imbalances of Transelectrica were contrary to the imbalance of BRP CIGA ENERGY and thus it was more beneficial to sell the excess electricity under the BRP than on the balancing market.

Revenues from electricity transacted for CPT coverage were mainly obtained from selling the excess amounts on the Intraday Market managed by OPCOM and under BRP CIGA Energy on the Balancing Market.

At the end of November 2019 the intraday market's coupled operation was launched Europe-wide under

Figure 30: Revenues from activities with allowed profit (Mill Lei)



the XBID/SIDC project, which provided more liquidity of this market and diversification of transacted products.

Other revenues achieved in 2019 were 10% higher than what was obtained in 2018 (51 mill Lei against 46 mill Lei in 2018), mainly determined by 7.6 mill Lei greater segment of other operational revenues.

Figure 31: Expenses from activities with allowed profit (Mill Lei)

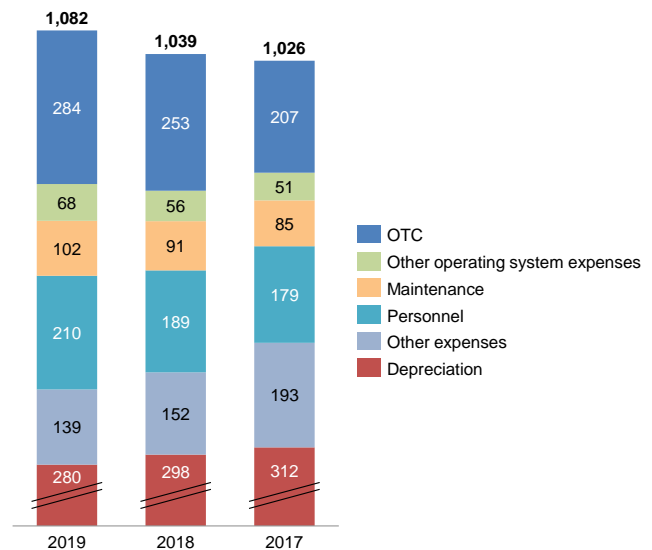


Table 24: Cost from activities with allowed profit

Mill Lei	2019	2018	2017	19/18
Operating expenses	802	740	715	▲ 8%
System operating expenses	352	309	258	▲ 14%
Expenses on own technological consumption	284	253	207	▲ 12%
Expenses on congestions	2	8	0	▼ (80%)
Expenses on electricity consumption in ETG substations	20	17	14	▲ 19%
Expenses regarding the functional system services	33	15	16	▲ 112%
Expenses on Inter TSO Compensation (ITC)	13	15	20	▼ (15%)
OPCOM administration expenses	0.15	0.13	0	▲ 15%
Repairs and maintenance expenses	102	91	85	▲ 12%
Personnel expenses	210	189	179	▲ 11%
Other Expenses	139	152	193	▼ (9%)
Depreciation	280	298	312	▼ (6%)
Operating expenses inclusive of depreciation	1,082	1,039	1,026	▲ 4%

Operational expenses from profit allowed activities (including amortisement) achieved in 2019 increased 4% compared to the similar time interval of last year (1,083 mill Lei from 1,039 mill Lei).

System operation costs

These registered 14% increase in 2019 compared to 2018 from 309 mill. Lei to 352 mill. Lei, mainly because of higher CPT expenses.

CPT expenses

In order to cover one's own technological consumption (CPT) the Company participates on the markets managed by OPCOM in different time horizons as follows:

- The long term participation is on the Centralised Market of Bilateral Contracts of electricity by means of extended bids (PCCB-LE) and on the Centralised Market of Bilateral Contracts with

Continuous Negotiation (PCCB–NC), based on a minimum CPT forecast by UNO-DEN at the end of the previous year, which represents about 50% of the fully forecasted CPT.

- There are two markets for short time horizons:
 - **The Day-Ahead Market (DAM):** to cover the differences between the minimum forecasted CPT and the one forecasted daily. The Company participates every day by submitting electricity purchase offers on the DAM on OPCOM’s specific platform.
 - **The intraday market (IM):** in case there are forecast changes during the day, the required electricity can be also transacted on this market, as close as possible to the delivery time.

The differences between the hourly quantities actually achieved and those procured after transactions on the PCCB, DAM and PI are compensated on the **Balancing Market (BM)** during the operational day.

Beginning with 18.01.2018 the “Electricity procurement to cover imbalances from notified quantities pertaining to technological electricity losses in transmission networks by transferring the balancing responsibility” Contract C380/06.10.2014, concluded between CNTEE Transelectrica SA and CIGA ENERGY SA came in force, whereby the electricity procurement costs on the balancing market were reduced.

Reviewing the development of the weighted average price on the PCCB-LE in 2018 – 2019 one can notice a clear ascending trend with positive slope, without oscillations, of the price registered in 2019.

Moreover the electricity sale offers on the PCCB have been much more reduced in quantitative terms than the existing purchase offers, which makes the demand exceed netly the offer and the bid closure price is higher.

In January 2019 higher CPT expenses were registered taking into account the average price of contracts concluded on the PCCB with delivery in January 2019 amounted to 287.44 Lei, 36% above the price registered in January 2018. Such price trend was justified by higher prices of certificates for greenhouse gas emissions (ETS) by 120% at the beginning of 2018. As of 1 January 2019 the “Market stability reserve” (MSR) became applicable, which imposes a limited number of certificates for greenhouse gas emissions. This measure impacted

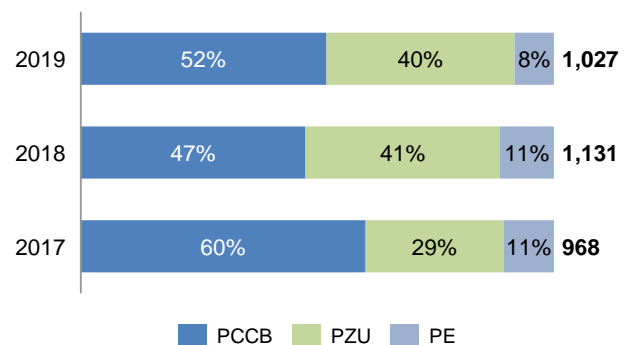
mainly the coal-fired generating power plants, which in many cases establish the market marginal price.

This was mirrored in the average price of contracts concluded on this market with delivery in January - December 2019, which average price was of 273 Lei, 31% higher than the price registered in January – December 2018.

The total cost of electricity procurement necessary to cover one’s own technological consumption increased 12% in 2019 compared to 2018. The 2019 negative development of this total cost was mainly determined by higher prices transacted on the PCCB. As regards electricity procurement for one’s own technological consumption from all the markets, PCCB, the Day-Ahead Market (DAM), Intraday Market (PI) and Balancing Market (PE), the average price increase was registered from 224 Lei/MWh in 2018 to 279 Lei/MWh in 2019. The procured quantity of electricity necessary to cover the CPT within RET decreased about 17% (from 1,131 GWh in 2018 to 968 GWh in 2019).

The average prices which Transelectrica procured electricity with in 2019 increased in comparison with 2018 and as regards procurements on all markets (Centralised Market of Bilateral Contracts (“PCCB”): 31%, spot market DAM: 11% and balancing market (“PE”): 25%.

Figure 32: Procurement mix depending on quantities bought from the markets (GWh)

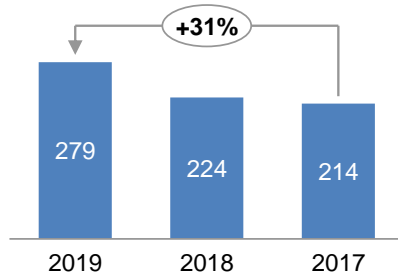


Across Europe prices are impacted by the seedefandation of the bidding area Germany – Austria into two distinct ones beginning with 1 October 2018. The average electricity procurement price on the DAM was higher in 2019 than in the similar period of last year, against the background of demand exceeding the electricity offer Europe-wide.

In January 2019 Romania was predominantly importer of electricity because some of its generating power plants were unavailable, which led to significant increase of prices on the Day-Ahead

Market (DAM). Thus in January 2019 the DAM average price was twice above the price registered in January 2018.

Figure 33: Average unit cost of energy purchased for OTC (lei/MWh)



The difference between the electricity actually consumed to cover losses within RET and the electricity procured represents imbalances which are automatically covered by the **Balancing market**.

In 2018 ceilings were removed that limited the minimum and maximum prices of deficit energy, which has led to significant increase of average prices on this market.

Congestions

Congestions (network restrictions) represent requests for electricity transmission above the limits of the network's technical capacity and corrective actions are required from the transmission and system operator; they occur whenever upon operation scheduling or during real time operation the power circulation between two system nodes or areas leads to incompliance with the safe operation parameters for an electric power system.

Congestion cases are managed by changing the network topology and as the last resort by redispatching the electricity.

Network congestions removed by redispatching are estimated using the regimes, taking into account different operational scenarios of power plants and considering at least the following minimum assumptions

- Fuel supply restrictions in power plants
- Hydrologic regime involving reduced flow rates on the Danube and internal rivers
- Great deficit / excess areas
- Drought, high temperatures
- Freezing time intervals

Output redispatching results in no longer observing the merit order obtained on the Balancing Market, and additional prices are sustained by Transelectrica. This is a measure used by Transelectrica only under

circumstances required in order to maintain the safe operation of the transmission system.

In 2019 congestion expenses were registered in total amount of 1.7 mill. Lei, significantly lower than in 2018 (8.2 mil. lei) and determined by the provision of N-1 safety criterion when the 220 kV OHL Fantanele – Gheorgheni was unavailable because of bad meteorological conditions and by the provision of N-1 in section 4, since the 400 kV OHL Iernut – Sibiu Sud was outaged according to schedule.

Expenses of electricity consumption within RET substation

Expenses regarding electricity consumption in RET substations increased 3.2 mill Lei in January - December 2019 compared to the same interval of 2018, determined by higher electricity prices and more especially by higher firm prices than the previous year under the contracts concluded on the competitive electricity market in 2019.

Expenses regarding the functional system services

These represent international uncontracted electricity exchanges with neighbouring countries and expenses with unplanned exchanges on the day-ahead market (DAM).

Functional system service expenses registered about 17 mill. Lei increase in comparison with 2018, mainly determined by higher expenses on the balancing market and on the day-ahead market regarding the unplanned electricity exchanges with neighbouring countries interconnected to SEN.

Expenses on Inter TSO Compensation (ITC)

ITC expenses represent monthly payment obligations / collection rights for each transmission and system operator (TSO). They are established under the compensation/settlement mechanism for the effects of the electricity transmission grid (RET) being used for electricity transits between TSO of the 35 countries that adhered to this mechanism of ENTSO-E.

In 2019 such expenses decreased about 15% (from 15 mill. Lei in 2018 to 13 mill. Lei in 2019).

Maintenance and repairs

Maintenance expenses increased 7% in 2019 (from 124 mill. Lei in 2018 to 132 mill. Lei in 2019). The 2019 maintenance programme placed emphasis on works / services that lead to increasing the safety degree of installations; on completing the contracted works / services that contribute to the good operation of installations.

11.1.2 Zero profit activities

Table 25: Summary of revenues from zero-profit activities

Mill Lei	2019	2018	2017	19/18
Operating revenues	1,177	1,541	1,887	▼ (24%)
Technological system service revenues	654	637	582	▲ 3%
Balancing market revenues	523	904	1,305	▼ (42%)

In 2019 revenues from technological system services increased with 17 mill. Lei compared to 2018, determined by higher electricity quantity delivered to consumers and by the average tariff increase for such services throughout 2019.

Balancing market revenues of 2019 diminished 381 mill. Lei in comparison with 2018, determined by:

- Higher negative imbalance registered with electricity suppliers on the balancing market, namely lower imbalance between the net contractual notified position and the actually delivered electricity in 2019 compared to 2018;
- High unpredictability and volatility of output from renewable sources (especially wind);
- The development of hydraulicity;
- The manner of contracting on markets before the balancing one and low participation on the day-ahead market and the electricity intraday market;

In 2020 estimations are the regulations that will be implemented in the national legislation in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 regarding the electricity market will have significant impact on the revenues and costs of the balancing market.

At the same time taking into consideration the legislative amendments notified by ANRE for the electricity market, estimations are beginning with 1 April 2020 the balancing market will no longer be obligatory, becoming optional, therefore price limits will be removed (which means the electricity price on this market can vary between minus 99.999 Euro and 99.000 Euro/MWh).

Transaction settlement on the balancing market will use the marginal price, thus aggregation opportunity occurs on this market, including the consumption places, while producers from renewable sources will further benefit of priority dispatching.

Table 26: Summary of expenses from zero-profit activities

Mill Lei	2019	2018	2017	19/18
Operating expenses	1,200	1,582	1,966	▼ (24%)
Technological system service expenses	676	678	661	▼ (0%)
Balancing market expenses	523	904	1,305	▼ (42%)

In 2019 technological system service expenses registered quite constant development, slightly decreasing in comparison with 2018 (-0.2%) from 678 mill. Lei in 2018 to 676 mill. Lei in 2019.

Such decrease was mainly determined by the following factors:

- Procurement prices of technological system services on the competitive market maintained around the values registered in 2018 for RS (secondary control) and RTR (fast tertiary control).
- Procurement prices of such services for RTL (slow tertiary control) on the competitive market were lower compared to the 2018 procurement prices, because higher competition was recorded for such kind of reserve.

Also an important influence on the procurement cost of STS on the competitive market came from the very high concentration on the market of technological system services for such STS meant for the secondary and fast tertiary control.

The Company procures technological system services from producers with a view to maintain the safe operational level of SEN and qualitative electricity transmitted at parameters established in applicable technical norms. Such services are contracted as follows:

- Under regulated regime, according to Governmental Decisions and ANRE Orders;
- By means of competitive mechanisms.

Transelectrica reinvoices the technological system services procured from producers to the electricity

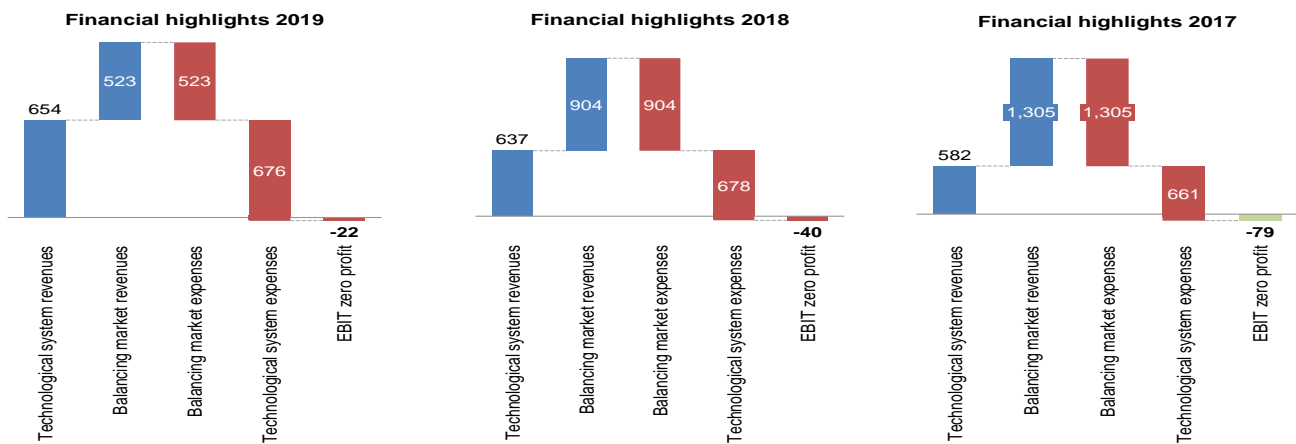
suppliers licensed by ANRE, who further pass through this cost in the end consumer's invoice, as it finally benefits of such services.

Balancing market expenses result from transactions performed on this market, being fully covered by the balancing market revenues.

The balancing market analysis takes into account the following factors:

- Development of hydrolicity;
- Unpredictability and volatility of output from renewable sources (especially wind);
- For winter months forecasts estimate system balancing by start-up/maintaining operational

Figure 34: Results from zero-profit activities (mill Lei)



11.2. Financial results

The net financial result registered in 2019 was negative and amounted to 9 mill. Lei. It has been

several thermal units/boilers and by selecting a great amount of up energy;

- Overcontracting / subcontracting on previous markets to the balancing one.

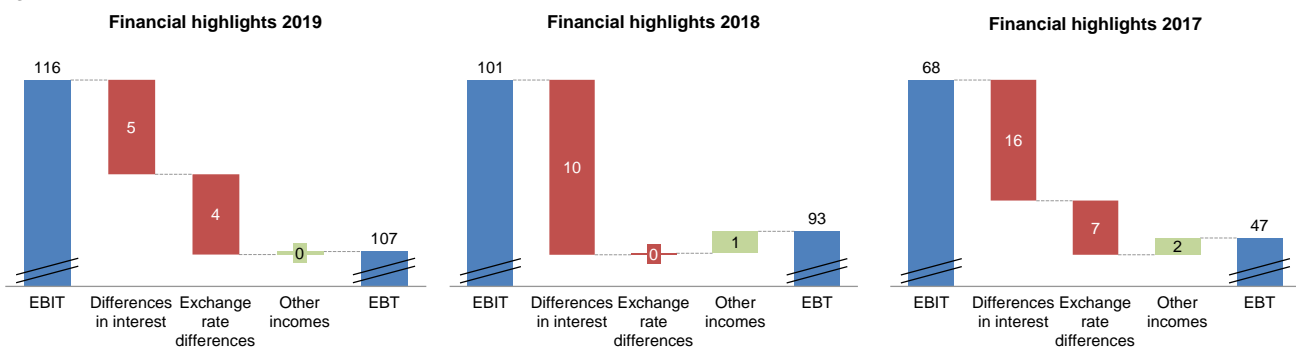
In 2020 estimations are the regulations that will be implemented in the national legislation in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 regarding the electricity market will have significant impact also on the development of procurement costs of system services for CNTEE Transelectrica SA.

mainly influenced by the exchange rate of the national currency against the euro, hard currency the Company has contracted loans in to finance its investment programmes.

Table 27: The evolution of the foreign exchange rate

LEI	2019	2018	2017	19/18
1 EUR	4.7793	4.6639	4.6597	▲ 2.5%
1 USD	4.2608	4.0736	3.8915	▲ 5%

Figure 35: Financial results (mn lei)



11.3. Balance sheet – financial position

Mill Lei	2019	2018	2017	19/18
Non-current assets				
Tangible assets	3,440	2,988	3,044	▲ 15%
Intangible assets	30	23	16	▲ 31%
Financial assets	82	80	78	▲ 2%
Total non-current assets	3,551	3,091	3,138	▲ 15%
Current assets				
Inventories	38	35	32	▲ 8%
Trade and other receivables	706	1,064	819	▼ (34%)
Other financial assets	85	0	0	n/a
Cash and cash equivalents	321	482	521	▼ (33%)
Total current assets	1,150	1,581	1,371	▼ (27%)
TOTAL ASSETS	4,700	4,672	4,509	▲ 1%
Shareholders' Equity				
Share capital	733	733	733	▼ 0%
Reserves	1,117	763	726	▲ 46%
Retained earnings	1,434	1,313	1,259	▲ 9%
Total shareholders' equity	3,284	2,809	2,718	▲ 17%
Non-current liabilities				
Long term borrowings	123	144	195	▼ (15%)
Other non-current liabilities	561	520	488	▲ 8%
Total non-current liabilities	684	664	684	▲ 3%
Current liabilities				
Short-term borrowings	56	53	317	▲ 4%
Trade liabilities	563	1,021	700	▼ (45%)
Other current liabilities	114	125	91	▼ (9%)
Total current liabilities	732	1,199	1,108	▼ (39%)
Total liabilities	1,416	1,863	1,792	▼ (24%)
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	4,700	4,672	4,509	▲ 1%

Assets

Non-current assets registered about 2% decrease at the end of 2019 compared to 2018, following amortisement recorded for tangible and intangible assets against the background of higher amounts for tangible assets in progress.

In 2019 lands were revaluated, tangible assets classified in Group 2 – Technical installations, transportation means and the useful lifecycles were reviewed for tangible assets classified in Group 1 - Constructions and in Group 2 Technical installations, transportation means by an independent evaluator licensed by the National Union of Licensed Evaluators in Romania (ANEVAR).

Such assets were revaluated mainly using the cost-based method. Such cost-based method establishes the rough cost of replacement using the indirect method. The cost-based method has been used for

considerations pertaining to the specialisation of assets, which insufficient market information and / or inexistent asset market was ascertained for.

On 31 December 2019 the Company recognised net surplus amounting to 494.7 mill. Lei from the revaluation of special installations, instrumentation & control and vehicles, of which 503.4 mill. Lei into the revaluation reserve account and (8.7) mill. Lei were registered in the profit and loss account of the year.

Mention should be made the Company recognised a net surplus from the revaluation of special installations, outfits and equipment, instrumentation and control and vehicles in the financial year ending on 31 December 2018. Thus the Company recognised a net surplus from the revaluation of special constructions and installations amounting to 99.4 mill. Lei, of which 100.4 mill. Lei was recognised

into the revaluation reserve account and (0.93 mill. Lei) was assigned to the profit and loss account of 2018.

Special buildings and installations consist mainly of transformer substations and high voltage electric lines. Outfits and equipment comprise mainly transformers and the associated 110 kV, 220 kV, 400 kV and 750 kV bays.

Special constructions and installations are provided at their net value in the financial statements. On 31 December 2015 Company changed the method of revaluation registration and it passed from the gross to the net method in order to provide a clearer, more concise and relevant image, without influence given by an artificial denaturation of the gross accounting value and amortisement.

The greatest entry of 2019 for intangible assets in progress has been "Replacing the EMS SCADA AREVA elements, software & hardware component" –2.9 mill. Lei.

In 2019 the greatest transfers from intangible assets in progress into intangible assets are mainly represented by the commissioning of investment objectives.

The higher financial assets on 31 December 2019 in comparison with 31 December 2018 were determined by the Company's affiliation to the shareholders of the Joint Allocation Office SA (JAO), European Centre allocating cross-border capacities, which was approved by the Shareholders' General Extraordinary Assembly of CNTEE Transelectrica by HAGEA 10/10.08.2018. The Justification Note 39007/19.09.2019 of the Company's Directorate approved signing the transfer of 259,325 Euros, representing the value of the subscription made by CNTEE Transelectrica to the shareholders of JAO.

Across CNTEE Transelectrica SA by implementing the regional initiatives regarding application of the provisions from Regulation (EU) 2016/1719 a need was identified to get affiliated to this European organisation.

Current assets registered 27% decrease in 2019 compared to the value recorded on 31 December 2018, mainly determined by reduced trade receivables and assimilated accounts.

The greatest share of inventories pertains to spare parts (77%). Inventories increased in 2019 compared to 2018 mainly because of the 14% growth in the number of spare parts, namely 3.6 mill. Lei.

The greatest impact in the increase of trade and other receivables comes from the development of clients on the electricity market and other activities.

Thus on 31 December 2019 clients on balance from operational activities and the balancing market grew compared to 31 December 2018, mainly determined by:

- Reduced transaction volumes on the balancing market in November and December 2019 compared to the similar period of 2018, determining decrease of trade receivables found on balance on 31 December 2019 compared to 31 December 2018;
- Collecting in January 2020 the trade receivables pertaining to invoices issued for the electricity market in December 2019;

Out of the total trade receivables registered on 31 December 2019, 23% represent collectable receivables under the bonus type support scheme to promote high efficiency cogeneration, higher than the 19% recorded in 2018.

The Company registers receivables to collect from the bonus type support scheme to promote high efficiency cogeneration amounting to 175 mill. Lei, lower than the 199 mill. Lei registered in 2017 because of:

- Collecting receivables according to ANRE decisions regarding overcompensation of 2016 cogeneration activities amounting to 57 mill. Lei issued in March 2017 for Electrocentrale Bucuresti SA, by ascertaining the intervention of lawful compensation validated by the judiciary administrator of Electrocentrale Bucuresti;

The balance amounting to 175 mill. Lei is represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to 76.7 mill. Lei, namely from RAAN – 63.5 mill. Lei and CET Govora SA – 13.2 mil. Lei;
- Undue bonus of 2014 amounting to 3.9 mil. Lei, namely from RAAN – 2 mill. Lei, CET Govora – 1.9 mill. Lei;
- 2015 undue bonus amounting to 0.6 mill Lei, namely from CET Govora – 0.5 mill Lei, Interagro – 0.03 mill Lei;
- 2016 overcompensation amounting to 56.7 mill Lei, namely from Electrocentrale Bucuresti;
- Cogeneration contribution not collected from the suppliers of electricity consumers, amounting to 21.1 mill Lei, namely from: Transenergo Com – 5.9 mill Lei, PetProd – 4.4 mill Lei, Romenergy Industry – 2.7 mill Lei, RAAN- 2.4 mill Lei, UGM Energy – 1.8 mill Lei, CET Govora – 0.9 mill Lei, KDF Energy – 0.9 mill Lei and others.

Until the date of this report the Company fully cashed the receivables associated to the 2018 overcompensation of support scheme activities, namely 8.8 mill. Lei from Electrocentrale Bucuresti by bank transactions.

To extinguish receivables generated by overcompensation and undue bonus the Company requested the generators qualified under the support scheme to make mutual compensations. In case of generators that did not agree with this manner to extinguish mutual receivables and liabilities (RAAN, Electrocentrale Bucharest, and CET Govora) the Company has applied and further applies the provisions of article 17 para 5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for the electricity generated under high efficiency cogeneration.

On 31 December 2019 other receivables amounting to 113.3 mill Lei, 36% higher than in 2018 mainly include:

- Sundry debtors, 106 mill Lei, representing payment delay penalties amounting to 70 mill Lei (of which 35 mill Lei are penalties under the support scheme) calculated for defaulting clients;
- 27 mill. Lei negative difference between the invoices issued to collect the cogeneration contribution and the bonus granted according to ANRE decisions;
- Compensations owed by suppliers for their failure to supply electricity (Arelco Power 0.9 mill. Lei and Enol Grup 2.5 mill. Lei). Allowances were registered for the compensations owed by suppliers from operational activities;
- Receivable to recover from OPCOM representing VAT associated to the contribution in kind to the subsidiary's capital, amounting to 4.5 mill Lei;
- Deferred expenses amounting to 1.1 mill Lei mainly represented by down payments to contracts concluded with electricity suppliers, as necessary to cover one's own technological consumption in future periods;
- Other intangible receivables amounting to 4.3 mill Lei, of which 4,2 represent guarantees for temporary land occupation, calculated and withheld in accordance with article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code in view of achieving the investment objective of the 400 kV OHL Resita – Pancevo (Serbia).

Cash and cash equivalents registered decrease, against the background of full reimbursement of bonds on 19 December 2018, repayment of current

instalments for credits that reached maturity in 2019 and the payment of contractual obligations to suppliers.

Shareholders' equity and liabilities

Long-term liabilities registered 3% increase in 2019 compared to 2018, mainly coming from liabilities with deferred tax, namely revaluation reserves resulting from revaluations of tangible assets (from 56 mill. Lei in 2018 to 137 mill. Lei in 2019)

At the same time **short-term liabilities** registered 39% decrease (from 1,199 mill. Lei on 31 December 2018 to 732 mill. Lei on 31 December 2019). Such situation is mainly determined by the reduction of:

- *Trade liabilities* by 45% (from 1,021 mill Lei on 31 December 2018 to 563 mill Lei on 31 December 2019) due to:
 - 50% decrease of liabilities to suppliers on the electricity market (780 mill Lei in 2018 compared to 390 mill Lei in 2019) determined by:
 - Diminished balance of liabilities related to operational activities, mainly caused by payment of liabilities on balance on the electricity market on 31 December 2018,
 - Positive development in the balance of liabilities related to the balancing market, which in the fourth quarter of 2019 registered decrease in the volume of transactions comdefendantive to that of the same period in 2018, but also due to liabilities on balance on 31 December 2019 were paid on the due date of January 2020.
- *Other liabilities*, with significant impact from *sundry creditors* with a 2 mill Lei balance in 2019 compared to 25 mill. Lei in 2018, representing royalties in the 4th Q, performance bonds and auction participation fees, but also the balance of *payable dividends* amounting to 0.6 mill. Lei in 2019 compared to 67.7 mill Lei in 2018
- *Provisions*, mainly those constituted for disputes (33 mill Lei in 2019 compared to 62 mill Lei in 2018).

Equity

Shareholders' equities increased 17%, mainly determined by greater revaluation reserve (922.4 mill Lei on 31 December 2019 compared to 522.6 mill Lei on 31 December 2018) and the 9% retained earnings based on the surplus from revaluation reserves, non-taxable / taxable when its destination is changed.

11.4. Cash flow

Table 28: Cash flow

Mill Lei	2019	2018	2017	19/18
Operational activities				
Cash flows before changes to working capital	373	426	356	▼ (15%)
Changes to working capital	(97)	33	(229)	▼ n/a
Paid interests and taxes	(24)	(33)	(30)	▲ 25%
Net cash from the operational activities	251	426	96	▼ (41%)
Investment activity				
Acquisition of tangible and intangible assets	(242)	(171)	(183)	▲ 42%
Collections from the investment activity	0	0	0	- 0%
Participation titles held in TSC NET	0	(2)	0	▲ 100%
Proceeds from investment activity	5	23	8	▼ (78%)
Other financial assets	(85)	0	135	- n/a
Cash used in the investment activities	(322)	(149)	(40)	▼ n/a
Financing activity				
Net (repayments)/collections from borrowings and bonds issuance	(23)	(314)	(134)	▼ (93%)
Special dividends paid according to.OG 29/2017	0	0	(170)	- n/a
Dividends paid	(67)	(1)	(166)	▼ n/a
Cash used in the financing activities	(90)	(315)	(470)	▲ 72%
Net increase/decrease in cash and cash equivalents	(161)	(39)	(413)	▼ n/a
Cash and cash equivalents as at January 1st	482	521	934	▼ (7%)
Cash and cash equivalents at the end of the period	321	482	521	▼ (33%)

11.5. Indicators

Table 29: Profitability, liquidity, risk and activity indicators

Ratio	Formula	2019	2018	2017
Profitability ratios				
EBITDA in total sales	$\frac{\text{EBITDA}}{\text{Turnover}}$	17%	15%	13%
EBITDA in shareholders' equity	$\frac{\text{EBITDA}}{\text{Shareholders' equity}}$	12%	14%	14%
Gross profit rate	$\frac{\text{Gross profit}}{\text{Turnover}}$	5%	3%	2%
Rate of capital return	$\frac{\text{Net profit}}{\text{Shareholders' equity}}$	3%	3%	1%
Liquidity ratios				
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.57	1.32	1.24
Quick ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	1.52	1.29	1.21
Risk ratios				
Indebtness ratio	$\frac{\text{Debt capital}}{\text{Shareholders' equity}}$	5.4%	7.0%	18.8%
Indebtness ratio	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	5.2%	6.6%	15.9%
Interest coverage rate %	$\frac{\text{EBIT}}{\text{Interest expenses}}$	11.35	5.26	3.15
Activity ratios				
Clients' turnover	$\frac{\text{Average client balance}^*}{\text{x no.days}}$	98.45	90.96	71.41
Non-current assets turnover	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.66	0.87	0.96

* The clients contributing to the turnover (energy, balancing, other clients, invoices to issue for clients) were taken into consideration. The average balance does not include doubtful clients, the cogeneration scheme and overcompensation..

12. Regulated tariffs for electricity transmission

General Framework

The regulatory model of transmission tariffs applied currently in Romania is the revenue cap. Such model means regulating the total revenue allowed for the transmission network operator and includes as objectives: providing the premises necessary for the efficient operation of transmission services, maintaining the operator's financial viability for proper remuneration of financiers and keeping access to funds. The model contains mechanisms stimulating the operational efficiency and a financial profitability framework relying on investments control by the operator (regulated asset base), as well as a regulated rate of return established by estimating the operator's average financing cost.

Electricity transmission services are billed during regulatory periods. Such regulatory intervals represent multiannual cycles for tariff regulation (at present 5 years), during which a methodology is applied to calculate tariffs⁴ and for which a full set of parameters is preset during the respective time horizon for actual calculation of tariffs. Tariff parameter setting for multiannual intervals provide high predictability and visibility to investments, operational costs and revenues of Transelectrica. Tariffs are annually reviewed during the regulatory periods and they stay valid for 12 months from approval date (tariff years).

The differences between forecasted values and the actual ones of tariff calculation parameters in a certain tariff year are compensated by means of ex-post corrections applied in the tariff into subsequent tariff years, or at the beginning of the immediately following regulatory period. In case of certain specific components of the regulated cost base found under certain caps, when the forecasted level of such costs is exceeded, there is no compensation. Also in case of certain cost components, savings are partially retained by Transelectrica.

The set of calculation parameters is approved by ANRE and includes:

- Costs for the current operation of the service: controllable and uncontrollable operation and

maintenances costs, own technological consumption, internal grid congestions, costs and revenues from the financial compensation mechanism for electricity transits within ENTSO-E;

- Service development costs: planned network investments, amortisement plan based on regulated service intervals, profitability of the invested capital established using a regulated rate of return applied to the regulated asset base;
- The quantity of electricity that can be billed;

Transmission tariffs are invoiced for the quantities of active electricity introduced / taken out of the public electricity networks from Romania, except for imports / exports.

Transelectrica charges transmission tariffs for electricity injection into public networks (tariff component TG) and for its extraction of public networks (tariff component TL). TG is not applied to power parks of small installed capacity up to 5 MW. Also TG is not applied to imported electricity. TL is not applied to exported electricity.

On 1 July 2015 ANRE changed the allocation of regulated costs with the two components in the transmission tariff (TG and TL). Such change consisted in a limitation of costs distributed to TG: only the costs of own technological consumption and costs for congestion removal from the grid. All the other regulated costs were attributed to TL. This change occurred from Romania's voluntary action to provide compliance of the national regulatory framework with the recommendations included in Opinion 9/2014 issued by the Agency of Cooperation of Energy Regulators (ACER) regarding transmission tariffs paid by electricity producers in Europa.

ACER's Opinion points out how important it is to enhance the harmonisation of transmission tariffs paid by electricity producers with a view to minimise the potential disturbing effects caused by different network tariffs paid by producers in different EU member states, in the context of establishing the Europe-wide single electricity market.

In Romania the new cost allocation method moved the gravity centre of regulated revenue on the TL tariff, thus the national electricity consumption becomes the main determining item for the collection of transmission revenues.

⁴ The methodology applied at present has been approved under ANRE Order 53/2013 on the methodology establishing tariffs for electricity transmission services, and in semester II 2019 the tariff setting methodology was approved under ANRE Order 57/2019 on the methodology establishing tariffs for electricity transmission services

In comparison with the situation before implementing this new allocation mode, characterised by balanced distribution of regulated costs among the TG and TL components, which generated similar exposures of revenues to the volumes injected into the network by producers, namely to the volumes extracted from the network by consumers, the new allocation method reduces significantly the exposure of revenues to the electricity output (boosted by the latest exporting years) and increases accordingly the exposure of revenues to the domestic electricity demand.

The tariff matrix for electricity transmission is at present differentiated by zones, both for electricity introduction and for electricity extraction into / from networks, depending on the impact which electricity introduction / extraction has in certain areas over the own technological consumption within the transmission grid. The amendments made into the electricity and natural gas law 123/2012 at the end of 2016 provide tariff uniformisation by removing zonal

difference, and network users are meant to pay the same transmission tariff (network injection / extraction) regardless of their grid connection point. Such amendments will be implemented in the secondary legislation

Tariffs applicable in 2019

In the **first semester of 2019** applicable tariffs were those published by ANRE in Order 108/2018 approving the average tariff for transmission services, system service tariffs, zonal tariffs for transmission services and the regulated price of reactive electricity.

Order 108/2018 was published in Romania's Official Gazette 519/25.06.2018

Tariffs approved by ANRE for the 01.01.2018-30.06.2019 tariff period (Order 108/2018) therefore applicable in the first semester of 2019 are provided in the table below:

Index	Tariff	MU	Tariff applied as of July 1st, 2017 (ANRE Order 122/2017)	Tariff applied as of July 1st, 2018 (ANRE Order 108/2018)	Difference %
A	Electricity transmission	Lei/MWh	16.86	18.13	+7.5%
B	Functional system services	Lei/MWh	1.11	1.11	-
C	Technological system services	Lei/MWh	12.06	10.44	-13.4%
	Billed quantity	TWh	55.0*	55.4	-

The newly approved tariffs have been calculated in accordance with the applicable methodologies.

** The amount of electricity used for approval of transmission tariffs and the tariff of functional system services was 54.0 TWh (1 July 2017), and the amount of electricity used for the approval of tariffs for technological system services (1 January 2018) was 27.5 TWh for the first semester of 2018 (55.0 TWh yearly).*

The transmission tariff

The **(+7.5%)** tariff increase is mainly explained by two factors:

1. Ex-post corrections – applied to compensate the differences between the forecasted values used for tariff calculation in previous tariff years and the actual values registered (final corrections for the year 1 July 2016 – 30 June 2017, preliminary corrections for 1 July 2017 – 30 June 2018) were negative but smaller as absolute value than those applied in the current tariff. Ex-post corrections contributed +6.5% to increasing the newly-approved tariff compared to the current one;

The most important calculation items which were included in the ex-post corrections applied to the newly-approved tariff are: (i) electricity procurement price to cover one's own technological consumption, (ii) inflation index, (iii) utilisation of a part from

revenues obtained from the allocation of interconnection capacities as complementary source for the regulated tariff to cover regulated costs, (iv) electricity consumption growing above the forecast of ANRE when the tariff was designed, (v) the partial investment correction;

2. The inflation forecasted that was used in the calculation of the newly approved tariff was higher than the inflation forecasted and used in the tariff approved for the current year (the inflation index used in the calculation of the new tariff is higher than the inflation index used in the calculation of the current tariff). The inflation index difference contributed **+4.6%** to changing the newly approved tariff compared to the one applied.

Besides such positive corrections there were other factors that contributed to establishing the value of approved tariffs becoming valid on 01.07.2018

compared to the value of tariffs valid until 30.06.2018:

- The quantity of electricity that can be billed upon network extraction was increased from 54.0 TWh to 55.4 TWh. The change in the quantity that can be billed contributed **-2.5%** to decreasing the newly approved tariff compared to the current one.

- The basic annual revenue calculated as a sum of the annual regulated costs established using the 5 years' cost forecast approved by ANRE for the regulatory period 01.07.2014-30.06.2019 is slightly higher than annual basic revenue corresponding to the current tariff year. Such linearisation of annual revenues within the regulatory period led to redistributing the annual revenues within the period because the total value of the cumulated revenue was kept for 5 years, and revenues developed from one year to the next under a negative decreasing slope. The two cumulated elements provided herein contributed **-1.0%** to changing the newly approved tariff compared to the one applicable.

Functional system services tariff

The tariff was maintained as determined by the following individual calculation elements whose net cumulated effect has been zero:

- The ex-post negative correction included in the new tariff was smaller in absolute value than the negative correction applied in the previous tariff. The ex-post correction contributed **+6.0%** to changing the newly approved tariff compared to the applied one;

- The annual forecast of recognised costs is smaller in the new tariff approved than the annual cost forecast included in the current tariff. The reduced annual cost forecast contributed **-3.4%** to changing the newly approved tariff against the applied one;

- The electricity quantity that can be billed upon network extraction was increased from 54.0 TWh to 55.4 TWh. Such change in the quantity that can be billed contributed **-2.5%** to changing the newly approved tariff compared to the current one.

Technological system services tariff

Tariff decrease (**-13.4%**) was determined by:

- The ex-post negative correction included in the new tariff approved, established according to the methodology applicable for partial compensation

(80%) of the profit cumulated until 30.06.2017. The profit obtained in the fore-mentioned period was achieved mainly against a background of significant reduction in the unit procurement prices under bids of technological system services, compared to the unit prices forecasted by ANRE and included in anticipation into the calculation of approved tariffs. In order to attenuate the impact on the regulated tariff, upon the request of Tranelectrica ANRE has established a spread-out of correction application in two tariff years, 1 July 2017 – 30 June 2018 and 1 July 2018 – 30 June 2019, based on which the newly approved tariff was applied a second part of the correction relating to tariff year 1 July 2016 – 30 June 2017, as well as the part remaining unrealised from the first part. The ex-post correction thus contributed **-18.0%** to changing the newly approved tariff compared to the one applied;

- The annual forecast of recognised costs in the new tariff to procure technological system services in the 1 July 2018 – 30 June 2019 tariff year is greater than the cost forecast recognised in semester I 2018 (semester II of the tariff year 1 July 2017 – 30 June 2018). The greater cost forecast was determined by higher procurement prices under bid of technological system services in the current tariff period compared to the prices forecasted by ANRE. The greater annual cost forecast contributed **+5.4%** to changing the newly approved tariff compared to the current one;

- The electricity quantity that can be billed upon network extraction was increased from 55.0 TWh to 55.4 TWh. Such change in the quantity that can be billed contributed **-0.7%** to reducing the newly approved tariff compared to the applicable one.

The regulatory framework for technological system service activities (ANRE Order 45/2017) contains tariff adjustment mechanisms after minimum six months from tariff approval, meant to provide full recovery, in time, of the costs incurred by the Company while procuring such services.

In the **second semester of 2019** tariffs were applied as approved by ANRE under Order 81/2019. ANRE Order 81/2019 was published in the Official Gazette 516/25.06.2019.

Tariffs approved by ANRE under Order 81/2019 applicable in the second semester of 2019 are provided in the table below:

Index	Tariff	MU	Tariff applied as of July 1st, 2018	Tariff applied as of July 1st, 2019	Difference %
A	Electricity transmission	Lei/MWh	18.13	17.68	-2.5%
B	Functional system services	Lei/MWh	1.11	1.84	+65.9%
C	Technological system services	Lei/MWh	10.44	13.05	+25.0%
	Billed quantity	TWh	55.4	56	-

The newly approved tariffs have been calculated in accordance with the applicable methodologies.

The factors that contributed significantly to changing the tariffs in the last review made by ANRE are provided further (* tariffs coming in force on 01.07.2019 and applicable until 31.12.2019, this being called transitory period from the third regulatory cycle to the fourth, according to ANRE Order 57/08.05.2019).

The transmission tariff

Tariff decrease (-2.5%) is mainly explained by two factors:

1. Ex-post corrections - applied to compensate the differences between the forecasted values used for calculating tariffs in previous tariff years and the actual values recorded (final corrections for the difference between estimated costs and revenues and the achieved ones in 1 July 2017 - 30 June 2018, inflation correction used when establishing the tariff in the tariff period 1 July 2017 - 30 June 2018 and the correction related to the recovery difference between the inflation used to establishing the tariff in the tariff period 1 July 2016 - 30 June 2017 and the actual one) were positive. Ex-post corrections contributed +1.9% to increasing the newly approved tariff compared to the applicable one;

The most important calculation items which were included in the ex-post corrections applied to the newly-approved tariff are: (i) electricity procurement price to cover one's own technological consumption, (ii) uncontrollable operation and maintenance costs, (iii) costs of electricity transmission in-between TSOs, (iv) costs necessary to remove congestions, (v) revenues obtained from other activities using resources recognised for transmission activities (revenues from the allocation of interconnection capacities, revenues from other provisions, revenues from reactive energy, revenues from transits within perimetral countries) and reduced Company contribution to ANRE's budget in 2020 from 2% to 0.2% from the Company's turnover (ANRE Order 1/2020).

2. Ex-post corrections - applied to the investment programme and the efficiency gain for the controllable operation and maintenance costs. By applying the provisions of ANRE Order 57/08.05.2019, the correction considered for the

calculation of tariff valid from 1 July 2019 onward was 1/10 for the correction resulting as difference between the approved value of the investment programme and the achieved one in 01.07.2014-30.06.2018 and 1/8 of the total correction value of the efficiency gain for controllable operational and maintenance costs. Therefore ex-post corrections contributed -6.6% to changing the newly approved tariff compared to the applicable one;

Besides the corrections provided above (pt. 1 and 2) that impacted -4.7% the newly approved tariff compared to the previous one, the annual forecast of costs recognised in the new tariff approved is higher than the annual cost forecast included in the previous tariff. The annual cost forecast contributed +3.3% to changing the newly approved tariff compared to the applicable one.

- Another factor that contributed to establishing the value of the approved tariff applicable from 01.07.2019 onward compared to the value of tariffs applicable until 30.06.2019, namely the quantity of electricity that can be billed upon network extraction. This was increased from 55.4 TWh per year (27.7 MWh in a semester) to 56 TWh (28 TWh for semester II 2019). The change in the quantity that can be billed contributed -1.1% to changing the newly approved tariff compared to the applied one.

Functional system services tariff

The tariff increase was determined by the following individual calculation elements:

- Ex-post correction applied to the regulated revenue resulting from the closure of the 2017-2018 tariff period and the correction resulting from the estimation of the positive 2018-2019 tariff period included in the new tariff was smaller in absolute value than the negative correction applied in the tariff

of last year. The ex-post correction contributed **+27.3%** to changing the newly approved tariff compared to the applied one;

- The annual forecast of recognised costs in the new tariff approved is higher than the annual cost forecast included in the previous tariff. The annual cost forecast contributed **+40.7%** to increasing the newly approved tariff compared to the applied one;
- The electricity quantity that can be billed upon network extraction was increased from 55.4 TWh to 56 TWh. The change in the quantity that can be billed contributed **-2.04%** to changing the newly approved tariff compared to the one applied.

Technological system services tariff

The tariff increase (**25%**) was determined by:

- The ex-post positive correction included in the newly approved tariff, established according to the methodology applicable to compensate the loss

accumulated in the tariff interval 2018-2019. The ex-post correction contributed **11.7%** to increasing the newly approved tariff compared to the one applied;

The annual forecast of costs recognised in the new tariff to procure technological system services in the tariff year 1 July 2019 - 30 June 2020 is higher than the cost forecast recognised in the previous tariff year. Such increase in the cost forecast was determined by higher procurement prices under bid for technological system services during the current tariff period compared to the prices forecasted by ANRE. The decrease in the annual cost forecast contributed **14.43%** to increasing the newly approved tariff compared to the one applied;

- The electricity quantity that can be billed upon network extraction was increased from 55.4 TWh to 56 TWh. The change in the quantity that can be billed contributed **-1.1%** to decreasing the newly approved tariff compared to the applied one.

13. Disputes

RAAN

On the docket of Mehedinti Tribunal, Civil Section II, Administrative and Fiscal Disputes Section file 3616/101/2014 was recorded involving the “claims in the amount of 1,090,831.70, value of invoice no. 1300215/31.12.2013”, a file in which the Company is the defendant, the plaintiff being the Independent Authority for Nuclear Activities – RAAN.

Civil ruling 127 pronounced on 10.10.2014 by Mehedinti Tribunal admitted the request filed by plaintiff RAAN and ordered CNTEE Transelectrica SA to pay the amount of 1,090,831.70 Lei, constituting the value of invoice 1300215/31.12.2013.

The Company filed appeal and requested the court by the decision it would take to allow the appeal as it was filed and reverse the judgment and sentences under appeal and referring the case to the trial court in the territorial jurisdiction for judgement, and stating the compliance with the requirements of Articles 1616 and 1617 of the Civil Code, reason for which it is also required to declare the occurrence of mutual debts compensation and their redemption up to the amount of the smallest of them, namely the total amount requested by the plaintiff in the application for summons, ordering the appeal - plaintiff to pay the expenses made with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice that decided to reverse decision 843/2015 and to remand the case for retrial to the same court, the Appeal Court of Craiova.

Ruling 124/2017 of the Appeal Court of Craiova admitted the appeal filed by Transelectrica and cancelled sentence 127/2014 pronounced by Mehedinti Tribunal, while the case was referred for retrial to Bucharest Tribunal, Section VI Civil. On the docket of the Bucharest Tribunal the case was registered under no. 40444/3/2017 which by civil ruling 4406/04.12.2017 admitted the request filed by RAAN and ordered Transelectrica to pay the amount of 1,090,831.70 Lei. The sentence was appealed. Hearing term was established on 13.12.2018.

In 2014-2015 the Company withheld for payment the bonus owed to RAAN under the support scheme according to ANRE regulations, namely article 17 para 5 from Order 116/2013 of ANRE president 116/2013.

Under such circumstances RAAN calculated penalties for late payment of the due cogeneration bonus amounting to 3,496,914, withheld from payment by the Company on account of non-cashed receivables. The Company refused paying the amount of 3,496,914 and did not register it as liability in the support scheme.

The subject of file 9089/101/2013/a152 is objection against the Additional liability table of debtor RAAN, the disputed amount being 89,360,986 Lei.

Transelectrica SA was recoded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor's uninterrupted activity, the actual amount the Company requested being 89,360,986 Lei, but 78,096,208.76 Lei were not registered in the preliminary receivable table because “such sum was not recorded as owed liability in RAAN's accounting books”. Moreover the judiciary liquidator considered the request to record 78,096,209 Lei was made late since it pertained to 2011 – 2013, for which reason the receivable statement should have been submitted when the insolvency procedure began, namely on 18.09.2013. The contestation of the additional liability table as Mehedinti Tribunal admitted the accounting expertise evidence.

On the contestation judgment term 14.06.2018 the decision was taken to suspend it until settlement of file 3014/2/2014 on the docket of the ICCJ, and on 14.02.2019, Mehedinti Tribunal decided joining file 9089/101/2013/A152 to file 9089/101/2013/a140 (pertaining to claims, payment request). Thus file judgment was deferred because the court considered it useful to settle the case by submitting Civil ruling 2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, pertaining to cancelling Decision 743/2014 of ANRE President.

Settlement of Mehedinti Tribunal by Ruling 163 / 20.06.2019: It admits the exception of decline. It partly admits the main issue and associated contestation. It compels the defendant to pay to the claimant the amount of 16,950,117.14 Lei accrued receivable during the procedure, judging to record it in the creditors' table constituted against debtor RAAN by this sum. The other associated demands are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei law court expenses to the claimant. Appeal

right is granted. It was pronounced at public hearing. Document: Ruling 163/20.06.2019.

On the 06.11.2019 hearing date the Appeal Court Craiova decided rejecting the appeal of Transelectrica as groundless; final decision. Ruling 846/06.11.2019.

Transelectrica filed appeal within the legal term. The Appeal Court Craiova established the first hearing on 30.10.2019. the appeal was denied as groundless.

Transelectrica filed a review request for contradictory decisions registered under file 1711/54/2019, with hearing term on 26.03.2020 with the Appeal Court Craiova, which will refer thye file to the High Court of Cassation and Justice for competent settlement.

*In the bankruptcy file of RAAN registered **under no. 9089/101/2013**, Mehedinti Tribunal established the term on 25.03.2020 to continue the procedure.*

COURT OF AUDITORS

Following an audit performed in 2013, the Court of Audit issued several measures to be implemented by the Company as a result of some deficits, which were detected upon such control. The decision and protocol issued by the Court of Audit have been appealed before the Appeal Court of Bucharest, file 1658/2/2014 being constituted, pertaining to “cancelling control deeds” – Conclusion 7/20.02.2014 issued by the Court of Audit.

On 13.06.2018 the claimant’s case is partly admitted. It partly cancels the defendant-issued conclusion 7/20.02.2014, decision 37/9.12.2013 and the control report 35521/6.11.2012 with respect to the measures in the above decision, indicated in points I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure of pct. II.13, meaning to remove the phrase “including what has been found about the invoices issued by FLOREA ADMINISTRARE IMOBILIARA SRL”. The court rejects the remainder of the claimant’s request as groundless. It approves the electricity technical expertise report drafted by Toaxen Vasile as expert; compels the defendant to pay 121,375 Lei law suit expenses to the claimant (partially expert fees and judiciary stamp tax). Appeal right granted within 15 days from notification. Document ruling 2771/13.06.2018.

Transelectrica filed appeal on 14.06.2019. The following term was set on 28.10.2021

After a control carried in 2017 the Court of Audit decided on certain measures to be implemented by the Company following certain deficiencies found

upon such control. CNTEE Transelectrica SA expressed 8 contestations against the measures decided by Romania’s Court of Audit (CCR) in Decision 8/27.06.2017, requesting its cancellation and against conclusion 77/03.08.2017, registered in the Company under no 29117/08.08.2017, as well as the Audit report 19211/26.05.2017.

Contestations are under settlement on the docket of the Appeal Court Bucharest and of the High Court of Cassation and Justice they have terms in the period immediately after 2019, namely 2020-2021

ANRE

CNTEE Transelectrica SA filed complaint against Order 51/ 26.06.2014 of ANRE president registered with ANRE under no. 47714 / 04.08.2014 and contestation with the Appeal Court Bucharest, registered under file **4921/2/2014**, whereby it requests amending the fore-mentioned order either by issuing a new one recalculating the RRR at 9.87% (recalculated using a (β) coefficient of 1.0359, according to the internal analysis of Transelectrica) or should this request be rejected, using the same percentage 8.52% established by ANRE for 2013 and semester I of 2014.

On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services charged by the National Power Grid Company Transelectrica SA and cancellation of annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken for the calculation of the regulated rate of return (RRR⁵) by ANRE according to the Methodology establishing the tariffs of electricity transmission services approved by ANRE Order 53/ 2013 (“Methodology”) determined the RRR at 7.7%.

On the term of 27.03.2018 the expert fee placed on behalf of the claimant was paid and a letter will be decided to the expert in order to conduct and submit the entrusted expertise report to the file.

On the 25.09.2018 term the settlement in brief decided to resort again to the expert letter, in view of

⁵ RRR - Regulated Rate of Return is found in specific literature under the acronym WACC – Weighted Average Cost of Capital, and the formula of the two indicators is similar: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

conducting the expertise report and submit it to the file, mentioning to prove the impossibility to submit the expertise report until hearing term in which case the case will be postponed.

On the 22.01.2019 hearing term the court provided principle agreement with the request of accessory intervention in the defendant's interest (ANRE), expressed by intervenient ALRO SA, with appeal at the same time with the principal issue. On 25.06.2019 the case is postponed in order to enable the parties to acknowledge the content of the expertise report and a new hearing term is set on 10.09.2019.

On 10.09.2019 taking into account the request of the claimant's representative to know the content of objections filed by the intervenient and to enable it answer to such objections, also retaining the claimant submitted meeting notes with writs requiring translation, it admits the case deferral and decides granting a new hearing term on 03.12.2019.

The dispute has not impacted the relationship with ANRE or the Company's financial results.

On 03.12.2019 it decides postponing the case and setting a new hearing term in order to send another letter to the expert for his submission to the file of the objection answer, mentioning to come to court on the next hearing date. It will notify the expert to send a copy of his answer to both parties before the following hearing term.

The following term is set on 17.03.2020.

OPCOM

On 24.11.2014 subsidiary SC OPCOM SA summoned CNTEE Transelectrica SA in order to compel it paying the amount of 582,086 Euro (2,585,162 Lei), representing the amount paid by it as fine, from the total fine amount of 1,031,000 Euro, such request being included in file 40814/3/2014.

Previously the Shareholders' General Assembly of subsidiary SC OPCOM SA, at their meeting of 10.06.2014 decided upon full payment of the fine amounting to 1,031,000 Euro imposed by the Directorate General for Competition, European Commission for breaching of Article 102 of the Treaty on the European Union Functioning, according to the Decision AT 39984 in the antitrust case.

Also subsidiary SC OPCOM SA requested the court to order the Company to pay the amount of 84,867.67 Lei as legal interest related to the period

11.06.2014 – 24.11.2014, plus legal expenses amounting to 37,828 Lei.

The action filed by the subsidiary SC OPCOM SA is subject of file 40814/3/2014 on the docket of Bucharest Tribunal, Section VI Civil, involving claims, disputes with professionals.

In the court session of 24.07.2015 the court admitted the application for summons filed by claimant Romanian Gas and Electricity Market Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA and ordered the defendant to pay the amount of 582,086.31 Euro to the claimant, representing the amount paid by it in the defendant's stead from the fine amounting to 1,031,000 Euro, charged by the Decision of the European Commission on 5.03.2014 in the case AT.39984 and the legal interest related to the amount of 582,086 Euro, calculated as of 11.06.2014 and up to the actual payment date. The court compels the defendant to pay the amount of 37,828 Lei as legal expenses to the claimant. Appeal right granted within 30 days from notification. Transelectrica SA filed appeal against ruling 4275/2015, pronounced under the above-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

The Appeal Court's settlement in brief: Admits the appeal. Changes entirely the civil ruling appealed against, meaning it denies as groundless the suing. It compels the recurrent-claimant to pay law suit expenses amounting to 16,129 to the defendant, representing judiciary stamp fee. Appeal right within 30 days from notification. It was pronounced at public hearing on 10.10.2016. Document: Ruling 1517/2016 din 10.10.2016.

OPCOM SA filed appeal, which was registered with the High Court of Cassation and Justice.

Hearing term with the ICCJ: 13.03.2018. ICCJ settlement in brief: Admits the appeal filed by the recurrent-claimant Romanian Gas and Electricity Market Operator OPCOM SA against decision 1517/10.10.2016 pronounced by the Appeal Court Bucharest, Section V Civil. It cancels the appealed decision and sends the case for new judgment to the appeal instance; final.

On the 01.10.2018 hearing term the Appeal Court Bucharest decided denying the appeal as groundless and compelling the respondent in appeal-defendant to pay 26,070.31 Lei as law suit expenses to the respondent in appeal-claimant. Appeal right granted within 30 days from notification.

On 27.11.2018 CNTEE Transelectrica SA filed appeal, which is under filtering with the ICCJ.

The Company registered in 2014 a provision amounting to 2,670,029 Lei for the dispute with Subsidiary OPCOM SA.

The object of file 17765-3-2019 is compelling defendant OPCOM SA to pay 4,517,460 Lei pertaining to invoice TEL 16 AAA 19533/29.07.2016, representing VAT amount corresponding to the contribution of CNTEE Transelectrica SA to the share capital of OPCOM SA, issued under the Loan Contract 7181RO/2003, a commitment to finance the investment project "Electricity Market Project", compelling OPCOM SA to pay 1,293,778.27 Lei under invoices TEL 19 T00 17/28.01.2019 and TEL 19 T00 131/10.07.2019 representing legal penalty interest, calculated for not paying invoice TEL 16 AAA 19533/29.07.2016.

The amount of 4,517,460 Lei, principal debit under complaint 1 of this action represent VAT pertaining to the share capital increase of OPCOM SA by contribution in kind and substantiated in intangible assets received corresponding th stage I A and to stage II of contracts P081406-O-C78, P081406-C125 and P081406-C300.

On the hearing date 27.09.2019 the inadmissibility exception and the prescription exception are denied as groundless. It denies the request as groundless. Appeal right within 10 days from notification to be submitted to Bucharest Tribunal, Section VI Civil.

On 22.11.2019, file 34249/3/2019, settlement in brief: as against the provisions of article 94 para 3 from the Internal Regulation of Judiciary Instances approved by CSM under no. 1375/2015, according to which the appeal ways stated against the same ruling are settled by the initial court and taking into account both the creditor and debtor filed cancellation requests against hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, pertaining to payment ordinance, it decides referring this file for settlement to the first court entrusted to settling an appeal against the hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, namely the Panel of judges 11 AO, initially dealing with file 34022/3/2019, pertaining to cancellation request. *Cancellation requests were registered under file 34022/3/2019, with hearing term on 11.03.2020.*

ASITO KAPITAL SRL

On 01.07.2017 the Company filed suing with respect to issuing payment ordinance, case under file 24552/3/2017 on the docket of Bucharest Tribunal, Section VI Civil, requesting the instance to pronounce decision compelling debtor ASITO KAPITAL SA to pay 7,058,773.36 Euro (equivalent to 31,180,857.96 Lei) representing security policies for down payment BR – 1500544/18.11.2015 and BR – 1500520/29.07.2015.

Taking into account the cancellation request filed by ASITO KAPITAL SA against ruling 4067/2017, the Company constituted a dispute provision amounting to 31,180,858 Lei.

Settlement in brief: It admits the request and orders the debtor to pay 2,237,750.83 Euro within 20 days from receipt of this decision (equivalent of 9,948,592.64 Lei at the exchange rate 1 Euro = 4.4458 Lei) representing unreturned down payment secured under the security letter BR-1500544/18.11.2015 as well as 4,821,022.53 Euro (equivalent of 21,233,265.32 Lei at the exchange rate 4.4041 Lei / Euro) representing unreturned down payment secured under the security letter BR-1500520/29.07.2015; 200 Lei as law suit expenses. Cancellation request right is granted in 10 days from notification.

Ruling 4067/07.11.2017 was drafted and notified to both parties on 17.10.2018.

On 01.11.2018 Ruling 4067/07.11.2017 was legalised and transmitted to BEJ Raileanu in order to execute the enforcement title.

On 06.11.2018 ASITO KAPITAL SA paid 31,181,857.96 to the Company as follows:

- 21,233,265.32 - according to Civil Ruling 4067/2017 (4,821,022.53 Euro at 4.4041);
- 9,948,592.64 - according to Civil Ruling 4067/2017 (2,237,750.83 Euro at 4.4458).

Under file 35865/3/2018 (former file 24552/3/2017) the hearing term was set on 19.02.2019 to settle the cancellation request for the payment ordinance providing return of 31.2 mill. Lei; deferred pronouncement on: 20.03.2019.

On the 19.02.2019 term when the juridical inquiry has ended and the floor was given to the parties for exceptions, evidence and the case substance matter the instance deferred pronouncement twice until 20.03.2019. After deliberation Bucharest Tribunal pronounced the following settlement in brief:

- Denies the request with respect to reversing the enforcement as inadmissible.
- Denies the request to return the stamp tax relating to the request with respect to reversing the enforcement as groundless.
- Denies the cancellation request filed by the contester-debtor ASITO KAPITAL SA against Civil ruling 4067/07.11.2017 pronounced by Bucharest Tribunal, Section VI Civil under file 24552/3/2017, in contradiction with the recurrent - creditor National Power Grid Company TRANSELECTRICA SA as groundless; final. It was pronounced at public hearing on 20.03.2019.

Document: Ruling 743/2019 /20.03.2019.

The court clerk office certificate issued on 18.04.2019 by Bucharest Tribunal, Section VI Civil, certifies Ruling 743/2019 /20.03.2019.

On 04.10.2019 Asito Kapital filed appeal against civil sentence 3840/19.12.2018, the file being referred to the Bucharest Appeal Court to settle the appeal, no hearing term set for the time being. Transelectrica filed objection within the legal term, and the hearing term is to be established.

On 11.11.2019 the case was postponed. Settlement in brief: it admits the request. Spreads out the judiciary stamp tax owed by the claimants under the case, in quantum of 185,790.30 Lei, into 3 equal monthly instalments, due on the 20th day of each month beginning with November 2019, in quantum of 61,930.10 Lei each. Reexamination request granted within 15 days from notification.

The next term under file 28445/3/2017 (3055/2019) is on 18.05.2020.

CONAID COMPANY SRL

In 2013 Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensations for the expenses incurred to that date amounting to de 17,419,508 Lei and unrealised profits in 2013-2033 amounting to 722,756,000 Euro. So far the Company concluded no addendum to the connection contract since the suspensive conditions of the contract have not been complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, expiry date of the technical connection endorsement. File 5302/2/2013 was on the docket of the High Court of Cassation and Justice. The Administrative and Fiscal

Disputes section pertained to an obligation to issue administrative deed, case stage- appeal, hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted the appeals in principle and set the substance term of appeals on 08 April 2016. Judge panel 4, summoning the parties.

Case judgment was deferred until 17.06.2016, when the court postponed pronouncement to 29.06.2016, when Decision 2148/2016 was issued whereby it decided as follows: "Denies the exceptions invoked by the recurrent-claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA. It admits the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18 February 2014 and civil ruling 1866 of 11 June 2014 pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It cancels the contested conclusion and partly the ruling and refers the case to Bucharest Tribunal, Section VI Civil to settle the claimant's case in contradiction with the National Power Grid Company Transelectrica SA. It maintains the other ruling provisions as regards the claimant's suit against the National Regulatory Authority in the Energy Domain. It denies the appeals filed by claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the intervenient SC Duro Felguera SA against civil ruling 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It denies the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 25 March 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes; final. Pronounced at public hearing on 29 June 2016.

The file was registered under no. 12107/3/2017 on the docket of Bucharest Tribunal. By civil ruling 4364/23.11.2017 the Tribunal admits the exception of inadmissibility and denies the request as inadmissible. It also denies the intervention request in the claimant's interest. Appeal right granted within 30 days from notification. Appeal was filed to the Appeal Court Bucharest and placed at the parties' disposal by the court clerk office on 23.11.2017.

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil a new suing request was filed by Conaid Company SRL under file 36755/3/2018, by

which the claimant requested the court to compel Transelectrica SA to “repair the prejudice caused to the claimant as a result of the defendant’s culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and unrealised benefit, provisionally estimated at 100,000 Euro... taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the claimant’s obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms”.

On 15.10.2019 it denies as groundless the exceptions of absence of active procedural quality and absence of interest. It joins the case with the prescription exception. Appeal right granted with the first case. Pronounced by placing the settlement to the parties’ disposal by means of the court’s clerk office.

Term is granted on 26.11.2019 to continue with case research, summoning the parties. Appeal right granted with the first case. Pronounced by placing the settlement to the parties’ disposal by means of the court’s clerk office.

It is postponed to provide the expertise evidence and term is established on 21.01.2020.

On 21.01.2020 the case was postponed for expertise and a new term is set on 31.03.2020.

FF WIND ENERGY INTERNAȚIONAL SRL

File 47332/3/2017 on the docket of Bucharest Tribunal, Section VI Civil, whereby Company FF Wind Energy International SRL requests in contradiction with CNTEE Transelectrica SA: - cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295, - compelling the Company to pay 32,777,167.35 Lei as prejudice following contract termination as well as 45,000,000 Euro, representing the devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose. File stage: under preliminary procedure of case notification and contest filing.

On 28.12.2018 hearing term the court denied the suing as filed as groundless. It acknowledged the defendant did not request law court expenses, appeal right within 30 days from notification. According to article 425 para 3 and article 471 para 1 of the Civil Procedural Code the appeal and its grounds are

submitted to Bucharest Tribunal, Section VI Civil. The court clerk office notified it on 28.12.2018. Document: Ruling 3891/ 28.12.2018.

Company FF Wind Energy International SRL filed appeal, which was heard on 18.06.2019, while pronouncement was deferred on 23.07.2019, when the settlement in brief was: “It denies the appeal as groundless. Appeal right within 30 days from notification. Appeal requests to be submitted to the Appeal Court Bucharest, Section VI Civil, pending the nullity sanction. Document: Ruling 1191/23.07.2019”.

FF Wind filed appeal, which is under filtering with the High Court of Cassation and Justice.

ELECTROCENTRALE BUCHAREST SA

By appealing the decision of the judicial administrator to refuse to answer the payment request subject to file no. 6642/3/2018 registered with the Bucharest Tribunal Transelectrica asked that Electrocentrale Bucuresti SA, a debtor under the insolvency procedure, should be compelled to pay 56,680,387 RON, i.e. the equivalent value of the over-compensation, based on Decision 476/30.03.2017 of ANRE President.

Settlement in brief of Bucharest Tribunal: It rejects as unfounded the exception for the late appeal invoked by the defendant ELCEN in the appeal. It admits the appeal filed against the measure of the judicial administrator. It compels the debtor to pay the appellant the amount of 56,680,387 RON, i.e. the non-paid difference for the Overcompensation decision no. 476/30.03.2017 and the invoice series TEL17COG no. 17948/30.03.2017. It admits the request that the debtor should be compelled to pay legal expenses.

It compels the debtor to pay the appellant 2500 RON as legal expenses, representing a stamp fee and a provisional expertise fee. Appeal right within 7 days from notification. Appeal to be submitted to Bucharest Tribunal, Section VII Civil. Ruled at public hearing on 21.12.2018. Document: Civil ruling 7834/21.12.2018.

Elcen filed appeal, which was denied as groundless on 11.06.2019.

ROMENERGY INDUSTRY

File **2088/107/2016** on the docket of Alba Tribunal pertains to “Bankruptcy - Request to be added in the creditors’ list”.

Transelectrica filed request to be added in the creditors’ list with 16,112,165.18 mill Lei, and such

trade receivable was admitted in inserted in the preliminary Table.

Settlement in brief: Establishing the term on 14.10.2019 to continue the bankruptcy procedure by capitalising the goods and recovering receivables. The judiciary liquidator will execute and submit to the file: - on each 15th day of the months for the previous months the monthly activity reports provided in para 1 of article 59 Law 85/2014; - for the verification term, 5 days before it the synthetic report of 120 days, provided in the final part of para 3 of article 59 Law 85/2014.

On 27.01.2020 the verification date is set on 11.05.2020 – room 5, 9:00 h, taking into account Decision 2/22.01.2020 of the General Assembly of judges from Alba Tribunal, whereby the suspension of judgement was decided.

DAGESH ROM

File 17284/3/2015 on the docket of Bucharest Tribunal / Appeal Court. Through its summons claimant Dagesh Rom request compelling CNTEE Transelectrica SA to pay 2,784,950 Lei, representing rent indexation and delay penalties for rent indexation + 168,500 Lei, representing the difference of service fee and delay penalties.

Settlement of TMB

1. It admits the write-off exception with respect to the claims represented by: - rent difference requested for 04.03.2012 - 12.05.2012; related penalties requested as rent difference calculated for 04.03.2012 - 12.05.2012; service fee difference asked for the interval 04.03.2012 - 12.05.2012; related penalties requested as service fee difference calculated for 04.03.2012 - 12.05.2012. It denies such claims as being written-off.

2. It denies the other claims as groundless.

3. It compels the claimant to pay 2,250 Lei as law suit expenses to the defendant.

4. Appeal right within 30 days from notification; appeal to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing; Ruling 7230/15.11.2016.

Settlement of CAB: Dagesh filed appeal on 04.10.2017. Settlement in brief: It admits the appeal. It partly changes the contested ruling; it partly admits the suing, namely it compels the defendant to pay 76,265.23 Lei as service fee difference for 2012 and 76,265.23 Lei as related delay penalties. It maintains the other ruling provisions appealed against. It compels the recurrent defendant pay to the recurrent claimant 31,877.45 Lei as law suit expenses, for first

instance and appeal; appeal right within 30 days from notification. Appeal will be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 810/20.04.2018. Both parties filed appeal with term on 12.11.2019 with the High Court of Cassation and Justice.

It denies as groundless the appeals filed by the recurrent-claimant SC DAGESH ROM SRL and by the recurrent-defendant National Power Grid Company Transelectrica SA against civil ruling 810A/2018 of 20 April 2018, pronounced by the Appeal Court Bucharest, Section VI Civil. It denies the requests filed by the recurrent-claimant SC DAGESH ROM SRL and by the recurrent-defendant National Power Grid Company Transelectrica SA with respect to granting law court expenses; final.

MUNICIPALITY OF RESITA

File 2494/115/2018*, registered on the docket of Caras Severin Tribunal pertains to suing whereby claimant Resita City requests that the defendant CNTEE Transelectrica SA should be compelled to pay the following amounts:

- 2,129,765.86 Lei representing rent for the land temporarily taken up from the forest fund in 2015;

- 2,129,765.86 Lei representing land rent for 2016;

- 2.129.765,86 lei, 2,129,765.86 Lei representing land rent for 2018;

- Legal penalty interest from due date until actual payment.

Settlement in brief: It admits the exception of territorial incompetence for Caras Severin Tribunal. It declines the settlement competence of the request filed by claimant Resita City through the mayor in contradiction with defendant CNTEE Transelectrica SA in favour of Bucharest Tribunal. No appeal according to article 132 para 3 Civil Procedural Code. It was pronounced at public hearing on 11 March 2019. Document: Ruling 313/11.03.2019

On 25.10.2019 hearing term the territorial incompetence of Bucharest Tribunal was admitted. It declines the case settlement competence in favour of Caras-Severin Tribunal. It ascertains the occurrence of the negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal. It suspends the case and refers the file to the High Court of Cassation and Justice, in view of settling the negative competence conflict. No appeal right is granted. Pronouncement to be made by placing the settlement to the parties' disposal by the court clerk. Ruling 2376/25.10.2019.

ANAF

At the offices of Transelectrica SA a general fiscal inspection took place targeting the interval December 2005 – December 2010. Such general fiscal audit began on 14.12.2011 and ended on 26.06.2017, date of the final discussion with Transelectrica SA.

ANAF – DGAMC established additional fiscal obligations payable by the Company, namely income tax and VAT, as well as accessory fiscal liabilities (interest/delay indexations and penalties) with respect to technological system services (STS) invoiced by energy suppliers, considered non-deductible after the fiscal audit.

In accordance with the taxation decision F-MC 439/30.06.2017, in total sum of 99,013,399 Lei, ANAF – DGAMC established additional fiscal liabilities payable by the Company, amounting to 35,105,092 Lei, as well as accessory fiscal ones (interest/delay indexations and penalties), amounting to 63,908,307 Lei.

ANAF's Tax inspection report mainly records the following additional payment liabilities: corporate tax amounting to 13,726,800 plus accessories, owed for a number of 123 unused invoices identified as missing (they were destroyed in the fire that broke out the night of 26-27 June 2009, at the business office from Millennium Business Centre from 2-4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime.

These invoices were subject to a dispute with ANAF, the latter sending a tax inspection report on 20.09.2011 which estimated the amount of collected VAT for a number of 123 unused invoices identified as missing.

The Company contested within legal terms, according to OG 92/2003 of the Fiscal Procedural Code, Taxation decision F-MC 439/30.06.2017.

ANAF issued the enforcement title 13540/22.08.2017 based on which the additional payment obligations established under the Taxation decision F-MC 439/30.06.2017 were executed.

The Company requested the Appeal Court to cancel the enforcement title 13540/22.08.2017 in file 7141/2/2017. Settlement in brief: Admits the exception of the material incompetence of the Appeal Court Bucharest, SCAF. It declines the case settlement competence in favour of Law Court of Bucharest District 1. No appeal. Such was ruled in

open court on 08.02.2018. Document: Ruling 478/2018 din 08.02.2018.

After declining the jurisdiction, the casefile 8993/299/2018 is pending with the 1st District Court through which the Company disputed the enforcement started on the grounds of enforcement order no. 13540/22.08.2017 which is based on the Notice of assessment F-MC 439/30.06.2017.

Upon Company's contestation of the fiscal administrative document - Decision F-MC 439/30.06.2017, ANAF notified the Company its Decision 122/13.03.2018 through which it rejects, as groundless, the contestation filed by CNTEE Transelectrica SA; the decision was received on 16.03.2018, after filing the application for summons which is subject to casefile 1802/2/2018.

Settlement in brief: It admits the request of judgment suspension filed by the appellant. On the grounds of Article 413 (1) (1) of the Civil Procedure Code, judgement is suspended until the final settlement of case file no. 1802/2/2018, pending with the Court of Appeal Bucharest, Section VIII Administrative and Fiscal Disputes.

Appeal right during the entire suspension; appeal to be submitted to the Law Court of Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

On the docket of the Appeal Court is the case file 1802/2/2018 through which the Company contested the fiscal administrative document - Decision F-MC 439/30.06.2017.

On the session term 06.11.2018 the court admitted the administration of the expertise evidence, in the accounting – fiscal specific domain.

On 21.01.2020 the case was postponed in order to receive the answer to objections, next term being on 28.04.2020.

OTHERS:

The Company is also involved in significant disputes, especially in view of recovering receivables (e.g. Eco Energy SRL, Petprod SRL, Total Electric Oltenia SA, Arcelormittal Galati SA, Independent Authority for Nuclear Activities, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iasi, CET Bacau, CET Braila, CET Govora, CET Brasov, Elsaco Energy SRL, Elsaco Esco, Arelco Power SRL, Arelco Energy SRL, Inversolar Energy SA, Opcom, Menarom PEC SA Galati and others).

The Company recorded value allowances for clients and for other disputed receivables and for bankrupt clients as well.

At the same time the Company is involved in disputes with former Directorate and Supervisory Board members with respect to the mandate contracts concluded between them and the Company.

The Company's managerial team considers it likely not to have situations requiring resource output to settle ongoing disputes.

Moreover, there are no other disputes that by either their nature or their value could require providing significant contingent assets or liabilities for Company activities.



Transelectrica®

Societate Administrată în Sistem Dualist

Report

Corporate governance and social responsibility



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14. Corporate governance

The Corporate Governance Regulation

Once the shares were listed on the regulated market managed by the Bucharest Stock Exchange („BVB”) the Company appropriated the principles from BVB’s Code of Corporate Governance. In accordance with BVB requirements Transelectrica has made public to investors the Company’s updated Corporate Governance Regulation.

The objective is to improve and consolidate the elements and principles of corporate governance in order to protect shareholders and their rights, as well as to comply with the transparency requirements.

The Corporate Governance Regulation represents an extremely important instrument for the Company, which is meant to gather in just one document and synthetically the main rules and regulations existent and already applied by the Company. The central elements of such Corporate Governance Regulation are the access of investors to information and the protection of shareholders’ rights.

The Company has adopted transparent culture and an efficient corporate governance model, the internal documents-support in this matter, but also the Company’s behaviour is aligned to the new BVB Corporate Governance Code. Reporting obligations in accordance with the new Governance Code of BVB are included in the periodical reports.

The document is elaborated in accordance with the principles established in the Corporate Governance Code of BVB and can be found on the site www.transelectrica.ro, section Investor Relations / Corporate Governance / the Company’s Corporate Governance Code.

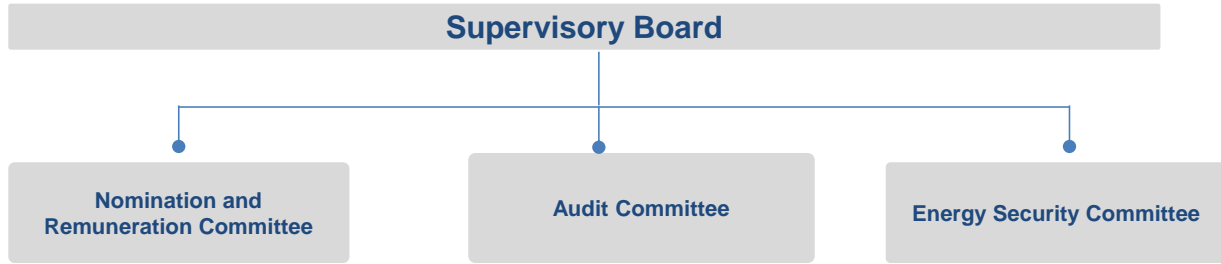
Other applicable documents

The Company is complying with the provisions of the primary and secondary legislative provisions applicable to the capital market, as well as with the BVB’s and other organisations’ regulations, also observing and applying all the legislative provisions of the legislation regarding public societies and

enterprises, including other internal regulations and documents of the Company, which are relevant in this domain, of which:

- Law 24/2017 on the issuers of financial instruments and market operations, Law 297/2004 on the capital market, with later amendments and additions;
- ASF Regulation 5/2018 regarding the issuers of financial instruments and market operations;
- Code of the Bucharest Stock Exchange, Corporate Governance Code al BVB;
- Corporate Governance Code and the set of Anticorruption Principles elaborated by AmCham Romania, which are international reference standards in view of intituting a healthy business environment;
- Company law 31/1990, republished, with later amendments and additions (“Law 31/1990”);
- OUG 109/2011 on the corporate governance of public enterprises, with later amendments and additions (“OUG 109/2011”);
- Listing commitment to the Initial Public Offer (in 2006) whereby Transelectrica assumed to comply with the rights of security owners and provide equal treatment to all holders of securities of the same type and category;
- The Company’s Articles of association, with latest update on 21.12.2018 following Decision 16/21.12.2018 of the Shareholders’ General Extraordinary Assembly (“Articles of Association”);
- Regulation on the Supervisory Board’s organisation and operation;
- Code of Professional Ethics, compulsory for all organisational structures, which provides the ethical conduct norms establishing and regulating corporative values, the responsibilities, obligations and business conduct based on which the organisation has developed.

Figure 36: Structure of the Supervisory Board as of December 31st, 2019



The Supervisory Board

(hereinafter called “CS”)

The Supervisory Board’s structure on 31.12.2019 era was the following:

- Adrian Goicea – Chairman
- Luiza Popescu – Member
- Jean-Valentin Comanescu – Member
- Oleg Burlacu – Member
- Mircea Cristian Staicu – Member
- Ciprian Constantin Dumitru – Member
- Mihaela Constantinovici – Member

In accordance with the Articles of Association the CS consists of seven members for a four years’ term at the most, and they can be recalled any time by the Shareholders’ General Assembly of the Company (“AGA”).

All members are non-executive as the Company governance devolves on the Directorate, in accordance with legal provisions and the Articles of Association. CS can meet any time however at least once every three months.

The Company bears the costs of professional liability insurance for CS members. The value of the insured amount and the insurance premium have been established under AGA decision.

In 2019 the CS gathered every time the Company interests required debates with respect to the issues under its competence.

Electing the Supervisory Board members by the cumulative vote method

Upon request from shareholders representing, individually or jointly, at least 10% of the share capital subscribed and paid, the Directorate is compulsorily convening the AGA with agenda including election of CS members applying the cumulative vote method.

Any shareholder holding less than 10% of the share capital subscribed and paid can make written proposals in writing addressed to the Directorate, to apply the cumulative voting method, within 15 days from the publication in Romania’s Official Gazette, Part IV, of the convening notice with agenda including election of CS members. In such cases the application of the cumulative voting method for CS members is subjected to the approval of the Shareholders’ General Assembly.

Such method of the cumulative vote provides each shareholder with the right to attribute his / her cumulated votes – obtained by multiplying the votes held by any shareholder with the number of members to be included in the CS, in accordance with his / her participation to the share capital – to one or more persons proposed to be elected in the CS.

Shareholders by exercising the cumulative voting method can give all their cumulated votes to a single candidate or to more candidates. They will specify the number of granted votes across the name of each candidate.

In case the cumulative voting method is applied CS members in office on the general assembly’s date will be enlisted ex officio in the candidate list for election of CS members, next to the candidates proposed by shareholders.

All candidates mentioned in the candidature lists will be submitted to the shareholders’ vote during AGA.

CS members in office on the general assembly’s date who are not reconfirmed by cumulative vote as CS members are considered as recalled from such position by decision of the general assembly.

The mandate term of CS members in office on the date of the shareholders’ general assembly where the cumulative vote was cast will continue in case they were reconfirmed by the cumulative vote.

In case two or several persons proposed to become CS members obtain the same number of cumulated votes the elected person will be declared the one who was voted by a greater number of shareholders.

The selection criteria for CS members election in case two or several persons proposed obtain the same number of cumulated votes, expressed by the same number of shareholders, are established by the shareholders' general assembly and specified in its minutes.

In 2019 CS members have not been elected by the cumulative voting method.

Remuneration of the Supervisory Board

Supervisory Board members benefit of gross fixed monthly remuneration established by AGA in accordance with applicable legal provisions.

Until 29.11.2019 the maximum fixed gross monthly indemnification owed to CS members during their provisional member mandates was established under AGA Decision 3/05.03.2018 to 5,319 Lei gross / month. Beginning with 30.11.2019 the maximum fixed gross monthly indemnification owed to CS members during their provisional member mandates was established under AGA Decision 31/26.11.2019 to 13,976 Lei gross / month.

The mechanism granting the gross fixed monthly indemnification is as follows:

- Members (chairperson included) who are active in at least two 2 consultative committees constituted within the Board benefit of the maximum amount of the gross fixed monthly indemnification;
- Members who are active in one consultative committee constituted within the Board benefit of 90% from the maximum amount of their gross fixed monthly indemnification;
- Members who are not active in the consultative committees constituted within the Board benefit of 85% from the maximum amount of their gross fixed monthly indemnification.

Attributions of the Supervisory Board

The Supervisory Board has the following main attributions:

- Exercising control over the manner in which the Directorate manages the Company
- Verifying the revenue and expense budget and the investment programme during the financial year submitted for approval of the Shareholders' General Assembly
- Performing any attributions provided by the special legislation applicable in the domain of public enterprise administratin
- Determining the structure and number of Directorate members

- Appointing and recalling the Directorate members and establishing their remuneration
- Verifying whether the activities performed in the name and on behalf of the Company are compliant with the law, the articles of association and the shareholders' general assembly's decision
- Submitting to the shareholders' general assembly a report, at least once a year, with respect to the supervisory activities performed
- Representing the Company in its relations with the Directorate
- Approving the Directorate's internal rules
- Verifying the Company's financial statements
- Verifying the report of Directorate members
- Proposing th the general assembly the appointment and recalling of the financial auditor, as well as the minimum term of the audit contract

At the same time in exceptional circumstances when the Company interest so requires the Supervisory Board can convene the shareholders' general assembly and certain type of operations cannot be carried out without the Supervisory Board's agreement. They are the following:

- Procurement of products, services and work, regardless of duration, amounting to more than 5,000,000 Euros
- Operations pertaining to the provision of transmission services, system services, administration of the wholesale electricity market; operations to collect the contribution for high efficiency cogeneration, to pay the bonus and return the overcompensation / undue bonus; operations of RET connection, of provision for coexistence conditions, location free-up and work execution, technical consultancy and project management for such work; land sale-purchase operations as necessary for the new installations according to RET-connection contracts, as well as the lands necessary for access roads to such installation; operations to constitute in favour of the Company use and servitude rights, superficie rights, utilisation rights, to impact in any mode the lands occupied by new installations according to RET-connection contracts, as well as any operations to be made for the good development of the Company's main business in accordance with applicable regulations, amounting to more than 10,000,000 Euros
- Initiating, settling, exercising, giving up certain claims, dispute & arbitrage above 500,000 Euros

- Commitments that involve important obligations of the Company, except for operations provided in the first two items amounting to more than 5,000,000 Euros
- Any free deed, including any sponsorships and donations offered by the Company of individual value above 100,000 Lei
- Establishing or dissolving secondary Company offices, in the country or abroad (branches, representation offices, agencies or any other similar unit without legal personality)

At the same time Supervisory Board have diligence and loyalty duties to the Company and they observe this obligation if when a business decision is made they are reasonably entitled to deem they act in the Company's interest. The Supervisory Board, while exercising their essential control attributions over the manner in which the Directorate leads the Company and verification of activities performed in the name and on the Company's behalf are entitled and obliged to establish, in relation to the Directorate and the Company, modes of control, verification and reporting they deem necessary for the fulfilment of such attributions. In correlation thereof, the Directorate has the duty to provide Company-wide the reporting procedures and organisational conditions necessary for the performance of control and verification attributions entrusted to the Supervisory Board.

Consultative Committees

On 31.12.2019 three consultative committees were established within the Supervisory Board:

- *Audit committee;*
- *Nomination and remuneration committee;*
- *Energy security committee;*

With the following membership:

Audit committee – Jean-Valentin COMANESCU, Adrian GOICEA and Luiza POPESCU.

Nomination and remuneration committee: Adrian GOICEA, Jean-Valentin COMANESCU, Oleg BURLACU, Luiza POPESCU and Jean BADEA.

Energy security committee: Oleg BURLACU, Adrian GOICEA, Luiza POPESCU, Jean-Valentin COMANESCU and Jean BADEA

Decisions of consultative committees are taken with majority of votes. In case of ballot the committee chairman casts the decisive vote.

In accordance with the approved organisation and operation regulation at least a member of each

constituted committee should be an independent administrator, with the meaning ensuing from the company law and the capital market's legislation and regulations. As far as the audit committee is concerned, most of its members should be independent administrators.

Any member of a consultative committee can convene committee meeting for the committee he/she is a member of. Such convening notice of consultative committees will be transmitted to each committee member in writing, by fax or electronic mail to the e-mail address and fax number of the respective committee member.

Attributions of the committees within the Supervisory Board

The main attributions of CS committees, depending on their activity domain are as follows:

The Nomination and Remuneration Committee

- Formulating proposals for member positions in the Supervisory Board and the Directorate
- Elaborating and making proposals to the Supervisory Board with respect to selecting Supervisory Board members, Directorate members for the Company as well as for other managerial positions
- Formulating proposals for the remuneration of Directorate members in the Company and of other managerial positions, while observing the general remuneration limits approved by the Shareholders' general assembly
- Coordinating the appointment of Directorate members
- Providing the total sum of the direct and indirect remuneration of Directorate and Supervisory Board members in the Annual Report

The Audit Committee

This committee assists the CS with fulfilling its responsibilities of financial reporting, internal audit and risk management.

The Audit committee's attributions pertaining to financial reporting and statutory audit:

- Monitoring the financial reporting in all the Company
- Monitoring the statutory audit of annual financial statements and of the annual consolidated ones
- Examining regularly the efficiency of financial reporting

- Verifying and monitoring the statutory auditor's independence or of the audit company's and, more especially, the provision of additional services to the audited entity
- Formulating recommendations to the Board regarding appointment of the Company's external auditor (statutory auditor or audit firm) with respect to selecting, appointing, reappointing and replacing the external auditor, and the terms and conditions for such remuneration
- Monitoring the external auditor's independence and objectivity, especially by monitoring the turnover of partners in the audit firm
- Receiving and examining the external auditor's report with respect to the essential aspects resulting from statutory audit and especially with respect to significant deficiencies of internal audit as regards financial reporting processes
- Supporting the Board with monitoring the credibility and integrity of the financial information supplied by the Company, especially by reviewing the relevance and consistency of accounting standards applied by it (including the consolidation criteria)

The Audit committee's attributions for internal managerial control:

- Monitoring the effectiveness of internal control, internal audit systems and, as the case may be, the risk management systems within the Company
- Examining regularly the efficiency of internal control and the risk management system applied by the Company
- Making sure the audit reviews performed, as well as the elaborated audit reports ensuing the former are compliant with the audit plan approved for the Company
- Proposing to the Board the control, verification and reporting modalities necessary for the exercise of essential control attributions over the manner in which the Directorate manages the Company, as well as for the verification of activities performed in the Company's name and on its behalf
- Verifying Company-wide the achievement of obligations regarding non-financial reporting
- Carrying out the attributions provided in article 65 of Law 162/2017 on the statutory audit of annual financial statements and of consolidated financial statements and amending certain norms

The Energy Security Committee

- Monitoring and counselling the Supervisory Board, the Directorate and the Company's speciality compartments in the strategic objective domain in line of: transmission and system operator responsible for electricity supply under safe condition to overall SEN; RET operation in terms of energy security for the overall SEN; energy security and protection of critical infrastructures
- Getting involved under Supervisory Board's mandate together with the Directorate in the dialogue with public authorities with attributions and competence in the energy security domain (Ministry of Energy, specific commissions of the Parliament, etc.)

CS committees activity in 2019

In 2019 the activities of the Energy security committee were focussed on analysing the achievement stage of the Annual investment programme and finding solutions to expedite investments.

The activities of the Nomination and remuneration committee in 2019 were as follows:

- Extending with two more months the mandates of Directorate members according to the provisions of article 642 para (1) of OUG 109/2011 on the corporate governance of public enterprises (11.04.2019)
- Formulating proposals to fill up the Directorate member positions in the Company beginning with 21.06.2019 and formulating proposals to the Supervisory Board in view of appointing the Company's Directorate beginning with 21.06.2019
- Completing the 2018 report of the Nomination and Remuneration Committee

In 2019 the Audit committee carried out the following activities:

- Checking up the preliminary stand-alone financial statements on the date and for the financial year ending on December 2018 (non-audited);
- Checking up the stand-alone financial statements of the financial year ended on 31 December 2018 elaborated as per MFP Order 2844/2016
- Verifying the consolidated financial statements of the financial year ended on 31 December 2018 elaborated as per MFP Order 2844/2016

- Verifying the Directorate's Annual report with respect to Company activities in 2018 according to the provisions of article 63 from law 24/ 2017 on the capital market and of Regulation 5/2018 issued by the Financial Supervisory Authority
- Checking up the annual report on the 2018 consolidated financial statements of Transelectrica
- Completing the Supervisory Board's Half-yearly report for semester II of 2018 elaborated in accordance with the requirements of OUG 109/2011
- Completing the Audit committee's report elaborated in accordance with the new provisions of the Corporate Governance Code of BVB
- Verifying the stand-alone intermediate simplified financial statements on the date and for the three months' period ended on 31 March 2019
- Having acknowledged:
 - The Directorate's activity report for Q IV 2018
 - ASF report for Q IV and January – December 2018
 - The forecasted economic situation in the first two months of 2019
 - The independent auditor's report for the year ended on 31 December 2018
 - Information about constituting the reserves related to the revenues achieved from the allocation of interconnection capacities on interconnection lines, from the surplus of revaluation reserves, non-taxable when its destination is changed
 - Information with respect to net profit distribution on 31.12.2018
 - Information regarding the occurrence of prescription for the shareholders' right to the 2015 dividends
 - The Directorate's Activity report regarding the quarterly results from Q I of 2019 (elaborated in accordance with the provisions of OUG 109/2011)
 - The quarterly report regarding the economic-financial activities of CNTEE Transelectrica SA from Q I of 2019 (elaborated according to the requirements of the capital market)
 - The Directorate's activity report regarding the quarterly results from Q II of 2019 (elaborated according to the provisions of OUG 109/2011)
 - The Directorate's activity report regarding the quarterly results from Q III of 2019 (elaborated according to the provisions of OUG 109/2011)

During 2019 the Audit Committee was informed with respect to the Plan of (intern) audit activities for 2019 and was communicated all the Audit reports elaborated in 2019.

Directorate

The Directorate membership on 31.12.2019:

- Catalin Nitu – Președinte
- Ionut Bogdan Grecia – Member
- Andreea-Mihaela Miu – Member
- Adrian Moise – Member
- Ioan Folescu – Member

Organisation of the Directorate

Directorate members are appointed and recalled by the Supervisory Board. One of the Directorate members is appointed by the Supervisory Board as Directorate chairperson (alternatively called Executive Director General or Chief Executive Officer – “CEO” – of the Company), Chairperson that convenes the Directorate meetings and is also responsible for the good organisation of Directorate activities in the capacity of collective management body with a view to fulfil the attributions and și responsibilities incumbent to them, or respectively are on its behalf according to the applicable law and the Articles of Association.

Directorate members are appointed and recalled by the CS. The CS therefore establishes the number of Directorate members, provided such number is no smaller than three and no greater than seven, as it has to be always odd. A Directorate member will be appointed Directorate chairperson (alternatively called Executive Director General or Chief Executive Officer – “CEO” – of the Company).

In accordance with the provisions of OUG 109/2011, their mandate is provided for a 4 (four) years' term. In case a Directorate member position becomes vacant the Supervisory Board will appoint another member for the remaining term of the replaced member's mandate, selected in accordance with the provisions of the Governmental Emergency Ordinance 109/2011.

Remuneration of the Directorate

In 2019 Directorate members had a gross fixed monthly indemnification established by the Supervisory Board in accordance with applicable legal provisions as follows:

- Indemnification for Directorate chairperson – 31,200 Lei gross/month;
- Indemnification for Directorate members – 33,600 Lei gross/month;

Attributions and duties of the Directorate

The Directorate performs all actions necessary and useful for the accomplishment of the Company's activities, except for those the law reserves on behalf of the Supervisory Board and the Shareholders' general assembly, as Company management devolves to it exclusively according to the applicable law.

The Directorate exercises its attributions under the Supervisory Board's control and has the tasks to:

- Provide the Supervisory Board, at least once every 3 (three) months, with written reports regarding the Company management, Company activities and the possible Company development;
- Provide Company-wide the reporting procedures and organisational conditions necessary for the exercise of control and verification attributions devolving on the Supervisory Board.

The Directorate leads the Company, approves all Company operations, others than what is provided for the competence of the Shareholders' general assembly and represents the Company in its relations with third parties and the courts.

The main Directorate tasks performed under the supervision of the Supervisory Board (CS) are:

- Establishing the Company's strategy, development policies, accounting policies, the financial audit system and approving the financial planning;
- Approving the Company's organisational structure (organisation chart) and its Organisation and operation regulation;
- Submitting annually a report to the Shareholders' general assembly with respect to Company activities, financial statements of the previous year, the draft budget and the Company's investment plan of the current year;
- Concluding juridical deeds with third parties in the Company's name and its behalf while complying with the provisions of the Articles of Association regarding the joint signature and observing as well the aspects reserved for the competence of the shareholders' general assembly or the Supervisory Board's;

- Hiring and firing, establishing the tasks and responsibility of Company employees in accordance with the Company's personnel policy;
- Negotiating the Collective labour contract colectiv Company-wide, as well as its addendums together with employees' representatives;
- Performing all the deeds and applying all measures necessary and useful for the management and accomplishment of the Company's activities, except for those reserved by law or under the Articles of Association on behalf of the shareholders' general assembly and of the Supervisory Board. To this effect the Directorate approves Company operations, others than those provided for AGA's competence, being obliged to get the CS agreement for the kinds of operations which the law or the Articles of Association provides such an agreement for;
- Approving the mandates of Company representatives in the shareholders' general assemblies of Company subsidiaries and quarterly informing the CS about the mandates granted to them;
- Approving with the CS agreement the establishment or dissolving of secondary offices (branches, representation offices, agencies or any other similar unit without legal personality);
- Approving the Company's conclusion of juridical deeds such as the company contract regulated by the Civil code whenever the result is not a distinct entity with legal personality and approving the Company's participation as member in internal or international organisations;
- Exercising any competence provided by law or delegated by the shareholders' general assembly according to legal provisions;
- Carrying out any attributions provided in the special legislation applicable to the management of public enterprises;
- Putting in application the decisions taken by the shareholders' general assembly.

The Directorate informs the Shareholders' general assembly, at least twice a year with respect to the following types of operations:

- Procurement of products, services and work, regardless of duration, amounting to more than 5,000,000 Euros;
- Initiating, settling, exercising, giving up certain claims, dispute and arbitration above 500,000 Euros;

- Commitments involving important Company obligations amounting above 5,000,000 Euros;
- Credits, regardless of term, under 50,000,000 Euros;
- Credit securities below 50,000,000 Euros.

The Directorate is obliged to obtain the Supervisory Board's agreement for certain types of operations, as in case of such operations the Directorate is able to approve the respective action only when the Supervisory Board's agreement has been obtained. In case of refusal the Directorate has also the possibility to resort to the agreement of the Shareholders' generale ordinary assembly that will be decided according to legal terms.

In the absence of candidates selected by the competent authority with respect to appointing the Company's Supervisory Board and Board appointment by the Shareholders' general assembly for 4 years' mandate according to the Articles of Association in 2019, both within the Supervisory Board and the Directorate there has been provisional situation without an administration plan and objectives / indicators applicable to mandates execution, circumstances relying on the provisions from article 64¹ and article 64² of OUG 109/2011.

The General Assembly of Shareholders

AGA is the governing body of Transelectrica that decides on the Company's activities and economic policy. It can be ordinary or extraordinary and its specific attributions are provided in the Articles of Association.

Once the Company's financial instruments have been listed on the regulated market managed by the BVB it has assumed the obligation to observe the rights of financial instrument holders issued by it and to provide them equitable treatment.

Thus all holders of financial instruments of the same title category are treated equitably and all financial instruments of the same type and category conferring equal rights to holders.

Each share confers to its holder as provided in the Articles of Association:

- Voting right within AGA (a share = a vote);
- The right to elect and be elected into governance bodies;
- The right to participate to profit distribution (dividend right);

Holding a share certifies the lawful adhesion to the Articles of Association.

All shareholders are entitled to participate to AGA, to exercise their voting rights and to express their opinions during debates.

The Shareholders' General Ordinary Assembly has the following obligations and attributions:

- Debating, approving or amending the annual financial statements based on the reports submitted by the Directorate, the Supervisory Board and the financial auditor;
- Approving the profit distribution and setting the dividend;
- Electing and recalling the Supervisory Board's members;
- Appointing and dismissing the financial auditor and setting the minimum term of the audit contract;
- Setting the general limits for the remuneration of Directorate members;
- Setting the remuneration owed to Supervisory Board members for the current exercise;
- Having its say about the management of Directorate and Supervisory Board members, assessing their activities and discharging them of liability, according to legal terms;
- Deciding on taking to court the Directorate and Supervisory Board members, as the case may be, for damages caused to the Company;
- Establishing the revenue and expense budget and the investment programme for the financial year submitted to approval;
- Deciding on whatever relates to its competence according to applicable legislation;
- Examining the Supervisory Board's reports with respect to their activities;
- Deciding on pledging or renting one or several Company units.

The Shareholders' General Extraordinary Assembly gathers every time it is necessary to decide over one of the following issues:

- Changing the Company's juridical form;
- Moving the Company offices;
- Changing the Company's activity domain;
- Increasing the Company's share capital;
- Reducing the Company's share capital or replenishing it by issuing new shares;
- Merger with other companies;
- Dividing the Company;
- Anticipated Company dissolving;
- Share conversion from one category to another;
- Turning nominative shares into bearer ones or the bearer shares into nominative ones;

- Share conversion from one share category to another;
- Issuing bonds;
- Concluding deeds to acquire, estrange, change or turn into security some of the Company's intangible assets whose value exceeds, individually or cumulatively, during a financial year 20% of the total accounting value of the Company's intangible assets minus receivables;
- Any changes in the Articles of Association or any other decision which AGA's approval is required for.

Besides the competences and attributions mentioned above or in legal provisions the Shareholders' General Extraordinary Assembly decides on the following issues:

- The Company's acting as creditor and making all kinds of loans or loan-type bonds;
- Establishing or participating to the establishment of entities with distinct juridical personality of patrimonial or non-patrimonial purpose, as well as participating to the share capital of other companies;
- Contracting credits with term above or equal to 5 years, and value above or equal to 50,000,000 Euros;
- Constituting guarantees amounting to more than or precisely to 50,000,000 Euros;
- Establishing the minimum amount of the insured amount and the maximum level of the insurance premium for the professional liability insurance of Supervisory Board and Directorate members.

The Company performs all due diligence to facilitate shareholders' participation AGA reunions, encourages the dialogue between shareholders and the Supervisory Board and / or Directorate members, as well as the full exercise of their rights. The Shareholders' General Assembly is the real mechanism for the exercise of all shareholders' rights. The convening notice becomes public within 24 h from AGA convocation on the BVB site, on the Company's site www.transelectrica.ro and on the ASF site, and in the Official Gazette within maximum 4 days with maximum 5 days from convocation for the press. Similarly materials submitted to debate are published according to the agenda and legal terms.

Each AGA convocation comprises the location, date and time when it is to be held, at first convocation, the reunion organisation address and the date, time and place of the second convocation.

AGA convocation explicitly mentions the items that will undergo debate and their justification. The

organisation and running of every AGA as well as the participation procedures are explicitly provided directly in the convocation notice so that all shareholders might know them who want to participate to the reunion. The Company encourages the participation of shareholders to AGA and takes all measures to facilitate it. The materials subject to debate are published on the www.transelectrica.ro site, section Investor Relations / AGA, and shareholders are invited to ask questions about the agenda items.

The access of shareholders entitled to participate to AGA is allowed by simple proof of their identity given, in case of natural person shareholders by their identity card or, in case of legal person shareholders or of natural shareholders that are represented by the power of attorney handed over to the individual representing them.

In case of shareholders that cannot participate the Company provides the following possibilities for vote exercise:

- a) By representation under power of attorney;
- b) By correspondence;
- c) Remotely.

Shareholder will be able to vote within AGA by electronic means as well according to Law 455/2001 on the electronic signature, with later amendments and additions, and as per ASF regulations. The related forms (correspondence voting form and the special power of attorney) are also posted on the site www.transelectrica.ro, section Investor relations / AGA both in Romanian and English.

The decisions made during AGA are disseminated on the reunion day using similar means to those provided previously for convocation. Voting results will be published on the Company's website within maximum 15 days from the date of AGA reunion.

To place relevant information at the shareholders' disposal in real time the Company has established its own website, www.transelectrica.ro, a special section entitled Investor Relations, easy to access and permanently updated. The page is structured so as to contain all the information necessary to security holders, including AGA information. AGA is convened by the Directorate every time it is necessary according to legal terms. In exceptional cases when the Company so requires the CS can also convene the AGA.

AGA reunions are held in Romanian.

Internal Control

Company-wide internal control represents the ensemble of policies and procedures devised and implemented by its management and personnel alike, with a view to achieve the general objectives.

The mission of internal managerial control activities consists in providing internal administrative control within the Company with a view to achieve proper quality, Company attributions established according to its own mission under regular, effective, economic and efficient conditions.

The activity domain of internal managerial control comes from the activity domains of component organisational sub-units, and it consists of:

- Providing internal control for Company-wide activities and into its organisational units;
- Participating into commissions investigating thoroughly the fraud and proposing sanctions according to its competence domain;
- Preventing conflicts of interest when managing Company funds according to its competence domain;
- Promoting loyal competition and antitrust policies by detecting, disheartening and sanctioning the anti-competitive conventions according to its competence domain;

The main objectives of internal control are systematic ethical economic efficient effective operations, execution of liability obligations, compliance with applicable legislation and regulations, protecting resources against losses and damages by waste, abuse, improper management, errors, fraud, irregularities; by monitoring, coordinating and methodologically guiding the implementation and development of the internal / managerial control system.

Operational procedures have been elaborated, which are reviewed every time there is need. Thus operations, processes and activities are periodically reanalysed in order to make sure they are compliant with the rules, policies, procedures or any other current requirements.

Operational procedures are available for all Company employees and are posted on the Company's intranet portal. They establish by their very structure self-defining tasks for each organisational / entity structure within the Company. Operational procedures are applicable and in force, being verified at every entity's on the occasion of audits.

Public internal audit

The Company has organised its internal public audit by means of an own structure since 2004. In accordance with the Organisational and functional structure valid as of 04.10.2018, approved under Directorate Decision 193/02.10.2018, the Public Internal Audit (API) structure is subordinated to the Company's Directorate.

Company-wide audit activities are performed in accordance with one's own norms endorsed by the superior hierarchical body (Secretariat General of the Government) under no. 1911/11.06.2014. Out of the Company's five subsidiaries only four have organised and develop their own public internal audit activities (Opcom SA, Smart SA, Teletrans SA and Formenerg SA). Subsidiary Icemenerg Service SA has no public internal audit organised, being provided by the Public Internal Audit (API) structure of the Company.

Role

- Providing consultancy and assurances with respect to the risk management, control and governance systems, contributing to acquiring added value and providing recommendations to improve them;
- Assisting the Company management in accomplishing the objectives and providing objective detailed assessments on the legality, regularity, efficiency, economy and effectiveness of performed activities and operations.

Regulations and principles governing the activity

- Law 672/2002 regarding public internal audit, as subsequently added;
- The general norms regarding the exercise of public internal audit activities (HG 1086/2013);
- Ethical code of conduct for the internal auditor, which provides the ethical framework necessary for the internal auditor trade;
- The internal audit charter establishes the position of the internal audit structure within the public entity, defines the activity domain of public internal audit as well as the internal auditors' rights and obligations;
- Organisational independence within the Company so as not to be subject to any kind of interference, beginning from the establishment of audit objectives, actual work specific to the mission and up to communicating the results;
- Individual objectivity, competence, professional conscience and permanent professional training of auditors;

- Integrity, obligation to maintain confidentiality and political neutrality of internal auditors.

Planning public internal audit activities

Annual planning is established under the Multiannual plan of internal public audit, 2017 - 2021 based on analysis of associated risks and on certain requests from Directorate and Supervisory Board members.

Taking into account risks associated to activities are generate by the economic and social environment of activity performance, there is need to periodically reevaluate risks in order to supervise them according to their dynamics.

Also to make a fundamental risk analysis and to reduce as well the subjective degree of risk analysis it is required to use well defined risk analysis criteria while also explaining the actual accomplishment mode of risk analysis and the establishment of the risk score points.

Risk analysis criteria used for annual and multiannual planning are as follows:

- Likelihood of risk occurrence;
- Seriousness of event consequences (impact level).

Public internal audit activities

In 2019 there have been 28 public internal audit missions Company-wide, of which one ad-hoc mission and one for assessment. They targeted the following domains:

- Financial-accounting;
- Public procurement;
- Human resources;
- Specific functions;
- Other domains;

All planned missions have been achieved in due time, and the Annual plan has been accomplished 100%.

Audit activities performed in 2019 were included in a report that was submitted to the superior hierarchical body (Secretariat General of the Government).

Taking into account the Methodological norms regarding the exercise of the Company's public internal audit, there is periodical analysis on the implementation results, progress registered with implementing the recommendations reported by the audited entity / structure. There is annual reporting of the progress registered in the implementation of

recommendations to the Company's management and to the public internal audit structure from the superior hierarchical body.

In 2019 a number of 162 recommendations were formulated, of which:

- 97 recommendations implemented within the established term;
- 10 recommendations after the established term;
- 18 recommendations partially implemented, but their term has not been exceeded;
- 35 recommendations not implemented however their stablished implementation term was not exceeded;
- One recommendation with exceeded term;

The Company's public internal audit structure issued the Programme for quality insurance and improvement, and the latest update of this document was made on 11.01.2018.

In accordance with the provisions of item 2.3.7 from annex 1 to HG 1086/2013, within the internal public internal audit structure a programme is elaborated to provide and improve quality (PAIC) in all aspects of internal audit, which should enable uninterrupted control of its effectiveness.

The programme providing and improving the quality of public internal audit activities should guarantee such activities are carried out in accordance with the norms, guidelines and the internal auditor's Ethical conduct code and also contribute to improving the public internal audit activities.

The public internal audit by means of its counselling provider missions adds value to activities and supports the management to preserve an effective public internal control and to accomplish established objectives.

In terms of perspectives considerations are to:

- Provide continuous uniform training at qualitative standards as necessary to obtain certificates ascertaining the national licensing of internal auditors,
- There is need for permanent collaboration in methodological terms and guidance between the public internal audit structure of the superior hierarchical body (Secretariat General of the Government) and API of CNTEE Transelectrica SA.

ARIR – Association of BVB Investor Relations strategic lines, objectives, implemented measures impacting the manner in which the Company is assessed / presented / communicated in its relations with investors

The Association Liaising with Investors from Romania's Stock Exchange⁶ (ARIR) took over from the BVB in the first quarter of 2019 the "White Charter of listed companies" project and coordinated a working group dedicated to reviewing the methodology regarding communication with Stock Exchange listed companies, project renamed "VEKTOR". The group gathered ARIR representatives, financial analysts, IR (Investor Relations) professional people, consultants and members of the academic environment.

The proposed methodology aims at assessing based on objective clear criteria, interactive IR instruments, coverage by financial analysts and non-financial reporting. Listed companies had at least 6 months at their disposal in 2019 to comply with the new methodology. ARIR made the first assessment on 1-20 December 2019. The final score ranging from 0 (low communication) and 10 (excellent communication) is published on each company's page on the website bvb.ro and aggregated on the ARIR site from the end of January 2020 onward. Following ARIR's assessment Transelectrica obtained the final score 8 for its communication with investors.

⁶ It is a non-governmental non-profit organisation established in order to provide the current and potential issuers with a platform to develop professional people in the investor relation (IR) domain and to contribute to implementing the best practice of investor communication and corporate governance. ARIR was set up by listed companies, potentially listed, fund administrators and professionals in investor relations (IR). Founding members of ARIR are: Bucharest Stock Exchange, ALRO, Franklin Templeton Management – Bucharest Branch, Electromagnetica, Hidroelectrica, Nuclearelectrica, Teraplast, Transelectrica, Daniela Serban, Cosmin Raduta and Tony Romani.

Statement of compliance with the Corporate Governance Code of the CS

Provisions of the Code		Compliant	Partially compliant (reason for incompliance)
Section A – Responsibilities [of the Supervisory Board]			
A.1.	TEL should have an internal CS regulation including the CS terms of reference / responsibilities and its key functions of TEL management, which applies, among others, the General Principles of Section A.	CS of TEL performs based on the applicable legislation, the Articles of association, Regulation of organisation and operation of CS and decides over issues regarding Company activities, except for those found as per legal terms in the competence of AGA or of other society bodies.	
A.2.	The provisions on settling conflicts of interests should be included in the CS Regulation. In any case CS members should notify the CS about any conflicts of interests having occurred or that can occur and refrain from participating to discussions (including by non-presentation, except when non-presentation might prevent quorum reaching) and from the vote on passing a decision regarding the issue generating the respective conflict of interests.	Such aspects have been stipulated in detail also in the Regulation of organisation and operation of CS; CS members are appointed by AGOA observing the provisions applicable to companies admitted for transaction and are selected in accordance with the provisions of the Governmental Emergency Ordinance 109/2011 on the corporative governance of public enterprises ⁷ . Moreover candidates to hold a place within the CS are selected observing the provisions of article 40 from the Articles of Association in the application of article 34 from Law 123/2012; Details - in the Annual Report, Corporate Governance section	At the same time while hiring, a process attached to the participation documentation, candidates are obliged to submit an affidavit statement with respect to their independence status; In 2019 the Company was not notified the selection result in order to convene AGOA and appoint CS members according to the provisions of GEO 109/2011 on the corporative governance of public enterprises. CS members were appointed as provisional by AGA pe for 4 months (2 months and possible extension)
A.3.	CS should include at least five members	CS including seven members Details - in the Annual Report, Corporate Governance section	
A.4.	At least two non-executive CS members should be independent. Each CS independent member should submit a statement when he/she is nominated for election or re-election, as well as when any change occurs in his/her condition, indicating the elements based on which he / she is considered independent in terms of his / her character and judgement	In 2019 members in office submitted such statement in this respect, thus declaring themselves to be independent administrators, namely: Fanel MIHALCEA, Ion CIUCULETE, Gheorghe OLTEANU, Constantin DUMITRU, Adrian GOICEA, Luiza POPESCU, Sebastian Ioan BURDUJA, Jean BADEA, Jean-Valentin COMANESCU and Oleg BURLACU. The recruitment process associated to the procedure regulated by OUG 109/2011 provides the candidates' obligation to submit an affidavit with respect to their independent status (attached to the participation documents);	
A.5.	Other commitments and professional obligations quite permanent of a CS member, including executive and non-executive positions in the CS of companies and non-profit institutions should be revealed to potential shareholders and investors before nomination and during his / her mandate	Details – in the Statement of Interests posted on the Company's website, section Human Resources; https://www.transelectrica.ro/web/tel/declaratii-de-avere ;	
A.6.	Any CS member should provide the CS with information regarding any relation with a shareholder holding directly or indirectly shares representing over 5% of all voting rights. Such obligation refers to any kind of	Such information is requested from any CS member on his/her appointment date by signing a statement to comply with the provisions of article 40 from the Articles of Association in the application of article 34 from Law 123/2012;	

⁷ vezi explicații A.4.

Provisions of the Code		Compliant	Partially compliant (reason for non-compliance)
	relation that might impact the member's position with respect to issues decided on by the CS		
A.7.	TEL should designate a CS secretary responsible to provide support to CS activities	The membership of CS Secretariat was designated by CS Decision and the persons who performed secretariat activities in 2019 were Nicoleta BRATUCU and Irina RACANEL	
A.8.	The statement regarding corporate governance will notify whether Board assessment took place under Chairperson guidance or of the nomination committee, will concisely provide key measures and the changes occurring after it. TEL should have a policy / guide regarding CS assessment including the purpose, criteria and frequency of assessment processes		Partially implemented - CS activities are annually examined by AGOA, based on the submitted Activity report. - In 2019 Transelectrica had no policy to assess the CS members' activities
A.9.	The statement regarding corporate governance should contain information about the number of CS and committee meetings in the last year, administrators' participation (in person and in absence) and a CS and committees' report with respect to their activities	In 2019 the Supervisory Board gathered for 29 meetings where all or most members attended or, as the case may be, were represented. There have been 5 meetings of the Audit Committee and 3 of the Nomination and Remuneration Committee. There has also been a meeting of the Energy Security Committee. Details - in the Annual Report, Corporate Governance section	
A.10.	The statement regarding corporate governance should include information regarding the actual number of independent members within the CS	See details in A.2;	
A.11.	CS of TEL should establish a nomination committee including non-executive members, which will manage the procedure for nominations of new CS members and will make recommendations to the CS. Most members of the nomination committee should be independent.	The Nomination and Remuneration Committee formulates proposals for the positions of Directorate and CS members, elaborates and proposes the CS the selection procedure for CS members, Directorate members and other managerial positions; it formulates proposals for the remuneration of Directorate members and other managerial positions. Organisation, operation and attributions are established in the ROF of the CS. Details - in the Annual Report, Corporate Governance section	Partially – see pt. A.2
Section B – Risk Management and Internal Control System			
B.1	CS should establish an audit committee where at least one member should be non-executive and independent. Most members, chairperson included, should have proved they have the qualification proper for committee positions and responsibilities. At least one member of the audit committee should be experienced with audit or accounting, adequate and proved. In case of Premium Category companies, the audit committee should include at least three members and most audit committee members should be independent.	The Audit committee assists the Board in achieving its responsibilities of financial reporting, internal control and risk management. The detailed attributions and responsibilities are stipulated in the ROF of the CS. Mr. Adrian MITROI has got proven speciality experience. Until the elaboration date of this Annual Report most Audit Committee members have submitted statements that they are independent. Details - in the Annual Report, Corporate Governance section	
B.2.	The audit committee's chairperson should be independent non-executive member.	Until the elaboration date of this Annual Report, the Audit committee's chairman, namely Mr. Adrian MITROI submitted a statement that he is independent.	
B.3.	Among its responsibilities the audit committee should make an annual valuation of the internal audit system	Details can be found in the Audit Committee's Report, AGOA material for the meeting approving the Annual Financial Statements, published in the AGA section of the Company's web page.	

	Provisions of the Code	Compliant	Partially compliant (reason for incompliance)
B.4.	Valuation should take into account the effectiveness and content of the internal audit function, the adequacy of risk management and internal audit reports submitted to the Board's audit committee; the promptness and effectiveness of executive management in solving deficiencies or weaknesses identified after the internal control, and submitting relevant reports to the Board's attention.	Details can be found in the Audit Committee's Report AGA section on the Company's web page, namely https://www.transelectrica.ro/web/tel/aga .	
B.5.	The audit committee should assess the conflicts of interests pertaining to company transactions and those performed by its subsidiaries with the affiliated parties	In accordance with the Articles of association of the National Power Grid Company Transelectrica SA, the competency limits of the Directorate, CS and AGA with respect to TEL operations. CS is obliged to supervise the Company-wide implementation of the approval and implementation procedures for transactions concluded by the Company or by its branches with involved parties, as such persons are defined by the capital market's legislation and regulation, as well as in accordance with the best practice in order to provide substantial procedural fairness of transactions with involved parties (self transactions) by using to this purpose the criteria established or recommended by the capital market's legislation and regulations	
B.6.	The audit committee should assess the efficiency of the internal control system and of the risk management system.	Details - in the Report of the Audit Committee from the CS with respect to the internal control and risk management systems in 2019 (Material aferent ședinței anuale a AGOA având pe ordinea de zi aprobarea Situațiilor Financiare anuale)	
B.7.	The Audit committee should monitor the application of legal standards and the generally accepted internal audit standards. The Audit committee should receive and assess the reports of the internal audit team	Details - in the Report of the Audit Committee from the CS with respect to the internal control and risk management systems in 2019 (AGOA material for its annual reunion with agenda items including approval of the Annual Financial Statements)	
B.8.	Every time the Code mentions reports or analysis initiated by the Audit Committee they should be followed by periodical reports (at least annually) or ad-hoc reporting that should be then submitted to the Board	Details - in the Report of the Audit Committee within the CS with respect to the internal control and risk management systems in 2019 (AGOA material for its annual reunion with agenda items including approval of the Annual Financial Statements)	
B.9.	No shareholder can be granted preferential treatment compared to other shareholders with respect to transactions and agreements concluded by the company with its shareholders and affiliates	The Company is obliged to provide equal treatment to all holders of securities of the same type and category and it places at their disposal all necessary information, so they can also exercise their rights	
B.10.	CS should adopt a policy whereby it should make sure any transaction with any of the companies it has close relations to, whose value is equal to or above 5% of the net assets of TEL (according to the latest financial report) is approved by the CS following a compulsory opinion from the audit committee within the CS and revealed fairly to shareholders and potential investors, to the extent in which it can be assigned to the events that are submitted to reporting requirements	To approve certain kinds of operations according to the provisions of article 21 para (3) from the Articles of Association the CS agreement is required, while the shareholders' approval is needed for the operations provided in article 14 para (2) and (3) of the Articles of Association. Moreover, in view of complying with the reporting obligations as per the article 144 let. B para (4) of ASF Regulation 5/2018 regarding the issuers of financial instruments and market operations, corroborated with the provisions of article 82 from Law 24/2017 on the issuers of financial instruments and market operations, the financial auditor of TEL makes half-yearly the analysis of transactions with affiliates The auditor's report is sent to the BVB and ASF and is also published on the TEL site, section Investor Relations / Current reports.	
B.11.	Internal audits should be performed by a structurally sedefendante division (internal	The Company's public internal audit activities are performed by means of its own audit structure, thus	

Provisions of the Code		Compliant	Partially compliant (reason for incompliance)
	audit department) within TEL or by hiring an independent third party entity.	observing the requirement set in Law 672/2002 on the public internal audit, article 10 para (1), republished with later amendments and additions In accordance with the Organisation chart ⁸ there are such organisational entities within TEL, namely the Public Internal Audit, Integrated Management Department, Control Division	
B.12.	With a view to provide accomplishment for the main functions of the internal audit department it should report in functional terms to the CS by means of the audit committee. In case of administrative purposes and of the management's obligations to monitor and reduce risks, the department should directly report to the director general	In accordance with the Organisation and operation regulations of involved organisational entities; Details - in the Annual Report, Corporate Governance section and in the Report of the Audit Committee from the CS with respect to the internal control and risk management systems in 2019 (AGOA material for its annual reunion with agenda items including approval of the Annual Financial Statements)	
Section C – Fair Rewards and Motivation			
C.1.	TEL should publish the remuneration policy on its internet page and include a statement in the annual report regarding the application of such remuneration policy during the annual period under study	In accordance with applicable regulations the Company informs annually the Shareholders' General Assembly through the Report of the Nomination and Remuneration Committee. Details - the mandate contract is published in the Annual Report, Corporate Governance section, including the Company's web page, section AGA / Corporate Governance,	
Section D – Building Value through Investors' Relations			
D.1.	TEL should organise a department of Investor Relations, indicating to the general public the responsible person/persons or organisational unit. Besides the information required by legal provisions TEL should include on its internet a section dedicated to Investor Relations, in Romanian and English, with all the relevant information of interest for investors, including:	Transelectrica comprises specialised organisational entities both for Investor and for shareholder relations (contact). Documents can be consulted on https://www.transelectrica.ro/web/tel/relatii-investitori ,	
D.1.1	The main corporate regulations: Articles of association, the procedures for shareholders' general assemblies;	<i>These can be consulted on the site of TEL, https://www.transelectrica.ro/regulament-de-guvernanta-corporativa, and the AGA Procedure is found in each Convening notice/addition to the convening notice, section Investor Relations / AGA</i>	
D.1.2	The professional resumes of all members in the managerial bodies of TEL, other professional commitments of CS members, including executive and non-executive positions in administration boards of companies or non-profit institutions;	Public documents on the site of TEL, in section Investor Relations / Corporate Governance / Supervisory Board and Directorate - <i>Biographical Notices and CV-s</i> ; (https://www.transelectrica.ro/web/tel/guvernanta-corporativa).	
D.1.3	Current and periodical (quarterly, semestrial and annual) reports – at least those provided in item D.8 – including the current reports with detailed information Cod;	Relevant documents can be consulted on the website of TEL, section Investor Relations, tab of Current reports and Periodical reports, link: https://www.transelectrica.ro/web/tel/relatii-investitori ;	
D.1.4	Information about the shareholders' general assemblies: agenda and informative materials; election procedure for Board members; arguments sustaining the proposed candidates for Board election, and their professional resumes; shareholders' questions about	Documents can be consulted on the website of TEL, section Investor Relations / AGA, link: https://www.transelectrica.ro/web/tel/aga ,	

Provisions of the Code		Compliant	Partially compliant (reason for incompliance)
	agenda items and company answers, including the decisions made;		
D.1.5	Information regarding corporate events such as dividend payment and other distributions to shareholders or other events that lead to acquiring or limiting a shareholder's rights, including deadlines and principles applied to such operations. The respective information will be published within a term that should enable investors to take investment decisions;	Documents can be consulted on the website of TEL, section Investor Relations, link https://www.transelectrica.ro/web/tel/relatii-investitori ;	
D.1.6	Names and contact dates of a person that can provide upon request relevant information;	relatii.investitori@transelectrica.ro , Contact number - Actionariat [shareholders]: +40.21.303.59.48 Contact no. - Investor Relations +40.21.303.56.67 public data and on the website of TEL, link: https://www.transelectrica.ro/web/tel/contact-ri ,	
D.1.7	TEL presentations (e.g. for investors, presentations of quarterly results etc.), (quarterly, semestrial, annual) financial statements, audit and annual reports.	Documents can be consulted on the website of TEL, section Investor Relations, link: https://www.transelectrica.ro/web/tel/rapoarte-periodice ,	
D.2	TEL will have a policy regarding annual dividend distribution or other benefits to shareholders proposed by the Directorate and appropriated by the Supervisory Board, as a set of guidelines which TEL intends to follow for net profit distribution. The principles of the annual policy on distribution to shareholders will be published on the internet page of TEL.	Company profit is distributed in accordance with the provisions of OUG 64/2001 regarding profit distribution in national societies, national companies, trading companies with full or majority state capital and independent authorities. On 28 March 2016 shareholders approved a policy regarding the annual dividends distribution ⁹ In 2019 TEL did not distribute dividends from the obtained profit.	
D.3	TEL will adopt a policy regarding forecasts, either made public or not. Projections refer to quantified conclusions of studies aiming at establishing the global impact of a number of factors regarding a future period (so-called assumptions): by its nature this projection has high uncertainty degree and actual results can differ significantly from initial projections. The projection policy will establish the frequency, targeted interval and projection content. If published projections can be included only in annual, semestrial or quarterly reports. The projection policy will be published on the Company's internet page	Company activities are regulated by the National Regulatory Authority in the Energy domain	Not implemented in 2019 – since there has been no selection process in accordance with the provisions of GEO 109/2011 on the corporate governance of public enterprises, therefore there was no Administration plan approved
D.4.	AGA should not limit shareholders' participation to AGA and the exercise of their rights. Rule changes will become effective, at the earliest beginning with the next AGA;	TEL observes the rights of all financial instrument holders as issued and treats them fairly, regardless of the number of shares they hold and permanently strives to achieve effective active transparent communication, in view of exercising the shareholders' rights in equitable manner;	
D.5.	External auditors will be present at the shareholders' general assembly when their reports are submitted to these assemblies	✓	

⁹ https://www.transelectrica.ro/documents/10179/3235082/03_Propunere+Politica+de+dividend+TEL.pdf/a03e6232-5f57-420b-902f-a98cd611d450,

Provisions of the Code		Compliant	Partially compliant (reason for incompliance)
D.6.	CS will submit to the annual shareholders' general assembly a brief appreciation of the internal control systems and the management of significant risks, as well as opinions on certain issues subject to the general assembly's decision	AGOA material for the 24/25 April 2019 reunion – Report of the Audit Committee from the CS on the internal control systems and management of significant risks in 2019	
D.7.	Any specialist, consultant, expert or financial analyst can participate to the shareholders' assembly based on prealiminary Board invitation. Licensed journalists can also participate to the shareholders' general assembly, except when the Board chairperson decides otherwise.	Licensed journalists can also participate to the shareholders' general assembly provided they transmit a preliminary information to the Directorate	
D.8.	Quarterly and half-yearly financial reports will include information both in Romanian and in English about the key factors influencing the changes in sales, operational profit, net profit and other relevant financial indicators, both from one quarter to another and from a year to the next	Relevant documents can be consulted on the website of TEL, section Investor Relations / Periodical Reports, link https://www.transelectrica.ro/web/tel/relatii-investitori ;	
D.9.	TEL will organise at least two meetings / phone call conferences with analysts and investors, every year. The information presented on such occasions will be published in the investor relation section of the internet page of TEL on the meeting / conference dates.	In accordance with the annual Financial Calendar of TEL, approved and sent to all capital market institutions, BVB and ASF, the Compania set in 2019 four meetings with financial analysts, placement consultants, brokers and investors to submit financial results (https://www.transelectrica.ro/web/tel/calendar-financiar)	
D.10	In case TEL sustains various forms of artistic and cultural expressions, sportive, educational or scientific activities and deems their impact over the innovative character and competitiveness of TEL belongs to its mission and development strategy, it will publish its policy with activities in this domain	Document that can be consulted on the website of TEL, section About us / Social corporate responsibility link: https://www.transelectrica.ro/web/tel/responsabilitate-sociala-corporativa ,	

15. Corporate social responsibility

The Corporate Social Responsibility Policy

Any modern organisation is assessed beyond its economic performance, managerial quality and communication policy also in terms of contribution to the social life of the community it belongs into.

Social responsibility is a management process whereby the Company aims at contributing to developing a sustainable performing Romanian society.

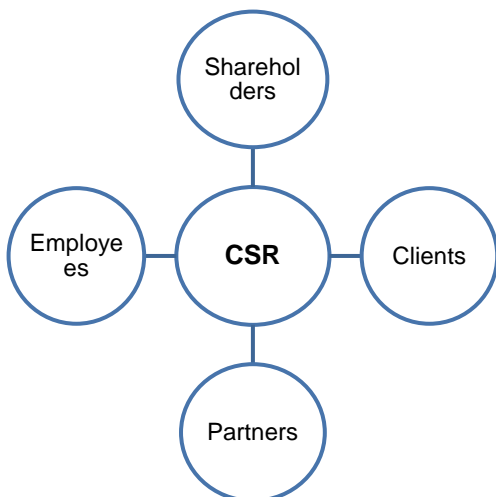
We get involved in solving social problems of the community where we work in and sustain the higher access to education in disfavoured areas.

The Company takes into consideration the society's interests and turns answerable to employees, shareholders, community and the environment.

Social responsibility represents an integral part of the Company's business strategy and contributes to consolidating the market position and to keeping up one's reputation.

The Company's CSR vision consists in promoting national values such as innovation, team spirit, respect of diversity and commitment. They make up the base of the Company's performance.

Figure 37: CSR policy – stakeholders



CSR fields and actions

By its corporate social responsibility policy the Company focusses on the following domains and actions included in a long term strategy:

Areas

- Education and training
- Humanitarian
- Community development

Actions

- Donations
- Sponsorships
- Patronage acts

In 2019 Transelectrica centred its CSR activities in domains such as: education and training, humanitarian actions, environment, responsibility to employees and corporative volunteering.

Education and training

Objective: Sustaining young people who study in the energy domain in view of their educational and professional development

Young people are the most important value for the Romanian society. We are active in the university environment by means of partnerships with students' associations, but also by other initiatives.

- We cooperate with faculties in the energy domain by equipping research laboratories and by providing study grants to students.
- We provide the students of the energy domain with the possibility to participate to Transelectrica activities as technical study tours in the company.

Humanitarian actions

Objective: Sponsorship for Associations that support people with medical needs in disfavoured areas and from low revenue families, or who need long term medical treatment

People are the centre of our concerns and we are always attempting to help the disfavoured persons.

The associations supporting such people are among those that can benefit from our support.

Environment

Objective: Providing environmental protection and quality improvement, and promoting activities resulting in selective collection in view of recycling

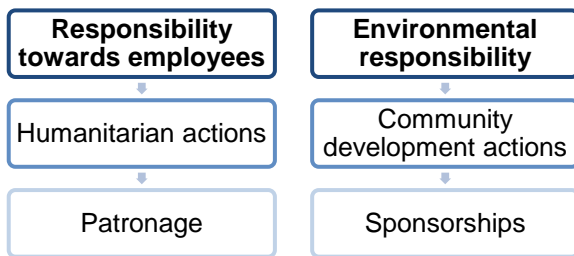
Corporate social responsibility can be perceived as relying also on some personal social liability, on the care and availability of any individual to structure his / her existence around a close connection with the environment, since it can be found among the values promoted by the Company.

Our environmental policy takes over the commitment

to carry out all our specific activities in responsible manner, paying proper attention to environmental impact and sustainable development.

It includes environmental protection, and in its turn environmental protection conditions sustainable development. The requirements and exigencies found within the European Union require a new approach for global environmental problems in terms of their effects and pressure over the environment and and of all consequences for the social-economic development. In concrete terms we want our corporate social responsibility activities to include as main component, regardless of the final direction, environmental aspects and methods to significantly reduce the environmental impact of our activities.

Figure 38: Actions performed in 2019



Social responsibility towards employees

The Company’s objective with respect to social responsibility to employees involves support provided both to Company employees and to their families in case of major health issues.

Corporate volunteer actions

Objective: Performing volunteering actions in view of solving the community problems

The employer-supported volunteering domain represents any effort made by the Company to encourage its employees and / or former employees (now retired people) to participate to community volunteer activities and to sustain their involvement efforts.

The Company’s executive management encourages and sustains employees’ participation as volunteers into fund-raising actions and campaigns and proposes concrete projects for them to spend their time and be dedicated to improved relations between employees by means of team activities.

Project eligibility criteria

Transelectrica will support only those projects or organisations that can provide reaching the objectives established in the previously-mentioned corporate social responsibility strategy.

At the same time Transelectrica intends to support projects / organisations that it shares the same values with and prove to be beneficial for society.

Company-granted sponsorships CANNOT be accessed by:

- Political parties or organisations whose activity is assimilated to a political party;
- Public institutions, with the exception of educational ones (school, kindergarden, university, etc.), museums, hospitals and other cultural and health institutions seated in Romania;
- Cult units, religious cults and / or other religious associations and foundations;
- Natural or legal persons sujet to a conflict of interests;
- Organisations / institutions aiming to obtain profit;
- Natural or legal persons that have been declared in a previous sponsorship situation;
- Beneficiaries that are in the condition of or pending judiciary reorganisation, dissolving, liquidation or suspended activity;
- Beneficiaries / organisations that received final sentences for offences;
- Beneficiaries / organisations that have been declared in a situation trespassing a previous financing and / or donation contract and / or sponsorship with Transelectrica;
- Persons affiliated or whose kin up to the 3rd degree are affiliated to political parties or any other organisation with activity assimilated to them.

In accordance with article XIV of OUG 2/2015 amending and adding certain norms as well as other measures, it is stipulated that economic operators provided in article 1 of Governmental Ordinance 26/2013 on enhancing financial discipline of certain economic operators where the state or territorial administrative units are single or majority shareholders or directly or indirectly hold majority participation, approved with additions by Law 47/2014 (category where the Company belongs), that grant monetary donations and sponsorships according to applicable legislation comply on granting with the following ceilings:

- Minimum 40% of the approved amount to the medical and health domain;
- Minimum 40% of the approved amount to education, social and cultural domains for endowments with equipment, services, actions or any other activities related to such domains, including national programmes;

- Maximum 20% of the approved amount for other actions and activities, including supplements to those provided above.

The sponsorship policy

The sponsorship criteria established by the Company are as follows:

- Transparency: sponsorship should be transparent, its beneficiary should be known, and the purpose of utilisation should be revealed and verifiable;
- Purpose: the donated amount should contribute to a relevant purpose of the sector described above;
- Cost: as necessary to implement the project / action subject to sponsorship, it should be justified and detailed;
- Beneficiary's reputation / dignified trustworthy character: the beneficiary's integrity will be assessed as much as possible;
- Strategic framework of sponsorships: these should comply with Transelectrica's strategy;
- Benefits for the Company: the beneficiary should provide Transelectrica with visibility opportunities and reciprocity in business with financial impact;
- Previous relations *with Transelectrica*: the previous positive experience influences beneficially the valuation of a demand.

Sponsorship or donation is assessed by the Company according to assessment criteria.

- The beneficiary should send a concise report to the Social Corporate Responsibility Office when the donation/sponsorship is over, specifying all the tangible results implemented by him/her.
- The Company should monitor in general the following:
 - The compliance with the written contract and Company policies;
 - Reaching the objectives of the sponsorship or donation;
 - Good management, accounts kept;
 - Submission of reports;
 - Benefits brought about for the Company and community.

All sponsorship / donation demands should be made in writing and addressed to the Corporate Social Responsibility Office, including the following details:

- Name of the organisation / beneficiary, phone number, address and contact person;

- Purpose of the action / programme / event which support is requested for, including background information;
- The necessary amount;
- The results to be obtained by such support granting;
- Benefits resulting from the granted support.

Consequently Transelectrica, part of public life, has certain duties towards society.

Community involvement is necessary not only in order to acquire commercial success, but also to obtain the respect of communities where we are active, contributing to the development of a sustainable performing Romanian society.

This is the reason why the projects we choose to get involved into should exceed the business area and be as close as possible to the people's needs and to the environment, in order to be able to actively participate to improved living quality and conditions.

Our commitment is to sustain strategic partnerships in these domains and to convince by our own example the employees, clients or even business partners to join us.

The main CSR projects in 2018

In 2019 we chose to get involved into certain domains such as: education and training, humanitarian actions, responsibility to employees, environmental protection and corporate volunteering.

The amount included in the 2019 Revenue and expense budget for sponsorship actions under corporate social responsibility was of 800,000 Lei.

The expenses made in 2019 amounted to 713,877 Lei and were distributed to the following domains:

- Medical, health: 310,000 Lei
- Education, social and sport: 249,960 Lei
- Other activities: 153,917 Lei

In 2019 the Company decided providing financial aids amounting to 194,000 Lei to 10 persons diagnosed with various medical ailments, in order to cover their treatment costs.

In 2019 the Company continued the social responsibility projects initiated in the last years and got involved into new programmes, becoming ever more visible and constant, as it shoulders associations, non-governmental organisations and educational units of power engineering / technical profile, thus supporting young people who study in the energy domain and not only.

Education and training

Sustaining pupils from *Technical colleges and high schools of Romania* by means of practical stages / internship / study grants provided by the Company:

- A total of 10 private study grants were offered, of which 8 grants in the Executive, 1 to TB Bacau and 1 to TB Timisoara.

Total amount: 41,080 Lei

- In 2019, 128 students performed practical stages both in the Executive (DEN) and at TB-s.

Polytechnic Foundation Timisoara

In 2019 the Company supported the Polytechnic Foundation Timisoara with a view to optimise didactic activities and motivate pupils for the technical university studies. The main activities consisting in upgrading the technical laboratories by means of new equipment.

Value of the sponsorship contract: 90,000 Lei

Educational Robotics and Science Association WRO

The Company sustained this year as well the robotic team SuperFly for participation with a competition robot to WRO Friendship Invitational Tournament and represent Romania.

Value of the sponsorship contract: 10,880 Lei

General Engineers' Association of Romania

The Company provided financial support to this Association to publish a volume of the series "Energy thesaurus – a lived history of the electricity and heat system from Romania".

Value of the sponsorship contract: 35.000 lei

In 2019 the Company got involved also in sportive communities, supporting sportive clubs for their procurement of necessary sport equipment.

Sportive Club Association "Little Chess Player", Iasi

The beneficiary was sponsored to cover the participation costs to the National Chess Championship of Juniors, 2020.

Value of the sponsorship contract: 4,000 Lei

Humanitarian actions

Association of Good Deeds Factory

Transelectrica helped completing the budget required for the project "CASĂFacemBine" to build a house for six children and their mother, with the help of an entire community. The contribution of Transelectrica supported the Association to gather resources, as necessary to make the children's dream come true, namely to have their own house.

Value of the sponsorship contract: 50,000 Lei

Association Autism Voice

The Company got involved for financial support to the Association Autism Voice whose mission is to sustain by all means and knowledge the social recovery and integration of autistic children or those with development troubles.

Value of the sponsorship contract: 49.000 lei

Maria Beatrice Association

We have been partners in the project of the "Medical recovery centre for children" Maria Beatrice, which meant equipping it with a brain-scan. The Maria Beatrice Association supports the children with special health problems, particularly those coming from neurologic causes, and helps improving the living standard of disfavoured children and pupils. Every day 60 children from Alba county benefit of services in Maria Beatrice Centre of Alba Iulia and annually from all over the country 28 families with children arrive at the Centre for two-weeks' sessions.

Value of the sponsorship contract: 30,000 Lei

Coaching – Life Coach 4 TRANSformation Association

The Coaching Life Coach 4 Transformation Association, established in 2012, became a professional landmark by very good results obtained in the specific therapy and neuro-psychological appraisals for children with behavioural troubles and autistic ones as well. The Association has specialised also in training therapists. The project supported by the Company is entitled "Help the autistic children! Send them to therapy" and aims at early diagnosis, neuropsychologic appraisal and personalised intervention plans, individual and group targeted as well.

Value of the sponsorship contract: 86,000 Lei

Corporate volunteer actions

SHOEBOX campaign – Gifts in a shoebox

In the second consecutive year Transelectrica encouraged its employees to participate into this volunteering activity under the Shoebox – Gift in a shoebox project. We decided to further provide children having limited financial resources with joy and smiles. Following this humanitarian campaign more than 120 presents were gathered, going then to disfavoured children from primary schools and blind schools.

We intend to make this project a permanent one and each year determine both our employees and our families and friends to come help the needy people.

Environment

Recipients for selective waste collection in view of its recycling have been installed in the central Company headquarters.

Other activities

Environmental responsibility

Environmental protection is an important objective for the Company, in view of its long-lasting sustainable development. Thus the



environmental protection policy is integral part of a performing general policy, with objectives such as: maintaining

such performing environmental management system, prevention and reduction of pollution, compliance with the legal national and European requirements and sustainable development.

In 2019 environmental objectives aimed at maintaining a performing environmental management system, preventing and reducing pollution so that the impact of the electricity transmission grid over the environment can comply with the limits of national and European requirements. Such objectives were reached by means of preventive and correction activities included in the annual environmental management programme.

To achieve these objectives the Company applied measures meant to reduce environmental impacts both from operational activities and from maintenance & investments, which included construction-installation works so that in 2019 no particular issues of environmental protection were notified.

Describing the environmental impact of the ETG

High voltage electricity installations mainly comprise overhead lines and transformer & connection substations, therefore they can have significant environmental impact because of the complexity of installations, the lands occupied and their length of tens or even hundreds of km, usually crossing several counties.

Under normal operational conditions of RET installations no pollutants are discharged into the environment. There can be accidental emissions of chemical substances of pollutant component in case of untight equipment, wrong operation, failures or when executing construction and maintenance work.

Department of emergency situations

was sponsored by providing six projection systems under video wall format.

Value of the sponsorship contract: 118,917 Lei

Environmental issues are detected and assessed for technology and construction from the very first design stage. Based on such assessments the environmental management plan is elaborated (for construction, operation and installation dismantling), which includes measures to prevent pollution and to reduce impact, as well as the monitoring schedule for environmental factors.

In terms of impact types, environmental aspects related to construction and operation-maintenance are divided into:

- **Physical** which get manifest by means of (effects):
 - Soil impact by opening new access roads, topsoil removal and excavation
 - Land occupation by site organisation, storage places included
 - Impacting the flora by systematic vegetation cutting
 - Impacting the fauna (fragmentation of habitats, electrocution, etc.)
 - Impacting birds and flying apdefendanta (overhead obstacles located on the flight corridor, colision, electrocution, etc.)
 - Waste generation (porcelain, glass, concrete, metals, used oil, packages, rubble, etc.)
 - Impacting the population and fauna by noises produced by equipment, transportation means, etc.
 - Impacting the population and fauna by the noises of corona effects from high voltage installations
 - Land occupation by OHL routes and location of substations
 - Danger of electrocution or burns when getting in touch with OHL or by line falling near or on road crossings, railroads, waters, buildings, etc.
 - Danger of fire from insulation damaging or by accidental touch of conductors to objects or dry vegetation
 - Impacting the population and fauna by the noise and vibrations produced by the operation or vibration of RET elements
 - Acoustic and light effects of corona processes
 - Disturbances of radio and television systems produced by the electromagnetic field

- Influences of the electromagnetic field over telecommunication installations or of other electric networks upon their crossing or near them
- Effects of the electromagnetic field over living beings

➤ **Chemical** ones, of which mention can be made of:

- Soil and/or water pollution by accidental fuel and oil spills or of other chemical substances
- Air pollution by means of:
 - Flue gas emissions (SOx, COx, NOx, COV, suspended powders) from heating installations or transportation means
 - Sulphur hexafluoride emissions (SF6) – accidental leaks during gas handling or because of untight equipment
 - Powdery emissions because of construction-installation works

- Emissions of volatile organic compounds from paints and dilluters, etc.
- Ozone and nitrogen oxydes – high voltage corona effects
- Sulphuric acid vapours – from accumulator batteries

➤ **Social-economic** ones such as disturbance of social activities, including population move-out

➤ **Visual and psychic** ones by landscape impacts and fear caused by the proximity and visual and acoustic effects of RET.

In terms of environmental impact in 2019:

- There have been no accidental pollutions of significant environmental impact;
- There were no environmental complaints;
- Generated waste was disposed of / capitalised 83.74%, the rest being stored.

Impact indicators

Table 30: Areas occupied by electric lines and substations

Entity	No safety area [m ²]		With safety area [m ²]	
	Substations	OHL	Substations	OHL
Total 2019	3,980,544	3,205,655	7,123,765	520,529,940

Underground and terrestrial sources of soil and water pollution

Under normal operational conditions of RET installations no noxious substances are discharged on soil, in the underground or terrestrial water. Accidental spills can occur because of untight / broken equipment containing dangerous substances or electro insulating oil or of defects in the oil regeneration /supply / discharge into/from equipment.

Motor car oil / fuel spills can also occur from outits and transportation means during construction and maintenance activities (the oil leaked in the environment was retained by biodegradable absorbant earth).

Air pollution sources

Direct emissions

During construction, maintenance and normal operation of RET installations no significant amounts of pollutants are discharged in the atmosphere.

During the construction, maintenance and normal operational stages of RET the following atmospheric emissions can occur: suspended powders during

construction, flue gas from motor cars, electric generating sets and thermal power plants, ozone in negligible amounts (Corona effect), sulphur hexafluoride from untight equipment or improper gas handling.

In case of fire or explosions flue gas can occur (SOx, COx, NOx, COV, suspended powders, etc.).

High voltage OHL generate atmospheric pollution by ozone and nitrogen oxydes from Corona discharges around active conductors, especially during rainfalls. The additional contribution of such pollutants to the existent fund is not major and cannot lead to exceeding the ceiling values for legal information, level beyond which there is hazard for human health.

Wastewater sources

Electricity transmission does not generate technological used water. Waste water generated on the location of RET installations is *domestic used water* from human activities (it is directly discharged into the urban drainage network or it is emptied and carried to a station treating urban used water or it is locally treated in micro-stations and then discharged on ground or into terrestrial water), *rainwater*

collected within the tanks of oil-containing equipment or in the manholes of concreted platforms storing waste and equipment (it can contain leakage oil), which is mechanically cleansed within the water/oil sedefendants then discharged in the urban drainage network or it is emptied and carried to a station treating urban used water or it is discharged on ground or into terrestrial water, while observing the maximum admissible limits of pollutants discharged in the environment).

Table 31: Waste management

Generated waste (t)	Capitalised waste (t)	Disposed waste (t)	Stored waste (t)	Waste management indicator: disposed, capitalised waste/generated waste
7153.27	944.05	5045.8	1163.42	83.74%

Electromagnetic field generated by ETG installations

Transformer / connection substations and the 220 kV and 400 kV overhead lines have got quite low impact over their surrounding areas, which can be found only around RET installations. A great part of disturbing effects are owed to electric induction (into metallic objects or structures that are not grounded) and interference phenomena (radio interference).

The constructive solutions adopted to build high voltage lines and substations provide proper protection against the effects owed to living beings' exposure to the electromagnetic field, as well as diminished environmental impact of such installations.

In accordance with the studies performed by specific institutions near the 220 kV and 400 kV overhead lines, the electric field intensity decreases with distance, therefore the field intensity is zero at 25 – 30 m away from the line axis.

Acoustic pollution

During construction noise can be generated because of work execution and the operation of equipment and motor cars. During operation the acoustic pollution is owed to the noises produces by the operation and vibration of RET installations or by the Corona discharges around active conductors.

The noise level of Corona effects 25 m away of the active conductor varies from 53 dB during rainfall and 33 dB in fair weather.

Impact on fauna

This impact is significant especially with respect to birds, since they can collide or get electrocuted by

Generating waste

There is no direct waste resulting from electricity transmission activities. Waste results mainly from construction, maintenance and human activities. The amounts of waste are different from one year to another, depending on the volume of investment and maintenance work.

The generated waste was disposed of / capitalised by means of licensed companies.

RET installations found within their migration corridors or protected areas.

The main migratory corridors of various bird types were identified in Banat, Dobrogea and Danube Delta regions.

Impact on vegetation

This impact is determined by final or temporary occupation of lands and by vegetation removal, as it exceeds a certain height in the safety areas of RET installations with a view to prevent fires. This impact ca be significant only within protected areas.

Measures to prevent and/or limit the environmental impact

The main measures applied in 2019 to prevent and/or limit environmental impacts were associated to:

- Execution of:
 - Construction or maintenance work for drainage networks of domestic used water and/or rainwater;
 - Installing water/oil sedefendants to the tanks of oil-containing equipment and on storage platforms;
 - Building concreted platforms for temporary equipment and waste storage;
 - Maintenance of oil- or SF6-containing equipment in order to prevent leaks;
 - Painting the overhead lines towers (OHL) using landscape proper colours;
 - Clearing up / maintaining the safety corridors of OHL-s;
 - Remaking / developing the lands in order to get them in the initial state when work has finished

- Service procurement with respect to:
 - Monitoring used water quality in the Company substations and offices and proposing solutions to reduce pollution as per the terms of environmental and water management permits
 - Waste gathering, sort-out, transportation and capitalisation / disposal
 - Elaborating environmental management plans for maintenance, refurbishment / upgrade projects.



9.1 mill. LEI Environment protection expenses

Total environmental protection expenses, including environmental costs of operational, maintenance and investment works amounted to 9.1 mill Lei (about 1.9 mill. Euros).

Compliance with legal requirements

The objectives under Company management (269 objectives: transformer and connection substations, overhead lines, offices etc., licensed or under licensing) operate according to legal environmental protection requirements and the licensing degree was 99.26% (35 permits). Maintenance and investment works executed in 2019 were in accordance with legal and regulatory requirements (environmental permits and/or agreements, water management endorsements, as the case may be).

Generated waste was managed in accordance with legal requirements and disposed of / capitalised using licensed companies, thus taxes of 35 Lei to the Environmental fund for emissions from stationary sources. The measures indicated by the regulatory and control authorities in environmental protection and water management were fully complied with, the Company monitoring environmental factors (air, water, soil, noise, electromagnetic field, waste) in all 2019 according to requirements from regulatory documents on environment and water management.

All environmental information has been accurately reported in due time according to legal and regulatory requirements and as per the provisions resulting from controls made by regulatory and control authorities.

In 2019 TB Constanta was sanctioned by GNM Galati for incompliance until deadline (15.06.2018)

and by the control date (22.03.2019) with the measure instituted in the Inspection report 140/08.03.2018 with respect to handing over the non-chlorinated mineral (electro) insulating oils to specific licensed companies and to transmit the heat (code 13 03 07*) existent in the TB locations – Filesti, Smardan and Barbosi. The Company filed contraventional complaint with Galati Court, and the trial is underway. On 02.04.2019 Contract 743 with SC Refinery Steaua Romana SA to capitalise the electro insulating oil from TB Constanta ended.

The application of the Company's environmental policy and the implemented environmental performance are substantiated by means of:

- Proper waste management resulting from maintenance and refurbishment activities;
- Reducing and measuring the pollutant emissions in the environment;
- Rational utilisation of natural resources;
- Periodical monitoring of environmental factors (water, air, soil, noise, electromagnetic field, waste);
- Upgrading and refurbishing installations using state-of-the-art technologies, by which environmental pollution is prevented or reduced;
- Providing knowledge and observance of environmental legislation by all Company employees, through information, training and motivation;

Preventive and corrective actions

The Company intends by future activities to reduce the negative environmental impact of installations:

- Sizing the installations so that electromagnetic field intensity can be reduced on ground, on the land occupied, bird impact included;
- Replacing the pieces of equipment containing oil;
- Replacing porcelain insulators by composite ones;
- Reducing the sulphuric acid emissions by replacing accumulator batteries;
- Reducing pollutant emissions within flue gas;
- Installing bird-repellant devices to the newly built OHL;
- Reducing acoustic pollution by installing low-noise fans (on autotransformers); installing electric generating sets with noise and vibration dampers.



Photo: Gutinas 400/220/110 kV substation

Transelectrica, in its capacity of transmission and system operator considers it has major responsibility towards future generations and permanently attempts to find sustainable economic solutions in order to develop and upgrade its installations in accordance with EU requirements in the environmental protection domain.

Annex 1 - Articles of association amended in 2019

In 2019 there have been no changes in the Articles of Association.

Annex 2 - Appointment/recalling deeds issued in 2019

Directorate

- In accordance with CS Decision 20/11.04.2019
 - Seeing that on 20 April 2019 the mandates of provisional Directorate members reached their term the Supervisory Board decided extending such mandates by 2 months beginning with 21.04.2019 until 20.06.2019 for the following persons: Marius-Danut CARASOL, Claudia-Gina ANASTASE, Andreea Georgiana FLOREA, Constantin SARAGEA, and Adrian SAVU
- In accordance with CS Decision 21/11.04.2019
 - The Supervisory Board members elected Mr. Marius-Danut CARASOL as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer – CEO – of the Company for 21 April – 20 June 2019.
- In accordance with CS Decision 30/04.06.2019
 - The Supervisory Board members acknowledged on 20 June 2019 the mandates of provisional Directorate members reached their term for: Marius-Danut CARASOL, Claudia-Gina ANASTASE, Andreea Georgiana FLOREA, Constantin SARAGEA, and Adrian SAVU
- In accordance with CS Decisions 31, 32, 33, 34, 35 / 04.06.2019
 - Seeing that on 20 June 2019 the mandates of provisional Directorate members reached their term the Supervisory Board decided extending such mandates by four months beginning with 21.06.2019 for the following persons: Marius - Danut CARASOL, Claudia - Gina ANASTASE, Andreea Georgiana FLOREA, Alina-Elena TEODORU, and Adrian SAVU
- In accordance with CS Decision 54/19.09.2019
 - The Supervisory Board recalled Mr. Marius Danut Carasol from his capacities of Directorate member and Directorate Chairman
- In accordance with CS Decision 55/19.09.2019
 - Supervisory Board elected Mrs. Claudia-Gina ANASTASE as Directorate chairperson, alternatively called Executive Director General or Chief Executive Officer – “CEO” of the Company
- In accordance with CS Decision 60/16.10.2019
 - Seeing that on 20 October 2019 the mandates of provisional Directorate members reached their term the Supervisory Board decided extending such mandates by two months beginning with 21.10.2019 for the following persons: Claudia - Gina ANASTASE, Andreea Georgiana FLOREA, and Adrian SAVU
- In accordance with CS Decision 60/16.10.2019
 - The Supervisory Board members designated Messrs Virgiliu IVAN and Luca-Nicolae IACOBICI as provisional Directorate members for two months beginning with 21.10.2019, time interval which will not exceed the completion date of the selection procedure for Directorate members
- In accordance with CS Decision 62/16.10.2019
 - Supervisory Board elected Mrs. Claudia-Gina ANASTASE as Directorate chairperson, alternatively called Executive Director General or Chief Executive Officer – “CEO” of the Company
- In accordance with CS Decision 74/13.12.2019
 - The Supervisory Board members acknowledged on 20 December 2019 the mandates of provisional Directorate members reached their term for: Claudia - Gina ANASTASE, Andreea Georgiana FLOREA, Adrian SAVU, Virgiliu IVAN, and Luca-Nicolae IACOBICI
- In accordance with CS Decisions 75, 76, 77, 78, 79 / 13.12.2019
 - The Supervisory Board members designated as provisional Directorate members for four months beginning with 21.12.2019, with possible extension of two more months for well-grounded reasons, and the mandate term will not exceed the completion date of the selection procedure for Directorate members the following persons: Catalin NITU, Ionut-Bogdan GRECIA, Adrian MOISE, Ioan FOLESCU, and Andreea-Mihaela MIU

- In accordance with CS Decision 80/13.12.2019
 - The Supervisory Board elected Mr. Catalin NITU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer – CEO – of the Company

The Supervisory Board

- In accordance with AGOA Decisions 4, 5, 6, 7, 8, 9, 10 and 11 / 29 March 2019
 - Provisional Supervisory Board members of the Company were appointed beginning with 30 March 2019 for two months' mandate the following persons: Adrian MITROI, Alin Sorin MITRICA, Constantin DUMITRU, Virginia Mihaela TOADER, Mihaela CONSTANTINOVICI, Mircea Gheorghe Dumitru COSEA, and Carmen Nina CRISU.
- In accordance with AGOA Decision 5 / 29 March 2019
 - Alin Sorin MITRICA, appointed as provisional Supervisory Board member signed his mandate acceptance statement on 02 April 2019, date when his appointment becomes effective.
- In accordance with AGOA Decision 10/29 March 2019
 - Carmen Nina CRISU appointed as provisional Supervisory Board member refused accepting the mandate for incompatibility reasons.
- In accordance with AGOA Decisions 13/08.04.2019 and 14/08.04.2019
 - The Supervisory Board decided electing Mr. Mircea Gheorghe Dumitru COȘEA as Supervisory Board Chairman and appointing Mr. Florin-Radu CIOCANELEA as Supervisory Board member with mandate that expired on 29 May 2019, date when the mandates of Supervisory Board members in office on that date expired as well.
- In accordance with AGOA Decisions 14 and 15 of 14 mai 2019
 - The mandates of Supervisory Board members of the Company were extended beginning with 30 May 2019, for other four months.
- In accordance with AGOA Decisions 16,17,18,19,20,21,22 and 23 of 20 September 2019
 - Provisional Supervisory Board members of the Companiei beginning with 30 September 2019 were appointed for two months' mandate the following persons: Adrian MITROI, Petru TARNICERU, Ionica BADILA, Mihaela Virginia TOADER, Mihaela CONSTANTINOVICI, Mircea Gheorghe Dumitru COSEA, and Florin-Radu CIOCANELEA,
- In accordance with CS Decision 58/10.10.2019
 - The Supervisory Board members elected Mr. Mircea Gheorghe Dumitru COSEA as Supervisory Board Chairman
- In accordance with AGOA Decisions 24, 25, 26, 27, 28, 29, 30 and 31 of 26 November 2019
 - Provisional Supervisory Board members of the Company beginning with 30 November 2019 were appointed with four months' mandate term until 29 March 2020 the following persons: Luiza POPESCU, Sebastian BURDUJA, Jean BADEA, Jean-Valentin COMANESCU, Oleg BURLACU, Adrian GOICEA, and Manuela Petronela STAN-OLTEANU
- In accordance with CS Decision 69/02.12.2019
 - The Supervisory Board members elected Mr. Adrian GOICEA as Supervisory Board Chairman
- In accordance with CS Decision 81/13.12.2019
 - Mrs. Manuela Petronela STAN-OLTEANU notified the Company her refusal to accept the provisional member mandate in the Supervisory Board of Transelectrica SA
- In accordance with CS Decision 85/18.12.2019
 - In accordance with the notification of Mr. Sebastian-Ioan BURDUJA, beginning with 17.12.2019 he is no longer a provisional Supervisory Board member of the Company

Annex 3 - Major agreements entered by the company in 2019

According to Decision 4/29.04.2015 of the Shareholders' Extraordinary General Assembly regarding the agreements signed in 2018 for the purchase of goods, services and works with a value greater than 500,000 Euro/purchase (for purchases of goods and works) and of 100,000 Euro/acquisition respectively (for services)

No.	Agreement number	The Scope of the Contract	Duration	Value		Agreement type	Legal basis	Acquisition procedure
				Mill Lei	Mill Euro			
0	1	2	3	4	5	6	7	8
1	C 112/2019	Refurbishing the 110 kV substation Timisoara and converting the Portile de fier-Anina-Resita-Timisoara-Sacalaz-Arad axis to 400 kV, stage II: the 400 kV substation Timisoara	60 months	-	18,430	Works	Law 99/2016 + HG 394/2016	Open bid
2	C 8/2019	Refurbishing the 220/110 kV substation laz	34 months	-	11,732	Works	Law 99/2016 + HG 394/2016	Open bid
3	BC 575/2019	Guard and intervention services for TB Bucharest	36 months	13,724	-	Services	Law 99/2016 + HG 394/2016	Open bid
4	C 720/2019	Procurement of three 100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest Sud and Bradu	12 months	13,486	-	Supply	Law 99/2016 + HG 394/2016	Open bid
5	C 5/2019	Installing the 400/110 kV, 250 MVA TRAFU T3 in the 400/110 kV substation Sibiu Sud – primary equipment (TRAFU + related 400/110 kV bays)	18 months	13,140	-	Works	Law 99/2016 + HG 394/2016	Open bid
6	C 168/2019	Extending the 400 kV substation Cernavoda - stage II – connection of new lines	18 months	11,539	-	Works	Law 99/2016 + HG 394/2016	Open bid
7	CT 742/2019	Specific guard, monitoring and intervention services for TB Constanta	36 months	7,900	-	Services	Law 99/2016 + HG 394/2016	Open bid
8	CJ 4/2019	Upgrading the 220/110/20 kV substation Vetis - primary equipment	36 months	6,472	-	Works	Law 99/2016 + HG 394/2016	Open bid
9	C 96/2019	Remedy to the failure of tower 120, the 220 kV OHL Fantanele-Gheorgheni	2.5 months	3,238	-	Works	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation
10	C 115/2019	Subsequent contract 4 to the framework agreement C 14/2016 - "procuring primary medium and high voltage equipment"	12 months	3,227	-	Supply	Law 99/2016 + HG 394/2016	Reoffering
11	CR 12/2019	The 220 kV double circuit OHL Ostrovu Mare of RET (design stage, execution details and technical assistance)	48 months	758	-	Services	Law 99/2016 + HG 394/2016	Open bid
12	C 111/2019	Financial audit services for 2018-2020	36 months	689	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
13	C 535/2019	Assessment services of the influence of ETG installations over air quality by monitoring the pollutant emissions into the atmosphere	36 months	539	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
14	CR 2/2019	Specific guard and intervention services for TB Craiova during 3 months	3 months	506	-	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation
15	SB 10/2019	Installing the 400 MVA, 400/231/22kV AT2 and associated bays in substation Iernut and upgrade of the command-control system of 400/220/110/6 kV substation Iernut; RET connection of the ccc 430 MW Iernut generation place of SNGN ROMGAZ SA and design & execution work for the protection systems of electric lines connecting the new units of SPEE Iernut	26 months	30,740	-	Works	Law 99/2016 + HG 394/2016	Open bid
16	C 730/2019	Connecting the 400 kV OHL Isaccea-Varna and 400 kV OHL Isaccea-Dobrudja in the 400 kV substation Medgidia Sud. Stage I extending the 400 kV subst. Medgidia Sud, procuring the 400 kV GIS, install and commission the 400 kV GIS	10 months	-	5,168	Supply	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation to competitive bidding procedure

No.	Agreement number	The Scope of the Contract	Duration	Value		Agreement type	Legal basis	Acquisition procedure
				Mill Lei	Mill Euro			
17	BC 598/2019	Changes to 110 kV, 220 kV and 400 kV overhead lines in order to achieve the penetration of Blvd Nicolae Grigorescu - Splai Dudescu	7 months	4,863	-	Works	Law 99/2016 + HG 394/2016	Open bid
18	C 733/2019	Revolving bank credit line	12 months	3,313	-	Services	Law 99/2016 + HG 394/2016	One's own procedure
19	TM 43/2019	Capital repairs to the 220 kV OHL Mintia – Timisoara, corrosion protection to towers	24 months	3,146	-	Works	Law 99/2016 + HG 394/2016	Open bid
20	SB 8/2019	Maintenance services of the OHL passage corridor through areas with tree vegetation	36 months	2,391	-	Services	Law 99/2016 + HG 394/2016	Open bid
21	TP 42/7381/2019	Specific guard, monitoring and intervention services in particular circumstances to TB Pitesti	6 months	1,411	-	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation to competitive bidding procedure
22	BA 743/2019	Maintenance services of the OHL passage corridor through areas with tree vegetation	36 months	1,353	-	Services	Law 99/2016 + HG 394/2016	Open bid
23	SB 9/2019	Mowing services and vegetation removal in order to prevent fires in electric substations managed by TB Sibiu	36 months	583	-	Services	Law 99/2016 + HG 394/2016	Open bid
24	BA 742/2019	Mowing services and vegetation removal in order to prevent fires in electric substations managed by TB Bacau	24 months	553	-	Services	Law 99/2016 + HG 394/2016	Open bid
25	CR 22/2019	Specific guard and intervention services for TB Craiova during 3 months	3 months	506	-	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation to competitive bidding procedure
26	C 862/2019	Replacing the 400/400/160 MVA 400/231/22 kV AT3-ATUS-FS of the 400/220 kV substation Portile de Fier	14 months	-	2,830	Works	Law 99/2016 + HG 394/2016	Open bid
27	C 870/2019	Car insurance RCA and CASCO for the motor cars held by CNTEE TRANSELECTRICA SA (framework agreement)	36 months	1,903	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
28	C 849/2019	Public / operative phone services, integrate (VPN) communications and internet services (framework agreement)	36 months	-	924	Services	Law 99/2016 + HG 394/2016	Open bid
29	C 816/2019	Monitoring services for used water quality in the transmission / connection substations of CNTEE TRANSELECTRICA SA and pollution reduction solutions	36 months	486	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
30	C 812/2019	Internal and external air transport services for 24 months (framework agreement)	24 months	2,627	-	Services	Law 99/2016 + HG 394/2016	Open bid
31	CT 755/2019	Maintenance services of the OHL passage corridor through areas with tree vegetation	36 months	1,289	-	Services	Law 99/2016 + HG 394/2016	Open bid
32	C 919/2019	The 400 kV double circuit OHL Cernavoda – Stalpu and connection in substation Gura Ialomitei	24 months	287,649	-	Works	Law 99/2016 + HG 394/2016	Open bid
33	C 920/2019	The 400 kV substation Stalpu and upgrading the 110 kV and MV bays in substation Stalpu	36 months	73,940	-	Works	Law 99/2016 + HG 394/2016	Open bid
34	C 892/2019	400 kV mobile bays to connect the shunt reactors in the 400 kV substations Bradu and Sibiu Sud	12 months	-	2,446	Supply	Law 99/2016 + HG 394/2016	Open bid
35	C 924/2019	Motor cars to complete the car park of Transelectrica SA, city cars from 1,300 cc to 1,600 cc	1 month	2,777	-	Supply	Law 99/2016 + HG 394/2016	Open bid

No.	Agreement number	The Scope of the Contract	Duration	Value		Agreement type	Legal basis	Acquisition procedure
				Mill Lei	Mill Euro			
36	C 05/2009 AA7	Addendum 7 to contract 05/2009 – „Business continuity and post-disaster recovery services”	12 months	-	626	Services	Law 114/2011	Negotiation with no preliminary invitation
37	C 952/2019	Maintenance of the electricity quality monitoring system (SMCENEL)	36 months	2,776	-	Services	Law 99/2016 + HG 394/2016	Open bid
38	C 944/2019	Repairing the 100 MVAr, 400 kV shunt reactor of Bucharest Sud	11 months	-	370	Services	Law 99/2016 + HG 394/2016	Open bid
39	PT 75/15210/2019	Specific guard, monitoring and intervention services in particular circumstances to TB Pitesti	6 months	1,471	-	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation
40	TM 69/2019	Maintenance services of the OHL passage corridor through areas with tree vegetation	24 months	1,459	-	Services	Law 99/2016 + HG 394/2016	Open bid
41	C 997/2019	Credit EIB/2010 security contract	36 months	814	-	Services	Law 99/2016 + HG 394/2016	One's own procedure
42	C 886/2019	Installing modern means compensating active power in the 400/220/110/20 kV substations Sibiu Sud and 400/220/110/20 kV substation Bradu (design)	12 months	768	-	Services	Law 99/2016 + HG 394/2016	Open bid
43	CR 45/2019	Specific guard, monitoring and intervention services to the objectives of TB Craiova for 4 months	4 months	714	-	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation
44	C 993/2019	Subscription for the utilisation and technical support licence of the electricity market modelling software	36 months	-	142	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation
45	BA 764/2019	Cleaning services within TB Bacau and DET	24 months	650	-	Services	Law 99/2016 + HG 394/2016	Open bid
46	C 887/2019	Subsequent contract 2 to the framework agreement C 161/2018 - "Mobile phone services and internet mobile"	12 months	-	127	Services	Law 99/2016 + HG 394/2016	Reoffering
47	PT 62/12745/2019	Mowing services and vegetation removal in order to prevent fires in electric substations managed by TB Pitesti	36 months	531	-	Services	Law 99/2016 + HG 394/2016	Open bid
48	C 950/2019	Subsequent contract 1 to the framework agreement C 870/2019 - "RCA and CASCO car insurance services for the motor cars held by CNTEE Transelectrica SA	12 months	483	-	Services	Law 99/2016 + HG 394/2016	Reoffering

Annex 4 - List of Transelectrica's subsidiaries

- Company for Maintenance Services of the Electricity Transmission Grid SMART SA, J40/ 8613/ 2001 – Bucharest 1, Blvd. General Gheorghe Magheru 33, code 010325, www.smart-sa.ro;
- Operator of the Electricity and natural gas market OPCOM SA, J40/ 7542/ 2000 – Bucharest 3, Blvd. Hristo Botev 16-18, code 030236, www.opcom.ro;
- Company for Telecommunications and Information Technology Services to Electricity Transmission Networks TELETRANS SA, J40/ 12511/ 2002 – Bucharest 3, Blvd. Hristo Botev 16-18, code 030236, www.teletrans.ro;
- Company Training the Electric Power Engineering Specialists of Romania FORMENERG SA, J40/ 2265/ 2002 – Bucharest 4, Blvd. Gheorghe Sincai 3, code 040311, www.formenerg.ro;
- Subsidiary Company ICEMENERG - SERVICE SA, J40/ 11414/ 2003 – Bucharest 3, Blvd. Energeticienilor 8, code 032092, www.icemenerg-service.ro

List of persons affiliated to the company

Company's subsidiaries:

- SMART
- OPCOM
- TELETRANS
- FORMENERG
- ICEMENERG-SERVICE

Annex 5 – Significant transactions

All the contracts concluded with affiliated persons amounting to more than 50,000 Euros were reported by means of current reports in accordance with legal provisions

- Current report of 16 April 2019 - addendum 1 to contract C136/28.06.2018 with subsidiary Teletrans SA as provider
- Current report of 16 May 2019 - contract of more than 50,000 Euros with subsidiary SMART SA
- Current report of 17 July 2019 - 27.06.2019 entry in force of addendum 5 to contract C256/01.07.2014 concluded with subsidiary Teletrans SA as provider

Annex 6 - Disputes

On 31.12.2019 the Company was involved in the following disputes amounting to more than 100,000 Euro (477,920 Lei at the BNR exchange rate):

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
1	7238/120/2012	Dambovită Tribunal	SC ECO Energy SRL	Insolvency procedure – joint stock companies – upon the debtor's request		It admits the proposal of the judiciary liquidator Aurora Insolvency IPURL regarding the proposal to close the simplified insolvency procedure against debtor SC Eco Energy SRL. In accordance with article 131 of the Insolvency law 85/2006, it closes the simplified insolvency procedure against debtor SC Eco Energy SRL, creditors being: DGRFP Ploiesti by the County Administration of Public Finance Dambovită, ANRE, OET Obedineni Energinii Targovtsi OOD, Bucharest Branch, National Power Grid Company Transelectrica SA, Nuclearelectrica SA, SC Enel Distribuție Banat SA and Transenergo Com SA. It decides taking company Eco Energy SRL out of the trade register. In accordance with article 136 of Law 85/2006, it discharges the judiciary liquidator Aurora Insolvency IPURL of any duty and responsibility with respect to the procedure, the debtor and its wealth, creditors, holders of guarantees. In accordance with article 4 para (4) of Law 85/2006, it decides payment to the judiciary liquidator Aurora Insolvency IPURL from the special liquidation fund managed by UNPIR, 4000 Lei representing fee, as well as 396.85 Lei, representing procedure expenses and 571.20 Lei representing archiving and storage of documents for the debtor company. In accordance with article 135 of Law 85/2006, it decides to notify this sentence to DGRFP Ploiesti, the County Administration of Public Finance Dambovită and to the Office of the Trade Register from Dambovită Tribunal to make the cancellation registration. Appeal right is granted within 7 days from notification. Pronounced at public hearing on 04 March 2019. Document: Ruling 68/2019 04.03.2019
2	2033/111/2007 2033/111/2007* 2033/111/2007**	Bihor Tribunal Court of Appeal Oradea High Court of Cassation and Justice Court of Appeal Oradea High Court of Cassation and Justice Court of Appeal Oradea	Recurrent-claimant: Transelectrica by the Romanian State + Transelectrica by Cluj branch Respondent-intervenors: Mihes Cristian Radu, Mihes Marius-Tudor, Popa Florica Loredana, Corb Erika, Luca Ionut-Bogdan, Luca Viorica, Recurrent-defendants : Mester Lavinia Eugenia, Mester Traian Recurrent: Pros Office of the Court of Appeal Oradea	Appeal Expropriation law 33/1994	Expropriation law 33/1994 Compensations 275,310 Euro	Settlement in brief: Admits the civil appeal as grounded, introduced by plaintiffs Mester Traian and Mester Lavinia Eugenia and the request to join the appeal filed by claimant National Power Grid Company Transelectrica SA Bucharest by CNTEE Transelectrica SA, Transmission Branch Cluj, representing the Romanian State in contradiction with respondent intervenors Luca Viorica, Luca Ionut-Bogdan, Mihes Cristian Radu of Oradea, Mihes Marius-Tudor, Popa Florica-Loredana and Corb Erika, against civil sentence 628 of 20 September 2007 pronounced by Bihor Tribunal, which it partly changes meaning that: It ascertains the in kind asset represented by arable extraneous land of 636 m2, new land registry no. 12779 consisting of the old land registry no. 8630/19 written in CF NDF 7648 Oradea the defendants' property is impacted by the construction of the 400 kV trans-European overhead line Oradea – Bekecsaba, tower 7. It decides expropriation for public utility of national interest of this asset of 636 m2 instead of 50 m2 and established the compensation quantum to 5088 Euro instead of 477 Euro, payable in Lei at the official exchange rate on payment date. It decides entering the Romanian State's ownership right in the land registry with 636 m2 pertaining to the fore-mentioned asset as expropriation title instead of 50 m2. Admits the intervention requests in the interest of plaintiffs Mester Traian and Mester Lavinia Eugenia, filed by accessory intervenors: Luca Viorica, Luca Ionut-Bogdan, Mihes Cristian Radu, Mihes Marius-Tudor, Popa Florica-Loredana and Corb Erika. Maintains the other stipulations of the sentence appealed against. It compels the recurrent claimant National Power

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						<p>Grid Company Transelectrica SA Bucharest, by CNTEE Transelectrica SA, Transmission Branch (TB) Cluj to pay the respondent intervenor Luca Viorica 1500 Lei, appeal court expenses. FINAL. Appeal right granted in 15 days from notification. Pronounced at public hearing on 26 April 2016. Document: Ruling 375/2016 26.04.2016 Filed appeal; term: 27.10.2016</p> <p>Decision 2055: It denies the exception of appeal nullity stated by the recurrent-defendants Mester Lavinia Eugenia and Mester Traian. Admits the appeals filed by the recurrent - claimant National Power Grid Company Transelectrica SA Bucharest representing the Romanian State and the recurrent-defendants Mester Lavinia Eugenia and Mester Traian against ruling 375 of 26 April 2016, pronounced by the Court of Appeal Oradea, Section I civil. It cancels the ruling appealed against and refers the case for re-judgment to the same appeal court; irrevocable. It denies the appeal joining request filed by claimant in appeal National Power Grid Company Transelectrica SA represented by CNTEE Transelectrica SA, Transmission Branch Cluj, in the representation of the Romanian State. It admits the intervening requests in the interest of plaintiffs Mester Traian and Mester Lavinia Eugenia, formulated by accessory intervenors: Luca Viorica, Luca Ionut-Bogdan, Mihes Cristian Radu, Mihes Marius-Tudor, Popa Florica-Loredana and Corb Erika. It admits as grounded the civil appeal introduced by plaintiff defendants Mester Traian and Mester Lavinia Eugenia in contradiction with the respondent claimant National Power Grid Company Transelectrica SA represented by CNTEE Transelectrica SA, Transmission Branch Cluj, in representing the Romanian State against civil sentence 628/C of 20.09.2007 pronounced by Bihor Tribunal which it partly changes in the sense that: it compels the expropriator claimant to pay compensations in favour of the defendants, in total amount of 1039 Euro which will be paid in Lei at the BNR exchange rate on the actual payment date, of which 600 Euros is the value of the expropriated land and 439 Euros the prejudice produced by expropriation. It maintains the other provisions of the sentence appealed against, which are not contrary to this decision; final. Appeal right granted within 15 days from notification. Pronounced at public hearing on 18 December 2018. Document: Ruling 1293/2018 / 18.12.2018 Filed appeal with ICCJ – Term: 22.05.2019 Settlement: Admitting the appeal - Admitting the appeal Settlement details: Decision 991: Denies the exception of appeal nullity stated by the recurrent-defendants Mester Lavinia Eugenia and Mester Traian, invoked by the claimant National Power Grid Company Transelectrica SA Bucharest. It admits the appeal filed by claimant National Power Grid Company Transelectrica SA Bucharest, in the representation of the Romanian State, against civil ruling 1293/2018-A of 18 December 2018, pronounced by the Court of Appeal Oradea, Section I Civil. It partly changes civil ruling 1293/2018-A of 18 December 2018, pronounced by the Court of Appeal Oradea, Section I Civil, meaning it admits the appeal joining request filed by the appellant-claimant National Power Grid Company Transelectrica SA Bucharest against civil sentence 628/20.09.2007, pronounced by Bihor Tribunal and consequently establishes the area of the asset is 60 m2, instead of 50 m2. It maintains the other provisions of the ruling and sentence. It denies as groundless the appeal filed by defendants Mester Lavinia Eugenia and Mester Traian against civil ruling 1293/2018-A of 18 December 2018, pronounced by the Court of Appeal Oradea, Section I Civil; irrevocable</p>

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
3	41911/3/2014 41911/3/2014*	Bucharest Tribunal CAB ICCJ	Claimant: Transelectrica Defendant I. SC Gallup Organization Romania SRL Defendant II. Stelian Baicusi and others	Claims	4,958,587.72 Lei	Settlement in brief: Admits the exception of functional incompetency of section VIII of Bucharest Tribunal. Referring the file to the registration office from the civil sections of Bucharest Tribunal. No appeal. Pronounced at public hearing, today 19.02 .2015. Document: Conclusion (disinvestment)19.02.2015. Filed appeal. Postponed pronouncement to 18.12.2017. It denies the appeals as groundless. It compels the appellant-claimant paying to appellant-defendant Gallup Organization Romania SRL 6,250 Lei court expenses (representing reduced lawyer fee). Appeal right granted within 30 from notification. Pronounced at public hearing on 18.12.2017. Document: Ruling 2269/2017 / 18.12.2017 TEL filed appeal on 26.03.2018. The case is under filtering with the ICCJ Admits in principle the appeals filed by claimant National Power Grid Company Transelectrica SA and defendant The Gallup Organization Romania SRL against ruling 2269 of 18 December 2017 of the Court of Appeal Bucharest, Section V civil. Setting 30 January 2019 hearing term for appeal settlement, Judge panel C3-NCPC, 9:00 h, at public hearing, summoning the parties. Ruling 251: It denies as groundless the appeal filed by defendant The Gallup Organization Romania SRL against ruling 2269 of 18 December 2017 of the Court of Appeal Bucharest, Section V civil. It admits the appeal filed by claimant National Power Grid Company Transelectrica SA against the same ruling. It partly cancels the ruling with respect to the appeals stated by claimant National Power Grid Company Transelectrica SA and defendants Adrian Baicusi, Mihaela Maciuceanu against sentence 6508, 17 October 2016 from Bucharest Tribunal, Section VI Civil, meaning the settlement of the subsidiary request. It maintains the other provisions of the ruling appealed against. It compels claimant National Power Grid Company Transelectrica SA to 10,000 Lei law court expenses in appeal to defendant The Gallup Organization Romania SRL, reduced as per article 451 para 2 civil proced. Code; final
4	17284/3/2015	Bucharest Tribunal CAB ICCJ	Claimant: SC Dagesh Rom SRL Defendant: Transelectrica	Claims	2,784,950 Lei + 168,500 Lei	It denies the request - Settlement in brief: 1. It admits the write-off exception with respect to the claims represented by: - rent difference requested for 04.03.2012 - 12.05.2012; - related penalties requested as rent difference calculated for 04.03.2012 - 12.05.2012; - service fee difference asked for the interval 04.03.2012 - 12.05.2012; - related penalties requested as service fee difference calculated for 04.03.2012 - 12.05.2012. It denies such claims as being written-off. 2. It denies the other claims as groundless. 3. It compels the claimant to pay 2250 Lei to the defendant as law court expenses. 4. Appeal right granted within 30 from notification. Appeal is submitted Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 15.11.2016. Ruling 7230/2016 15.11.2016. Settlement in brief: It admits the appeal. It partly changes the contested ruling; it partly admits the suing, namely it compels the defendant to pay 76,265.23 Lei as service fee difference for 2012 and 76,265.23 Lei as related delay penalties. It maintains the other ruling provisions appealed against. It compels the recurrent defendant pay to the recurrent claimant 31,877.45 Lei as law suit expenses, for first instance and appeal; appeal right within 30 days from notification. Appeal will be submitted to the Appeal Court Bucharest, Section VI Civil. Pronounced at public hearing on 20.04.2018. Document: Ruling 810/2018 20.04.2018 It establishes 12 November 2019 as next hearing term to settle the appeals at public hearing, summoning the parties. It denies as groundless the appeals filed by the recurrent-claimant SC Dagesh Rom SRL and by

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						the recurrent-defendant National Power Grid Company Transelectrica SA against civil ruling 810A/2018 of 20 April 2018, pronounced by the Appeal Court Bucharest, Section VI Civil. It denies the requests filed by recurrent-claimant SC Dagesh Rom SRL and by recurrent-defendant National Power Grid Company Transelectrica SA on granting law court expenses; final.
5	43152/3/2014	Bucharest Tribunal	SC ICPE Electrocond SA – debtor under insolvency Transelectrica SA - Creditor	Insolvency procedure	Request to be recorded in the creditors' table with 2,705,330.98 Lei	In accordance with article 175 para (1) of Law 85/2014 on the procedures preventing insolvency and of insolvency, it closes the insolvency procedure against debtor ICPE Electrocond Technologies SA, as the reorganisation plan was achieved. According to article 179 of Law 85/2014, the procedure closure sentence will be notified to the General Directorate of Public Finance and to the Office of the Trade Register Bucharest from Bucharest Tribunal, to record this mention. This sentence will be notified to all the creditors of debtor ICPE Electrocond Technologies SA by publishing it in the Bulletin of insolvency procedures. Enforceable; appeal right granted within 7 days from ruling communication by publication in the Bulletin of insolvency procedures, to be submitted to Bucharest Tribunal, Section VII Civil. Pronounced on 22.10.2018 by placing the ruling to the parties' disposal through the court clerk. Document: Ruling 5884/2018 22.10.2018
6	2177/99/2012/a 40 2177/99/2012	Iasi Tribunal	CET SA Iasi – debtor under insolvency Transelectrica SA - Creditor	Insolvency procedure	Recorded in the creditors' table with 1,935,308.24 Lei	It denies the appeals filed by the recurrent contesters. Control term granted on 21.05.2019 Settlement in brief: It dismisses the judiciary reorganisation plan of debtor SC CET SA (District Heating Centre Iasi), seated in Iasi, Calea Chisinaului 25, registered with ORC at J22/677/2002, CUI 14718982. In accordance with the provisions of article 107 para 1 let B of Law 85/2006 on the insolvency procedure it decides beginning the general bankruptcy procedure of debtor SC CET SA (District Heating Centre Iasi), seated in Iasi, Calea Chisinaului 25, registered with ORC at J22/677/2002, CUI 14718982. According to the provisions of article 107 para 2 of the Law on the insolvency procedure it designates provisional liquidator the judiciary administrator Management Reorganizare Lichidare Iasi SPRL seated in Iasi, str. Aleea Nicolina 82, Iasi County, registered with the Professional Societies Register at 0120/31.12.2006, which will perform the attributions provided in article 25 of the law. According to the provisions of article 107 para 2 of the Law on the insolvency procedure it decides dissolving the debtor company and suspend the debtor's administration right. It sets the maximum term on 21.03.2014 for liability submission to the judiciary liquidator, together with the list of deeds and operations performed after procedure institution. It decides notifying such opening of the bankruptcy procedure to the debtor, the creditors and the Office of the trade register from Iasi Tribunal, to perform the mention by publishing it in the Bulletin of insolvency procedures. It sets the maximum term on 25.04.2014 for submission of demands for trade receivables occurred during the procedure. It sets the maximum term on 26.05.2014 for verifying the receivables occurred during the procedure, the execution, display and communication of the additional creditors' table. The deadline to submit contestations against receivables occurring during the procedure will be at least 10 days before 24.06.2014. It sets the term on 24.06.2014 to settle contestations to receivables occurred during the procedure. It sets the deadline to draw up and display the final consolidated receivables' table on 24.06.2014. According to article 113 of the Law on the insolvency procedure it decides sealing the debtor's assets and goods, blocking the buildings, the social parts and all the other liquidation operations. Document: Intermediate ruling, 17.09.2014 . Term to continue the procedure: 19.05.2020

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
7	2183/115/2010	Caras Severin Tribunal	CET ENERGOTERM RESITA SA – debtor under insolvency Transelectrica SA - Creditor	Insolvency procedure	Recorded in the creditors' table with 1,516,714.71 Lei	<p>Settlement in brief: It denies the objections filed by the National Administration of State Reserves and Special Problems, Territorial Unit 515 Bucharest. In accordance with article 129 of the Law on the insolvency procedure it approves the final liquidation report. According to article 132 para 2 of Law 85/2006 it decides closing the insolvency procedure of debtor SC CET Energoterm Resita SA. It decides erasure of debtor SC CET Energoterm Resita SA Resita from the trade register. According to article 136 of Law 85/2006 it discharges liquidator CLV Insolv IPURL seated in Timisoara of any duties and responsibilities. According to article 135 of Law 85/2006, it decides notification of this sentence to the creditors, debtor SC CET Energoterm Resita SA and the Office of the Trade Register to provide the mention of procedure closure and erasure and publication in the Bulletin of insolvency procedures; final and enforceable. Appeal right granted within 7 days from notification. Pronounced at public hearing on 14 February 2019. Document: Ruling 59/2019 14.02.2019</p> <p>Settlement type: ungrounded Settlement in brief: It denies the appeal filed by the National Administration of State Reserves and Special Problems, Territorial Unit 515 Bucharest (ANRSPS – UT 515 Bucharest) against civil sentence 59/14.02.2019 pronounced by Caras Severin Tribunal under file 2183/115/2010; irrevocable. Pronounced at public hearing on 15.04.2019. Document: Ruling 317/2019 15.04.2019</p>
8	9089/101/2013/a 152	Mehedinti Tribunal	RAAN – debtor under bankruptcy Transelectrica SA - Creditor	bankruptcy procedure	Request to be recorded in the creditors' table with 89,360,986.06 Lei	<p>Transelectrica SA was recorded in the creditors' list of debtor RAAN with 11,264,777.30 Lei, in in the category of liabilities resulting from continued debtor activities, the sum requested by our company being 89,360,986.06 Lei, the amount of 78,096,208.76 Lei was not written in the preliminary liability table because "it is not found as liability in the accounting books of RAAN. Moreover, requesting this sum of 78,096,208.76 Lei was expressed late as it pertains to 2011 – 2013, for which reason it should have been asked for when the insolvency procedure was initiated on 18.09.2013". We submitted contestation to the Table. Mehedinti Tribunal admitted the accounting expertise evidence. Hearing term 22.03.2018</p> <p>To get the answer to the objections against the Expertise Report It defers pronouncement on 05.04.2018.</p> <p>Settlement: it replaces the case on the docket to supplement the evidence. Term: 14.06.2018 Suspended until settlement of file 4013/2/2016 on the docket of ICCJ.</p> <p>Settlement in brief: In accordance with article 139 C. pr. civ. it joins this case to file 9089/101/2013/a140; final. Pronounced at public hearing on 14.02.2019. Document: final conclusion (desinvestment) 14.02.2019</p>
9	6473/111/2013	Bihor Tribunal	SC Electrocentrale Oradea – debtor under insolvency Transelectrica SA - Creditor	Insolvency procedure	Request to be recorded in the creditors' table with 641,673.13 Lei	<p>In accordance with article 107 para 1 let. B) of the Law on the insolvency procedure it decides initiating the bankruptcy procedure for debtor SC Electrocentrale SA. It appoints as provisional judiciary liquidator CITR, Branch Bihor SPRL seated in Oradea, str. Roman Ciorogariu 24, that will perform the attributions provided by article 25 of the law and whose retribution will be established later, according to amount. According to article 107 para 2 of the Law on the insolvency procedure it decides dissolving the debtor company and suspend its administration right. It sets the maximum term on 18 January 2018 for liability submission to the judiciary liquidator, together with the list of deeds and operations performed after procedure institution. According to articles 61 and 109 of the Law on the insolvency procedure; It decides notifying such opening of the bankruptcy procedure to the debtor, the creditors and the Office of the trade register from Bihor Tribunal, through the Bulletin of insolvency procedures, in order to make the mention according to article 61 of the Law on the insolvency procedure. It sets 26 February 2018</p>

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						<p>as deadline for submission of demands for trade receivables occurred during the procedure. It sets 16 March 2018 as deadline for verifying the receivables occurred during the procedure, the execution, display and communication of the additional creditors' table. It sets 28 March 2018 as term to settle possible contestations and 11 April 2018 to provide the final consolidated table of receivables. It establishes 11 April 2018 for next hearing, room 66, 9 :00 h. It establishes the liquidator's task to set a date for creditors gathering and to convene the debtor's creditors. It decides the liquidator to send notifications to all creditors. It decides communicating such decision to the law courts in whose jurisdiction is found the debtor, and to all banks where he has accounts. According to article 113 of the Law on the insolvency procedure it decides sealing the debtor's assets and goods and performance of all liquidation operations; enforceable. Appeal right granted within 30 days from notification, to be submitted to Bihor Tribunal.</p> <p>Document: Intermediate ruling 14/2018 10.01.2018</p> <p>Term: 06.02.2019 - Type of settlement: it postpones the case</p> <p>Settlement in brief: Making the inventory of the debtor's goods, capitalising them</p> <p>Document: Hearing conclusion, 06.02.2019</p> <p>Term 17.04.2019 - Type of settlement: Law 85/2006 on insolvency</p> <p>Settlement in brief: It admits the request of creditor Vinter loan in contradiction with the judiciary liquidator CITR, Branch Bihor SPRL. It places again the creditor within the term to express the receivable statement. It compels the judiciary liquidator to examine the creditor's receivable statement; enforceable. Appeal right granted within 30 days from notification, to be submitted to Bihor Tribunal. Document: Intermediate ruling 483/2019 / 17.04.2019</p> <p>Term 06.05.2020</p>
10	873/1259/2008	Arges Tribunal	<p>Creditor: DGFP, Transelectrica</p> <p>Debtor : SC Termoficare 2000 Pitesti SA</p>	Insolvency procedure Transelectrica submitted request to be recorded in the creditors' list to recover the debit	Recorded in the creditors' table with 3,903,604.27 Lei	<p>Settlement in brief: Making the change in ECRIS programme with respect to the new office of the judiciary liquidator. It establishes 03.03.2020 as term to continue the receivable recovery procedure. Appeal right granted with the substance matter. Pronounced at public hearing on 10.12.2019, in the Specialised Tribunal of Arges.</p> <p>Document: Hearing conclusion, 10.12.2019</p>
11	4328/110/2013	Bacau Tribunal	CET SA Bacau – debtor, insolvency Transelectrica SA - Creditor	Insolvency procedure	Request to be recorded in the creditors' table with 1,484,636.78 Lei	<p>It defers the case. Settlement in brief: to continue the procedure</p> <p>Term: 11.07.2019. Type of settlement: it defers the cause</p> <p>Settlement in brief: to continue the procedure; document: hearing conclusion 11.07.2019.</p> <p>Term: 23.06.2020</p>
12	29322/3/2014	Bucharest Tribunal	<p>SC ENNET GRUP SRL– debtor under insolvency</p> <p>CNTEE Transelectrica SA - Creditor</p>	Insolvency procedure	Request to be recorded in the creditors' table with 3,277,527.03 Lei	<p>Type of settlement: it defers the case</p> <p>Settlement in brief: to continue the procedure</p> <p>Term: 11.05.2020</p>
13	1867/90/2010	Valcea Tribunal	SC Total Electric Oltenia SA	Insolvency procedure – joint stock companies – upon the debtor's	Recorded in the creditors' table with 14,085,415.27	<p>Type of settlement: it defers the case</p> <p>Settlement in brief: To continue the procedure in view of capitalising the goods from the debtor's inventory and to gather the creditors on 12.04.2019, with an agenda item on establishing a new sale strategy for the debtor's movable property</p>

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
				request		Term: 19.06.2019. Type of settlement: it defers the case Settlement in brief: To continue the procedure in view of capitalising the goods from the debtor's inventory. Document: Hearing conclusion 19.06.2019 Term: 06.05.2020
14	47478/3/2012 170/3/2014 47478/3/2012*/a 1	Bucharest Tribunal	SC PETPROD SRL Transelectrica SA - creditor	Insolvency procedure – joint stock companies - upon the debtor's request	30,047,752.90 Lei	We have been recorded in the creditors list of debtor SC Petprod SRL with 30,046,403.79 Lei Type of settlement: conclusion Settlement in brief: to continue the procedure in view of capitalisation Term: 14.04.2020
15	20190/3/2015	Bucharest Tribunal Court of Appeal Bucharest	Claimant : Transelectrica Defendant: SC Dagesh Rom SRL Defendant: Adrian Baicusi	Claims	1,353,963.60 Lei + interest	Settlement in brief: It denies as groundless the exception of absence of passive processual capacity of defendant Baicusi Adrian, exception claimed by him in the objection. It partly admits the exceptions relating to the prescription of the action right in a material sense, as sustained in the defendants' complaints. It ascertains as written-off the material right to action with respect to the amounts that became due before 29.05.2012 and it denies the request for such sums for occurrence of prescription. It denies as groundless the court summoning filed by claimant National Power Grid Company Transelectrica SA in contradiction with defendant Dagesh Rom SRL and defendant Baicusi Adrian. It denies as groundless the claimant's request to be granted law suit expenses. It partly admits the request of defendant Dagesh Rom SRL to be granted law suit costs and compels the claimant to pay it 5000 Lei reduced lawyer fee. It denies as groundless the request of defendant Baicusi Adrian to be granted law suit costs. Appeal right granted within 30 days from notification, to be submitted to section VI of Bucharest Tribunal. Pronounced on 13.04.2018 and given to the parties by the court clerk. Document: Ruling 13.04.2018 Settlement in brief: it denies the sustained exceptions as groundless. It admits the appeal. It cancels the conclusion appealed against and refers the case to the same court to continue judgment; final. Document: Ruling 255/2017 22.09.2017
16	5302/2/2013 12107/3/2017	Court of Appeal Bucharest ICCJ Bucharest Tribunal	D - Recurrent respondent in appeal Transelectrica, ANRE C - Recurrent respondent in appeal Conaid Company	Administrative dispute Ascertaining the unjustified refusal to conclude and sign RET connection addendum and/or contract, obligation to sign addendum and/or contract for RET connection	Obligation to pay the following sums - 722,756,000 Euro representing unrealised profit from the business plan, and 17,419,508.07 Lei – actual expenses recorded in account books	In accordance with article 413 par 1 item 1 from the Civil procedural code, it suspends judging the case. Appeal during all term of suspension. Appeal filed with the Appeal Court Bucharest. Pronounced at public hearing today, 24 June 2014. Document: Conclusion - Suspension 24.06.2014. Settlement: Admits the appeal - Admitting the appeal with cassation - Orders re-judging Settlement details: Ruling 2148/29.06.2016. Denies the exceptions invoked by the recurrent-claimant SC Conaid Company SRL, by judiciary administrator RVA Insolvency Specialists SPRL and by the recurrent-defendant National Power Grid Company Transelectrica SA. Admits the appeal of defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18 February 2014 and the civil sentence 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII administrative and fiscal. It cancels the conclusion appealed against and partly the sentence and refers the case to Bucharest Tribunal, Section VI Civil to settle the claimant's case in contradiction with the National Power Grid Company Transelectrica SA. Maintains the other stipulations of the sentence with respect to the claimant's suit against the National Regulatory Authority in the Energy domain. Denies the appeals filed by claimant SC Conaid Company SRL, by its judiciary administrator RVA Insolvency Specialists SPRL and by the third party SC Duro Felguera SA against civil sentence 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII administrative and fiscal disputes. Denies the appeal filed

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						by the National Power Grid Company Transelectrica SA against the hearing conclusion of 25 March 2014, pronounced by the Appeal Court Bucharest, Section VIII administrative and fiscal disputes. Final. Pronounced at public hearing on 29 June 2016. Settlement in brief: Admits the exception of inadmissibility. Denies the request as inadmissible. Denies the intervention request to the claimant's interest. Appeal right granted within 30 days from notification. Appeal will be submitted to Bucharest Tribunal, Section VI Civil. Placed at the parties' disposal by the court clerk, today 23.11.2017. Document: Ruling 4364/2017 23.11.2017 New file 36755/3/2018 pertaining to the subject acc. pct 16 bis
16 bis	36755/3/2018	Bucharest Tribunal	C: Conaid Company SRL D: Transelectrica	Claims and finding unjustified refusal to conclude addendum to RET connection contract C154/2012	17,216,093.43 Lei, damage incurred and 100.000 Euro, estimated benefit unrealised	Type of settlement: it defers the case Settlement in brief: To get acquainted with the request modifying the summons Term: 07.05.2019 Settlement in brief: It denies the plea exception as groundless. It denies the judgment suspension request as groundless. Appeal granted with the subject matter. Term to continue the procedure on 17.09.2019, summoning the parties. Pronounced by placing the settlement to the parties' disposal by the court clerk. Document: Hearing conclusion 11.06.2019 Term: 31.03.2020 – the expertise evidence
17	8207/62/2011	Brasov Tribunal	CET SA Brasov – debtor, insolvency Transelectrica SA - Creditor	Insolvency procedure	Recorded in the creditors' table with 4,303,741.44 Lei	Settlement in brief: to continue attempts to capitalise the debtor's assets a new hearing term is set on 19.03.2020
18	22846/301/2012 49134/3/2012 severed 3198/2/2015 Re-registered for retrial under no. 44223/3/2016	JS 3 Bucharest Bucharest Tribunal Court of Appeal Bucharest ICCJ Court of Appeal Bucharest Bucharest Tribunal	C: Petprod SRL I: Transelectrica	Claims – 11,328,252.77 Lei		Denies as groundless the inadmissibility exception. Admits the exception of prematurity of main request. Decides term on 7.11.2013, summoning the parties; appeal together with the fundamental case. Document: Hearing conclusion 26.09.2013 Settlement in brief: Settlement in brief: Denies the main request as prematurely expressed. Admits part of the re-conventional request. Obliges the appealed claimant Petprod to pay 21,701,281. 92 Lei to the appealing claimant Transelectrica. Obliges the appealed defendant to pay to appealing claimant Transelectrica the sum of 221,128.82 Lei as law suit expenses. Appeal granted within 15 days from notification. Ruling 6799/ 28.11.2013 26.05.2015 Type of settlement: Appeal is admitted Settlement in brief: Admits the appeal filed by the plaintiff in appeal SC PETPROD SRL against the conclusion of 26.09.2013. Cancels in part the conclusion appealed against and refers the case to re-trial by the same law court, to settle the main request. Maintains the other provisions of the conclusion. Severs the judgment of appeals filed by the parties against civil sentence 6799/2013 pronounced by Bucharest Tribunal, Section VI Civil. According to article 36 of Law 85/2006 it suspends the judgment of appeals filed by the parties against the civil sentence 6799/2013. Final. Appeal granted in 15 days from notification. Pronounced at public hearing. Document: Ruling 872/2015 26.05.2015 Appeal filed Denies as groundless the appeal filed by the recurrent defendant National Power Grid Company Transelectrica SA against civil ruling 872 of 26 May 2015, pronounced by the Court of Appeal Bucharest, Section VI Civil. It partly admits the request for law suit expenses expressed by the plaintiff in appeal-claimant. Obliges the recurrent defendant National Power Grid Company Transelectrica SA to pay 4,500 Lei to the plaintiff-claimant SC Petrod SRL by the Judiciary

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						<p>Administrator SCP Insolvency Agency Banat SPRL, as law suit expenses – lawyer's fee. Irrevocable.</p> <p>Settlement in brief: According to article 36 of Law 85/2006 it suspends judging the appeals filed by the parties against civil ruling 6799/2013. Final, with appeal right within 15 days from notification. Pronounced at public hearing. Document: Conclusion - Suspension 26.05.2015</p> <p>Term 20.09.2016 – CAB maintains the suspension</p> <p>Term TMB: 15.03.2017. It defers pronouncement on 22.03.2017.</p> <p>It denies as groundless the suit as it was expressed. It denies the claimant's request to oblige the defendant to pay law suit expenses. Appeal right granted within 15 days from notification. Pronounced at public hearing on 29 March 2017.</p> <p>Document: Ruling 1074/2017 29.03.2017</p>
19	18499/3/2013	Bucharest Tribunal	Popescu Mina: Claimant TRANSELECTRICA SA: defendant	Claims – 1,500,000 Lei		<p>Settlement in brief: It denies the request to supplement the evidence with evaluator technical expertise as useless for the case. It qualifies the exceptions on absence of active processual capacity, absence of passive processual capacity and of inadmissibility as basic defences. It denies the case as groundless. Appeal right granted within 30 days from notification. Pronounced at public hearing on 24.11.2015. Document: Ruling 1404/2015 24.11.2015.</p> <p>Settlement in brief: It admits the request. It decides the return of the stamp tax amounting to 1431 Lei paid to the file by invoice 104913/23.04.2015, 207352/22.05.2015 and 248/10.06.2015; enforceable. Appeal right - 30 days, to be submitted to Bucharest Tribunal, Section III Civil. Pronounced at public hearing on 19.04.2016. Document: Hearing conclusion, 19.04.2016</p>
20	3616/101/2014 3616/101/2014*	Mehedinti Tribunal CA Craiova ICCJ CA Craiova Bucharest Tribunal CAB	Claimant: RAAN Defendant: Transelectrica	Claims	1,090,831.70 Lei	<p>Settlement in brief: It admits the case; compels the defendant to pay 1090831.70 Lei representing the value of invoice 1300215/31.12.2013 to the claimant. It acknowledges the claimant has not requested law suit costs. Appeal granted within 15 days from notification, to be submitted to Mehedinti Tribunal. Pronounced at public hearing on 10.10.2014. Document: Ruling 127/2014 10.10.2014,</p> <p>Settlement in brief: DEC: A.R. It denies the appeals as lacking interest. Appeal right within 30 days from notification to be submitted to the Court of Appeal Craiova.</p> <p>Document: Ruling 843/2015 05.11.2015</p> <p>Filed appeal. Term: 21.03.2017.</p> <p>It admits the appeal filed by defendant National Power Grid Company Transelectrica SA against ruling 843/2015 of 5 November 2015 pronounced by the Court of Appeal Craiova, Section II Civil, which it cancels and resends the cause for re-judgment to the same court as appeal court; final. Term: 07.09.2017.</p> <p>It admits the appeals; cancels the sentences and sends the case for competent settlement of Bucharest Tribunal, Section VI Civil ; final. Document: Ruling 124/2017 07.09.2017.</p> <p>It admits the action; the amount was enforced by RAAN in 2014.</p> <p>We filed appeal within the legal term, it was denied as groundless</p>
21	5595/120/2010	Dambovita Tribunal CA Ploiesti	Claimant : Transelectrica Defendant: SC Eco Energy SA	Claims	16,604,203.24 Lei	<p>Brief settlement of Tribunal DB: It denies the case as purposeless</p> <p>Document: Ruling 1269/2018 03.12.2018</p> <p>Brief settlement of CA Ploiesti: It admits the appeal; changes entirely the sentence and finds the court summon is not extinct. It maintains the judgment suspension; irrevocable. Pronounced at public hearing. Document: Ruling 2473/2018 11.06.2018.</p> <p>It admits the requests, returning to the recurrent the amount of 85,072.5 Lei representing judiciary tax difference not owed, paid by pay order 1652/8.06.2018 issued by the recurrent with BCR SA;</p>

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						irrevocable. Pronounced at public hearing. Document: Hearing conclusion 28.06.2018.
22	40814/3/2014 40814/3/2014*	Bucharest Tribunal Court of Appeal Bucharest ICCJ	Claimant: OPCOM SA Defendant: CNTEE Transelectrica SA	Claims	582,086.31 Euro (2,585,161.72 Lei) + 84,867.67 Lei interest	<p>Settlement in brief: It admits the suing file of claimant Electricity and Natural Gas Market Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA. Obliges the defendant to pay 582,086.31 Euro, representing the sum the claimant paid instead of the defendant from the fine of 1,031,000 Euro applied by Decision of the European Commission on 05.03.2014 in the AT.39984 case, plus legal interest to such 582,086.31 Euro, calculated on 11.06.2014 until actual payment. Obliges the defendant to pay 37,828.08 Lei as law suit expenses; appeal within 30 days from notification. The appeal is filed with the Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 24 July 2015. Document: Ruling 4275/2015 24.07.2015</p> <p>Settlement in brief: It admits the appeal. Changes the entire civil sentence appealed against, namely it denies the suing as groundless. Obliges the claimant plaintiff in appeal to pay 16129.49 Lei law suit expenses, being judiciary stamp fee. Appeal within 30 days from notification. Pronounced at public hearing on 10.10.2016. Document: Ruling 1517/2016 10.10.2016</p> <p>It admits the appeal filed by the recurrent-claimant Electricity and Natural Gas Market Operator OPCOM SA against ruling 1517/10.10.2016, pronounced by the Appeal Court Bucharest, Section V Civil. It cancels the ruling appealed against and refers the case for new judgment to the appeal court; final.</p> <p>Settlement of CAB: It denies the appeal as groundless. It compels the appellant to pay 26,070.31 Lei law suit costs to the respondent; appeal within 30 days from notification, to be submitted to CAB Section V Civil. Pronounced at public hearing. Document: Ruling 1813/2018 01.10.2018</p> <p>We filed appeal on 27.11.2018. Hearing terms: The cause is under filter procedure. The first term will be subsequently established</p>
23	1284/101/2015 24206/3/2015	Mehedinti Tribunal Bucharest Tribunal Court of Appeal Bucharest	Claimant: RAAN Defendant: Transelectrica	Claims	11,637,439.66 Lei	<p>Type of settlement: It declines case settlement</p> <p>Settlement in brief: It admits the exception of territorial incompetency. It declines ruling competency in favour of Bucharest Tribunal, Section VI Civil. No appeal. Pronounced at public hearing on 22.05.2015. Document: Ruling 41/2015 22.05.2015</p> <p>Settlement in brief: It admits the request as supplemented. It compels the defendant to pay 17,805,680.17 Lei to the claimant, as amount of the bonus and penalties. It denies the claimant's request to grant law suit expenses as groundless. Appeal within 30 days from notification, to be filed with Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 03.11.2015. Document: Ruling 6075/2015 03.11.2015</p> <p>Filed appeal</p> <p>Settlement in brief: In accordance with article 413 para 1 item 1 the NCPC admits the suspension request filed by the claimant plaintiff in appeal by means of the judiciary liquidator EURO INSOL SPRL. According to article 413 para 1 item 1 NCPC decides suspending the appeal settlement until final solving of file 9089/101/2013/a152 on the docket of Mehedinti Tribunal. Appeal right during the entire suspension time, to be filed with the Court of Appeal Bucharest, Section V Civil. Pronounced at public hearing on 12.01.2017. Document: Conclusion - Suspension 12.01.2017.</p>

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24	7566/101/2014 26024/3/2015	Mehedinti Tribunal Court of Appeal Craiova Bucharest Tribunal	Claimant: RAAN Defendant: Transelectrica	claims for 10,048,628,86 Lei	10,048,628.86 Lei	Settlement in brief: It admits the case; appeal within 30 days from notification. Pronounced at public hearing on 04.02.2015. Document: Ruling 16/2015 04.02.2015. Filed appeal Type of settlement: It decides re-judgment in the first court or in the competent court Settlement in brief: It admits the appeal, cancels the sentence and refers the case for settlement to Bucharest Tribunal, Section VI Civil; final. Document: Ruling 509/2015 30.06.2015. Brief settlement of TB: It denies the suing as groundless; appeal within 30 days from notification. Pronounced by placing the hearing at the parties' disposal by the court clerk on 04.02.2020. Document: Ruling 166/2020 04.02.2020.
25	3269/3/2015 1015/2/2018 – new number	Bucharest Tribunal CAB	Claimant : Transelectrica Defendant SMART SA	Claims	566,773.42 Lei	Settlement in brief: It admits the inadmissibility exception, it denies entirely the request as inadmissible; appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 11.10.2017 Document: Ruling 3592/2017 11.10.2017 We filed appeal It denies the appeal as groundless; final. Pronounced at public hearing on 09.09.2016 Document: Ruling 348/2016 09.09.2016 Settlement details: It denies as groundless the appeal filed by the recurrent-claimant National Power Grid Company Transelectrica SA against ruling 904 of 07 May 2018 pronounced by the Court of Appeal Bucharest, Section VI Civil, in contradiction with the respondent-defendant Maintenance Service Co. for Transmission Grids Smart SA; final – 26.09.2019
26	3294/2/2015 3294/2/2015*	Court of Appeal Bucharest ICCJ	C: Transelectrica, D: Ministry of Energy small and medium sized enterprises and business environment, successor of the energy department, intermediate organisation for energy	Cancellation of administrative deed decision no. 238925/03.12.2014		Settlement in brief: It admits the suit, cancels decision 238925/25.03.2014 and the note ascertaining irregularities and establishing financial corrections 237432/09.10.2014. It decides return of 2,190,150.20 Lei to the claimant, with interest as provided in the fiscal procedural code from payment date until actual return. It denies the request to return the stamp tax; appeal granted. Pronounced at public hearing on 27.10.2015. Document: Ruling 2756/2015 27.10.2015 It admits the request; decides adding civil sentence 2756/27.10.2015, namely it compels the defendant to pay 400 Lei law suit cost to the claimant; appeal within 15 from notification. Pronounced at public hearing on 26.04.2016. Document: Ruling, adding the device 1426/2016 26.04.2016 Term with the ICCJ: 11.02.2021
27	4569/107/2015	Alba Tribunal	R: Transelectrica P: ROMENERGY INDUSTRY SRL	Claims	11,881,453.01 Lei	It admits the civil case filed by claimant CNTEE Transelectrica SA: it compels the defendant to pay 10,608,353.71 Lei as claims to the claimant. Obliges the defendant to pay 122,419.53 Lei as judiciary expenses to the claimant. Appeal in 30 days from notification. Pronounced at public hearing on 9 June 2016 according to article 396 Cod pr. civil. Document: Ruling 1088/2016 09.06.2016. TEL has recorded 16,475,047.45 Lei in the creditors' list under file 2088/107/2016.
28	45397/3/2015	Bucharest Tribunal	R: Transelectrica P: Trading company OET - Obedinieni Energiini Targovtsi OOD – Bucharest Branch	Claims	637,206.01 Lei	It partly admits the prescription exception; partly admits the summons. It compels the defendant to pay the claimant 636,842.31 Lei. It compels the defendant to pay the claimant 9,973.42 Lei as law suit expenses; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was provided to the parties by the court clerk. Document: Ruling 3956/2016 / 24.06.2016 Settlement in brief: It admits the request to correct the material error. It decides correcting the material error from the considerations and the structure of civil sentence 3956 of 24.06.2016 pronounced by Bucharest Tribunal, Section VI Civil, in the sense that the amount of law suit

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
		Court of Appeal Bucharest ICCJ				expenses the defendant was compelled to pay is actually 13,501.56 Lei instead of 9,973.42 Lei, which was erroneously mentioned first; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing. Document: Conclusion - correction of material error, 28.07.2016 Filed appeal. Term: 16.03.2017. It defers pronouncement on 30.03.2017. Settlement in brief: It denies the appeals as groundless; final. Pronounced at public hearing on 30.03.2017. Document: Ruling 635/2017 30.03.2017. The parties have filed appeal. Settlement details: 07.12.2017: It cancels as not stamped the appeal filed by the recurrent-defendant OET Romania LTD Bulgaria Branch Bucharest against civil ruling 635/2017 of 30 March 2017 pronounced by the Appeal Court Bucharest, Section V Civil; no appeal.
29	4486/121/2015*	Galati Tribunal Court of Appeal Galati ICCJ Court of Appeal Galati (re-judgment)	R: Transelectrica P: SC ARCELORMITTAL GALATI SA	Claims	2,671,266.50 Lei	Admits the prescription exception only with respect to the delay penalties calculated for 01.01.2012-23.03.2012, inclusive, provided in invoice 13760/26.11.2014. Denies the exception of inadmissibility as groundless. Admits in part the suing. Obliges the defendant to pay 2,656,221.60 Lei as value of penalty invoices. Denies the other claims based on article 453 Civil procedural code, obliges the defendant to pay 30,167.22 Lei as law suit expenses; appeal within 30 days from notification. Pronounced at public hearing on 01.04.2016. Document: Ruling 113/2016 01.04.2016 According to article 442 Civil procedural code it corrects the material error occurred in civil sentence 113/01.04.2016 of Galati Tribunal, namely instead of 2,656,221.60 Lei the defendant was obliged to pay as the value of penalty invoices, the actual correct amount of 2,468,419 Lei will be inscribed, and instead of 30,167.22 Lei representing law suit expenses the defendant was obliged to pay, the actual correct sum of 28,289.19 Lei will be written; appeal within 30 days from notification. Document: Conclusion – correcting a material error, 13.05.2016. Filed appeal CIVIL RULING 151/A denies as groundless the appeals filed against civil sentence 113/2016 and the conclusion of 13.05.2016 in file 4486/121/2015 of Galati Tribunal, Section II Civil. Document: Ruling 151/2016 26.09.2016. Filed appeal admitted the appeal of Transelectrica and referred the case for retrial with the Appeal Court Galati that on 02.02.2018 decided as follows: Civil ruling 17/A admits the appeals filed by the appellant claimant National Power Grid Company Transelectrica SA in contradiction with the respondent defendant SC ArcelorMittal SA Galati against civil ruling 113/01.04.2016 and the conclusion of 13.05.2015 pronounced by Galati Tribunal. Changes in part the ruling appealed against, namely: Denies as groundless the prescription exception claimed by the defendant in the claim response. Admits the suing request of claimant National Power Grid Company Transelectrica SA in contradiction with defendant SC ArcelorMittal SA Galati and compels the defendant to pay 2.671.266.5 Lei to the claimant as the amount of penalty invoices. Admits the accessory request and compels the defendant to pay 30,317.66 Lei as law suit expenses to the claimant, being the stamp judiciary fee for the main issue. Removes the provisions contrary to this ruling and maintains the other stipulations of the ruling appealed against. Changes entirely the Hearing conclusion of 13.05.2015 of Galati Tribunal and consequently ascertains the material error expressed in the case remained without

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						an object. Admits the accessory request and compels respondent in appeal defendant to pay 2,650.98 Lei to the respondent in appeal claimant as law suit expenses representing judiciary stamp fees of appeal and recourse. Recourse right to be filed with the instance whose ruling is contested, within 30 days from notification. Pronounced on 02.02.2018, by placing the settlement at the parties' disposal by means of the court clerk. Document: Ruling 17/2018 02.02.2018.
30	627/107/2016	Alba Tribunal	R: Transelectrica P: ROMENERGY INDUSTRY SRL	Claims	1,748,339.29 Lei	Settlement in brief: Suspends the case according to article 75 of Law 85/2014. Document: Conclusion - Suspension 21.09.2016
31	7226/3/2016	Bucharest Tribunal	Defendant: Energy Holding Claimant: Transelectrica	Claims	1,073,561.72 Lei	It partly admits the restricted and amended summons. It compels the defendant to pay the claimant 1,050,000 Lei as price of provided services according to fiscal invoice 6080 of 23.11.2015 and 14,129.79 Lei as delay penalties. It compels the defendant to pay the claimant 14,916.48 Lei, as law suit expenses; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 5375/2016 16.09.2016. We filed appeal. On 04.03.2017 hearing term the court admitted the evidence of accounting expertise. Term: 13.06.2017 to provide the expertise and summoning through the judiciary administrator On 08.05.2017 the defendant went insolvent. Suspended. Returned to the docket in order to ascertain file cessation according to article 75 of the insolvency law. It was pronounced on 26.06.2018 Settlement in brief: It admits the appeal and partly cancels the sentence appealed against. It stops the judiciary action pertaining to the payment of 7,573.96 Lei representing delay penalties related to invoice 3590/27.02.2016, and 1,857.97 Lei representing delay penalties related to invoice 17773/17.02.2016. Appeal right is granted within 30 from notification, to be submitted to the Court of Appeal Bucharest, Section VI Civil pending nullity sanction. It was pronounced at public hearing on 26.06.2018. Document: Ruling 1367/2018 / 26.06.2018
32	3694/3/2016	Bucharest Tribunal	Claimant: RAAN Defendant: Transelectrica	Claims	15,698,721.88 Lei	1. Suspended until settlement of file 3014/2/2014 pertaining to appeal - cancelling ANRE decision 2. In accordance with article 413 para 1 pct. 1 Cod proc. civil it decides suspending the judgment of the case until final settlement of file 9089/101/2013/a152. Appeal right during the entire suspension term, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 31.01.2019. Document: Conclusion - Suspension 31.01.2019.
33	9089/101/2013/a140	Mehedinti Tribunal	Claimant: Transelectrica Defendant: RAAN	Claims	86,513,430.37 Lei	Suspended until settlement of file 3014/2/2014, pertaining to cancelling ANRE decision. Type of settlement: It defers the case Settlement in brief: it defers the case to submit the pronounced ruling by the High Court of Cassation and Justice in file 3014/2/2014 and to enable the defendant's attorney to submit the letter refusing the payment of invoice 8115/2014. Type of settlement: Law 85/2006 on insolvency Settlement in brief: it admits the decline exception; partly admits the main subject and attached contestation; it compels the defendant to pay to the claimant 16,950,117.14 Lei receivable occurring during the procedure, deciding to register it in the creditors' table constituted against debtor RAAN with this amount. It denies the other attached requests; according to article 453 para 2 C. pr. civ. it compels the defendant to pay the claimant 1000 Lei as law suit expenses; appeal right granted. Pronounced at public hearing on 20.06.2019 Document: Ruling 163/2019 / 20.06.2019

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						CA Craiova: It denies the appeal as groundless. Transelectrica filed review request for contradictory decisions, with hearing term on 26.03.2020
34	1396/90/2016	Valcea Tribunal	Transelectrica – creditor CET Govora - debtor	Request to be included in the creditors' list of TP	28,200,440.31 Lei	CNTEE Transelectrica was registered in the preliminary table with total liability of 28,200,440.31 Lei, as per our company's request. Mention should be made the liability of 21,962,243.71 Lei, meaning principal and penalties under invoice 8116/08.04.2016, has been recorded under suspensive condition of pronounced final judgment in favour of ANRE in file 2428/2/2014 on the docket of the Appeal Court Bucharest, pertaining to cancelling ANRE Decision 738/28.03.2014. Type of settlement: it defers the case Settlement in brief: It grants term to continue the insolvency procedure for the debtor company; it agrees with the judiciary administrator's proposal to amend the structure of the creditors' committee, by establishing one of three members, namely Alpha Bank Romania SA, Rm. Valcea City and ANAF-DGAMC. Document: Hearing conclusion, 10.06.2019 Settlement in brief: it confirms the change in the reorganisation plan submitted to the file on 23 Dec. 2019 (f.1-29 vol. 76) as well as the extension of plan execution by one more year, namely until 18 July 2022. Appeal right granted. Document: Ruling 225/2020 02.03.2020. Term to continue the procedure: 27.04.2020
35	1196/93/2016	Ilfov Tribunal	Transelectrica – claimant UGM Energy Trading - defendant	Claims	3,422,293.07 Lei	Hearing term: 20.09.2016 In accordance with article 75 para 1 of Law 85 / 2014 on insolvency it ascertains the lawful suspension of judgment has occurred.
36	1705/93/2016/A 2	Ilfov Tribunal	UGM Energy Trading SRL – debtor under insolvency	Claims	3,515,687.51 Lei	29.06.2016 – opening the general insolvency procedure, 14.08.2016 – submission term of liability statement. The liability was admitted in quantum of 3,515,687.51 Lei, representing the value of invoices issued by our company for services provided to debtor UGM Energy Trading SRL, calculated by 29.06.2016, when the general insolvency procedure was initiated; the liabilities amounting to 200 Lei and 41,331.59 Lei claimed by our Company as judiciary stamp fees were denied. The contestation to the table has been submitted within the legal term. Settlement in brief: it denies the contestation as groundless; appeal right within 7 days from notification, to be submitted to Ilfov Tribunal. Pronounced at public hearing on 23.02.2017. Document: Ruling 511/2017 23.02.2017. The Tribunal decided on 03.08.2017 to open the bankruptcy procedure.
37	2088/107/2016	Alba Tribunal	C: Transelectrica - creditor D: ROMENERGY INDUSTRY SRL - debtor	Request to be recorded in the creditors' list	16,112,165.18 Lei	30.06.2016 – opening the general insolvency procedure, 16.08.2016 – The entire amount is admitted. Term set on 23.04.2018 to continue the bankruptcy procedure by capitalising the goods and recovering receivables. The judiciary liquidator will execute and submit to the file: - on each 15 th day of the month, the monthly activity reports provided in para 1 of article 21 Law 85/2006, for the previous month; - for the verification date, 5 days before term the synthesis report every 120 days, provided in the final part of para 1 of article 21 Law 85/2006 Document: Hearing conclusion 29.01.2018. It defers the case. Settlement in brief: In accordance with article 160 para 5 it approves the Report no. 2 on the funds obtained by liquidating the debtor's assets and Plan no. 2 to distribute the funds obtained from the liquidation. It sets 10.06.2019 to continue the bankruptcy procedure by capitalising the

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						<p>goods and recovering the receivables, while the judiciary liquidator: - will verify the receivable statement of VV ONE SRL submitted on 15.03.2019 to the month; - on each 15th day of the month, the monthly activity reports provided in para 1 of article 21 Law 85/2014; - for the verification date, 5 days before term the synthesis report every 120 days, provided in the final part of para 1 of article 21 Law 85/2014.</p> <p>Term: 10.06.2019. Type of settlement: it defers the case.</p> <p>Settlement in brief: establishing the term on 14.10.2019 to continue the bankruptcy procedure by capitalising the goods and recovering the receivables. The judiciary liquidator will execute and submit to the file: - on each 15th day of the month, the monthly activity reports provided in para 1 of article 21 Law 85/2014; - for the verification date, 5 days before term the synthesis report every 120 days, provided in the final part of para 1 of article 21 Law 85/2014. Document: Hearing conclusion 10.06.2019.</p> <p>Term: 11.05.2020</p>
38	7958/2/2016	CAB ICCJ	C: Transelectrica D: Ministry of Energy - OIE	Contestation of Decision 232127/20.05.2016		<p>Settlement in brief: It denies as groundless the inadmissibility exception of pieces 3 & 5 of the suit. It admits the exception of inadmissibility of piece 4 of the suit (pertaining to compelling the defendant to approve the settlement of amounts denied for repayment by the notifications associated to the repayment requests 1-3) and denies this piece as inadmissible. It denies the remaining suit as groundless; appeal within 15 days from notification, to be submitted to the Court of Appeal Bucharest, Section VIII, pending nullity. Pronounced, public hearing, 12.04.2017. Document: Ruling 1359/2017 12.04.2017</p> <p>We filed appeal; term: 23.01.2020.</p> <p>Settlement details: it denies as groundless the appeal filed by claimant National Power Grid Company Transelectrica SA against sentence 1359 of 12 April 2017 from the Court of Appeal Bucharest, Section VIII of administrative and fiscal dispute; final. Pronounced at public hearing on 23 January 2020.</p>
39	35304/3/2016	Bucharest Tribunal	Debtor : Electrocentrale Bucharest SA Creditor : Transelectrica SA	Insolvency - Request to be recorded in the creditors' list	2,286,832.15 Lei (dc. amount of 1,739,926.66 Lei which is not compensated)	<p>Type of settlement: it admits the request</p> <p>Settlement in brief: It admits the debtor's request SC ELECTROCENTRALE BUCHAREST SA seated in Bucharest 6, Splaiul Independentei 227, recorded under no. J40/1696/2003 in the commercial register of Bucharest Tribunal, single registration code 15189596. According to article 71 para 1 of Law 85/2014 on the procedures to prevent insolvency and on insolvency it opens the general procedure against debtor SC ELECTROCENTRALE BUCHAREST SA. Sets the following deadlines : a) deadline for creditors to submit their objections to the procedure opening conclusion - 10 days from notification, as well as the objection settlement term which will not exceed 5 days from the submission date expiry; b) deadline to register the request to be admitted the liabilities over the debtor's assets – 08.12.2016; c) term to check the liabilities, elaborate and print the preliminary liability table in the Bulletin of Insolvency Procedures – 05.01.2017; d) term to complete the liability table – 02.02.2017;</p> <p>Term to continue the procedure: 26.03.2020</p>
40	105/2/2017	Court of Appeal Bucharest Law court of Resita	C: Transelectrica D: LOCAL COUNCIL RESITA - PUBLIC SERVICE, DIVISION TO ADMINISTER THE PUBLIC & PRIVATE	Contesting the application against enforcement title 181/13.12.2016 and summons 182/13.12.2016	4,259,531.72 Lei	<p>Settlement in brief: it denies the exception of material and territorial incompetence, claimed by the contester. It admits the enforcement contestation of contester National Power Grid Company Transelectrica SA in contradiction with respondent Resita City, by the mayor. It cancels enforcement title 181/13.12.2016 and summons 181/13.12.2016, issued against the contester under enforcement file 181/13.12.2016. It denies the request to suspend enforcement as being left objectless. It compels the respondent to pay to the contester 1000 Lei as law suit costs, being</p>

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			DOMAIN OF RESITA COTY			stamp tax; appeal right within 10 days from notification, to be submitted to Resita Law Court. Pronounced by providing the hearing to the parties' disposal by the court clerk, according to article 396 para 2 Cod proc. civ. on 19.09.2018. Document: Ruling 1681/2018 / 19.09.2018.
41	40958/3/2016	Bucharest Tribunal	Claimant : Transelectrica Defendant SMART SA	Claims	2,797,095.21 Lei, meaning VAT + 1,211,694.26 Lei accessories	In accordance with article 413 para 1 pt. 1 NCPC it suspends judging the case until final settlement of the file vs CCR 1658/2/2014* (term 28.10.2021). Appeal right granted during entire suspension period. Pronounced at public hearing on 07.06.2017. Document: Conclusion - suspension 07.06.2017
42	3256/85/2016	Sibiu Tribunal	Claimant : Transelectrica Defendant GOG METAL SRL and ELECTRO Construct System SRL	Claims	756,770 Lei	Settlement in brief: It admits the suspension request filed by claimant National Power Grid Company Transelectric SA by answering the claims. Decides suspending this case until final settlement of file 1658/2/2014 on the docket of the Appeal Court Bucharest. Appeal right during entire suit suspension. Pronounced at public hearing on 02.03.2017. Document: Conclusion - suspension 02.03.2017
43	7282/3/2017	Bucharest Tribunal	C: Transelectrica and others D: Arelco Energy SRL	Bankruptcy procedure	1,878,467.85 Lei receivable to recover	Receivable admitted in the preliminary receivables' table. Term for the procedure: 14.04.2020
44	4452/3/2017	Bucharest Tribunal	C: Transelectrica and others D: Arelco Power SRL	Bankruptcy procedure	20,996,030.49 Lei	Admitted liability of 20,041,519.94 Lei, specifying that 954,510.55 Lei were compensated. The initial sum requested and admitted was 21,025,161 Lei Term to continue the procedure: 13.03.2020
45	1372/3/2017		C : Transelectrica D : Transenergo Com	Insolvency procedure	6,850,000.98 Lei	Requested liability was admitted with observations: out of the total of 6,858,660.28 Lei an amount of 1,983.36 Lei is taken (compensated); 69,808.42 Lei, of which 48,642.11 Lei liability settled by TEL by enforcing the SGB and 21,166.31 Lei, liability deemed current, the amount of invoices issued after opening the insolvency procedure. Term to continue the procedure: 11.03.2020.
46	345/40/2017	Botosani Tribunal	R: Transelectrica P: Elsaco Energy SRL	Claims	9,198,673.80 Lei	Termen: 26.09.2017 In accordance with article 75 of Law 85/2014 corroborated with article 412 NCPC, it suspends judging the case during entire suspension. Pronounced at public hearing on 26.09.2017. Document: Conclusion - Suspension 26.09.2017
47	10085/3/2017	Bucharest Tribunal	R: Electromontaj SA P: SMART SA Transelectrica SA	Claims	121,099.16 Euro, for absent use, inter. pole 100,000 euro, revenues possible to obtain from tower use	Term: 06.03.2020
48	3052/99/2017	Iasi Tribunal	Debtor: Fidelis Energy SRL	Insolvency procedure	2,219,985 Lei, invoices + 200 Lei, judiciary stamp tax	The receivable of 2,219,985 Lei was recorded in the preliminary Table; 200 Lei judiciary stamp tax was not recorded. Term to continue procedure: 02.04.2020
49	14733/3/2017	Bucharest Tribunal Court of Appeal Bucharest	Debtor: Energy Holding SRL	Insolvency procedure	1,199,910.16 Lei, invoices and judiciary stamp tax, fee of chartered accountant	We were recorded in the PT with 1,179,545.28 Lei for invoices and 20,364.88 Lei as judiciary stamp tax and accountant fee were denied. We filed contestation of the preliminary table for the denied amount, which was denied as groundless. Term of appeal 22.03.2018. Appeal denied as groundless; final.
50	2236/118/2017 and 2236/118/2017/a11 – contesting	Constanta Tribunal CA CT	Debtor: Elcomex IEA SA C: Transelectrica	Insolvency procedure	31,189,486.75 Lei	The receivable was recorded in the creditors' list. Payment request was contested; judgment term: 15.06.2018. Settlement in brief: it denies as groundless the contestation against the measure of the judiciary administrator to deny the payment request of contestor National Power Grid Company

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
	payment request					<p>Transelectrica SA in contradiction with respondent Pricewaterhouse Coopers Business Recovery Services IPURL, in capacity of judiciary administrator of debtor Elcomex IEA SA. Appeal right granted within 7 from notification, by publication in the BPI. Request to be submitted to Constanta Tribunal, Section II Civil. Pronounced at public hearing on 15.06.2018 Document: Ruling 987/2018 15.06.2018 Term: 28/10/2018. Settlement in brief: Ruling 579 - red. jud. C.M. It denies the appeal as groundless; final. Pronounced on 05.11.2018 by placing the settlement at the parties' disposal by the court clerk. Document: Ruling 579/2018 05.11.2018. Settlement in brief: According to article 45 para 1 let. r corroborated with article 58 let. m of Law 85/2014, it confirms the transaction Contract of 21.01.2019 concluded by debtor Elcomex IEA SA under insolvency and creditor ABB SRL, approved by the debtor's creditors assembly as per Minutes 07.02.2019 published in BPI 2757/08.02.2019. It confirms the reorganisation plan proposed by debtor Elcomex IEA SA by its special administrator, Plesca loan. During reorganisation the debtor company will be led by the special administrator, under supervision of the judiciary administrator, as per the provisions of the confirmed plan. It disposes for the judiciary administrator to submit monthly activity reports, as well as the reports executed according to article 144 of Law 85/2014. It sets the term on 06.09.2019, 8:30 h, judge panel F10, administrative measures; enforceable. Appeal right granted within 7 from publication through the BPI. Pronounced at public hearing on 19.04.2019. Document: Intermediate Ruling 739/2019 / 19.04.2019</p>
51	24552/3/2017 35865/3/2018	Bucharest Tribunal	R: Transelectrica P: Asito Kapital	Pay ordinance – Claims Cancellation request	31,180,857.96 Lei	<p>Term: 24.10.2017 Settlement in brief: It admits the request. Orders the debtor to pay in 20 days from notification of this ruling 2,237,750.83 Euro (equivalent of 9,948,592.64 Lei at the 4.4458 Lei/Euro exchange rate) which is unreturned down payment secured by indemnity letter of down payment BR-1500544/18.11.2015 as well as 4,821,022.53 Euro (equivalent of 21,233,265.32 Lei at 4.4041 Lei/Euro) which represents unreturned down payment secured by indemnity letter of down payment BR-1500520/29.07.2015; 200 Lei as law suit expenses. With right to submit annulment request within 10 days from notification. Document: Ruling 4067/2017 07.11.2017. Term of cancellation request: 20.03.2019. Settlement in brief: it denies as inadmissible request part pertaining to reversing the enforcement; it denies as groundless the request to return the stamp tax of the request part regarding reversing the enforcement. It denies as groundless the cancellation request filed by the contest or-debtor Asito Kapital SA against civil sentence 4067/07.11.2017 pronounced by Bucharest Tribunal, Section VI Civil in file 24552/3/2017, in contradiction with respondent-creditor National Power Grid Company Transelectrica SA; final. Pronounced at public hearing on 20.03.2019. Document: Ruling 743/2019 20.03.2019.</p>
52	3093/3/2017	Bucharest Tribunal Court of Appeal Buc	C: Transelectrica D: Electrocentrale Bucharest	Contestation to the preliminary table of receivables		<p>It denies the request filed by contest or National Power Grid Company Transelectrica SA seated in Bucharest 3, str. Olteni 2-4 in contradiction with debtor Electrocentrale Bucharest SA, by the special administrator seated in Bucharest, Splaiul Independentei 227 and judiciary administrator KPMG Restructuring SPRL seated in Bucharest 1, Sos. Bucharest-Ploiesti 69-71, ground floor, app. 25, postal code 013685, pertaining to contestation of the preliminary receivables' table; appeal right within 7 from notification by publication in the BPI, to be submitted to Bucharest Tribunal, Section VII Civil. Pronounced at public hearing on 22.06.2017. Document: Ruling 3999/2017 22.06.2017 Type of settlement: not grounded</p>

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						Settlement in brief: it denies the appeal as groundless; final. Pronounced at public hearing on 21.11.2017. Document: Ruling 2112/2017 / 21.11.2017.
53	20223/3/2017	Bucharest Tribunal	C: Teletrans D: Transelectrica	Claims 4,634,841.31 Lei, performance bond Contract C243/2010 and 293,496.69 Lei legal interest		Term of TMB pronouncement: 18.05.2018. It denies Teletrans' request as groundless. Teletrans filed appeal. Settlement of CAB: it admits the appeal; it changes the sentence appealed against namely: partly admits the summons; it compels the defendant to pay the claimant 4,632,187.61 Lei. It denies as groundless the request to compel the defendant to pay legal interest. It compels the defendant to pay the claimant 49,926.87 Lei as law suit expenses, first matter. It compels the respondent defendant to pay to the appellant claimant 24,963.43 Lei as law suit expensed for the appeal. Appeal right granted within 30 days from notification, to be submitted to the Court of Appeal Bucharest, Section VI Civil, pending nullity. Pronounced at public hearing on 17.12.2019. Document: Ruling 2119/2019 17.12.2019.
54	16216/3/2017	Bucharest Tribunal	C: Teletrans D: Transelectrica	Suit to ascertain performance of contractual obligations and Claims		Term: it defers pronouncement on 22.04.2019 Type of settlement: it denies the request Settlement in brief: it admits the exception of the material right being written-off for action with respect to invoices of February - March 2014. It denies the request pertaining to invoices 115/01.032015 and 123/01.03.2017 as written-off. It denies the remaining suit as groundless; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 22.04.2019. Document: Ruling 1064/2019 22.04.2019
55	28458/3/2017	Bucharest Tribunal	C: RAAN D: Transelectrica	Claims – bonus regularisation Jan-Dec 2016, ANRE Decision 347/2017	2,106,843.49 Lei	Settlement in brief: it admits the suspension request filed by the claimant; suspends judgment until final settlement of file 9089/101/2013/a152 on the docket of Mehedinti Tribunal. It denies the suspension request filed by the defendant as objectless; appeal right during entire suspension interval, at the superior court. Appeal will be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 25.10.2017. Document: Conclusion - Suspension, 25.10.2017. Term to return on the docket: 18.03.2020
56	7141/2/2017	CAB	C: Transelectrica I: ANAF	Cancellation of enforcement title 13540/22.08.2017	918,231.80 Lei	Settlement in brief: it admits the exception of material incompetence of the Appeal Court Bucharest, SCAF. It declines in favour of the Law court of Sector 1 Bucharest the material competence to settle the case; no appeal. Pronounced at public hearing on 08.02.2018. Document: Ruling 478/2018 08.02.2018
57	28460/3/2017	TMB	C: RAAN D: Transelectrica	Suit for claims	12,346,063.10 Lei (bonus, Nov 15 – Apr 16; 2015 bonus regularisation; delay penalties)	Term: 05.12.2017 Suspended until final solution of file 9089/101/2013/a152 on the docket of Mehedinti Tribunal. Term: 14.04.2020
58	33009/3/2017	Bucharest Tribunal	D: Photovoltaic Green Project C: Transelectrica s.a.	Insolvency procedure	Request to be recorded in the creditors' list with 693,073.51 Lei	Transelectrica was recorded in the preliminary receivables table with total sum of 693,073.51 Lei 11.03.2019 - Settlement in brief: In accordance with article 139 para 1 of Law 85/2014 on the insolvency procedure it confirms the reorganisation plan of debtor PHOTVOLTAIC GREEN PROJECT SRL. Term on 10.06.2019 to continue the procedure; appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VII Civil. Pronounced at public hearing on 11.03.2019. Document: Intermediate Ruling 1303/2019 11.03.2019 Term: 24.02.2020

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59	28430/3/2019	Bucharest Tribunal	C: Romsilva SA D: Transelectrica	Claims	2,433,608.52 Lei, 2019 rent - temporary land occupation + penalties	Term: 17.03.2020
60	39863/3/2017	TMB	C: Bodu Sebastian	Cancellation request of AGA Dec. 11/2017 on dividends distribution		Term: 23.05.2018 It denies the request as groundless. Appeal filed by Bodu Sebastian -13/03/2019 Settlement in brief: it denies the appeal as groundless; final. Pronounced at public hearing on 26.09.2019. Document: Ruling 1432/2019 26.09.2019.
61	37673/3/2017 555/3/2018	TMB	C. TEL D. ENOL GRUP SA	Request issuance of pay ordinance	2,541,312.00 Lei	Settlement in brief: It denies as groundless the request to issue pay ordinance expressed by the creditor TRANSELECTRICA, in contradiction with debtor ENOL GRUP SA. Denies as groundless the creditor's request to be granted suit expenses. Acknowledges the debtor reserved the right to ask for law suit expenses separately. With the right to file annulment request in 10 days from the notification of this ruling, to be submitted to Bucharest Tribunal, Section VI civil. Pronounced today, 24.11.2017 and placed at the parties' disposal by the court clerk. Document: Final Conclusion (disinvestment) 24.11.2017 TEL filed cancellation request at 555/3/2018. Term: 26.06.2018 Settlement in brief: it denies the cancellation request as groundless; acknowledges the request for law suit costs by separate means. Pronounced at public hearing on 26.06.2018. Document: Ruling 2120/2018 26.06.2018.
62	48509/3/2017	TMB	C: Transelectrica D: SMART	Suit for claims	7,652,449 Lei + interest	Term: 24.04.2018 Suspended until settlement of file 6577/2/2017 on the docket of CAB, in contradiction with CCR.
63	47332/3/2017	TMB CAB ICCJ	C: FF Wind Energy International D: Transelectrica	Cancellation of termination statement / suit for claims	32,777,167.35 Lei, prejudice of cancelled RET connection contract 85/2011 45,000,000 Euro (company devaluation)	Settlement in brief: it denies as groundless the summons as specified; acknowledges the defendant did not ask law suit costs; appeal right within 30 days from notification. In accordance with article 425 para 3 and article 471 para 1 of the Civil procedural code, the appeal and its grounds are submitted to Bucharest Tribunal, Section VI Civil. Provided to the parties by the court clerk on 28 December 2018. Document: Ruling 3891/2018 28.12.2018 Appeal filed by FF WIND ENERGY INTERNATIONAL SRL – 05/03/2019 Settlement in brief: it denies the appeal as groundless; appeal within 30 days from notification, to be submitted to the Court of Appeal Bucharest, Section VI Civil, pending nullity. Pronounced at public hearing on 23.07.2019. Document: Ruling 1191/2019 23.07.2019 FF Wind filed appeal, which is now under filtering.
64	5180/301/2018	Law Court Sector 3 TMB	Creditor: Stefan Ionita + 116 FNI injured Creditor: Ion Miclea Debtor: Treasury of Bucharest City Seized third party: Transelectrica	One's own validation	2,089,042.69 Lei	Term: 11.09.2018 Term for pronouncement: 20.09.2018. It denies the request as groundless. Creditors filed appeal. 15.04.2019 - Type of settlement: it defers the case Settlement in brief: it qualifies the appeal as being remedy at law Document: Hearing conclusion / 15.04.2019 It denies the remedy as groundless; Ruling 109 / 15.04.2019
65	8993/299/2018	Law Court Sector 1	Contester: Transelectrica	Contesting the execution of	470,922.95 Lei + 44,730,885 Lei	Term: 17.04.2018 Settlement in brief: It admits the trial suspension request filed by the contestation. According to

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			Respondent: ANAF - DJAMC	enforcement file 13328043/61/90/1/2017/267761 – 30.08.2017/267764 – 31.08.2017 Suspend enforce.		article 413 para (1) pt. 1 of the Civil procedural code it suspends trial until final settlement of file 1802/2/2018, on the docket of the Appeal Court Bucharest, Section VIII administrative & fiscal disputes. Appeal during the entire suspension time, to be filed with the law court of sector 1 Bucharest. Pronounced at public hearing. Document: Conclusion - Suspension, 17.04.2018
66	5660/85/2017 severed from file 3847/85/2017	Sibiu Tribunal	C: Electromontaj Sibiu Defendants: Vero SRL Siemens SA, Transelectrica SA, SMART SA	Claims	118,781 Euro + VAT	<p>Settlement in brief: it denies the exception of written-off material right to suit action claimed by defendant SC SMART SA. Partly admits the civil suit filed and specified by claimant SC Electromontaj Carpati SA, seated in Sibiu, in contradiction with defendant SC SMART SA, seated in Bucharest, and consequently: it compels defendant SC SMART SA to pay the claimant the following: - 14,572 Euro + VAT in Lei equivalent at BNR exchange rate on payment date as amount for the execution of 38 concrete foundations. – 98,280 Euro + VAT in Lei equivalent at BNR exchange rate on payment date as difference in the value of double canals executed instead of simple ones. It denies the other claims; admits the exception of absence of passive processual capacity of defendants: CNTEE Transelectrica SA, seated in Bucharest and SC Siemens SRL seated in Bucharest and consequently: it denies the case filed by claimant SC Electromontaj Carpati SA in contradiction with such defendants. It finds the other exceptions as being obsolete, claimed by two defendants: CNTEE Transelectrica SA and SC Siemens SRL, namely: prescription of the material right to action; absence of claimant's active processual capacity; suit inadmissibility; insufficient stamping of the file; absence of interest. It compels defendant SC SMART SA to partial payment to the claimant law suit expenses in quantum of 7,631.96 Lei meaning stamp tax; appeal within 30 days from notification, to be submitted to Sibiu Tribunal. Pronounced at public hearing on 27 June 2018. Document: Ruling 327/2018 27.06.2018 Type of settlement: Appeal (other settlements)</p> <p>Settlement in brief: it denies the exception of absence of interest for appellant SC Electromontaj Carpati SA Sibiu in filing the appeal; the exception claimed by respondents National Power Grid Company Transelectrica SA and Company for Maintenance Services to Electricity Transmission Networks Smart SA. It denies the exception of absence of passive processual capacity of respondent Siemens SRL, in the appeal filed by appellant SC Electromontaj Carpati SA Sibiu. It denies the exception of inadmissibility of the appeal filed by appellant Company for Maintenance Services to Electricity Transmission Networks Smart SA against conclusion 22.12.2017 pronounced by Sibiu Tribunal in file 5660/85/2017, exception claimed by SC Electromontaj Carpati SA Sibiu. It admits the appeal filed by claimant SC Electromontaj Carpati SA Sibiu, against sentence 327/C/2018 pronounced by Sibiu Tribunal, Section II Civil of Administrative and Fiscal Disputes in file 5660/85/2017 and consequently: partly changes the sentence appealed against, meaning it compels defendant SC Smart SA to pay the claimant SC Electromontaj Carpati SA 112,421 Lei + VAT as well, representing expenses made to procure Mecano racks. It maintains the other provisions of the sentence appealed against. It denies the appeal filed by defendant Company for Maintenance Services to Electricity Transmission Networks Smart SA against conclusion of 13.12.2017, motivated by conclusion of 22.12.2017 and against sentence 327/C/27.06.2018 pronounced by Sibiu Tribunal, Section II Civil of Administrative and Fiscal Disputes in file 5660/85/2017. It compels the respondent Smart SA to pay 1,677 Lei law suit expenses for appeal in favour of appellant SC Electromontaj Carpati SA; enforceable; final.</p>

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						Pronounced at public hearing on 07.02.2019. Document: Ruling 33/2019 07.02.2019
67	807/85/2015	Sibiu Tribunal / Court of Appeal Alba	C: Electromontaj Sibiu D: Vero SRL Summoned as guarantors: Siemens SA, Transelectrica SA, SMART SA	Claims / request as guarantors		It partly admits the civil suit filed by claimant SC VERO SRL, insolvency, through the judiciary liquidator INSOLVENTA SM SPRL in contradiction with defendant SC ELECTROMONTAJ CARPATI SA and consequently: it compels the defendant to pay the claimant the following amounts: -14,572 Euro + VAT in Lei equivalent at BNR exchange rate on payment date as execution value of 38 concrete foundations. - 98,280 Euro + VAT in Lei equivalent at BNR exchange rate on payment date as value difference double canals executed instead of simple ones + 112,421 Lei + VAT representing expenses made to procure Mecano racks. It denies the other claims; compels the defendant to pay the claimant law suit expenses of 10,494.11 Lei, representing travel costs, accommodation and nourishment. Appeal right granted within 30 days from notification, to be submitted to Sibiu Tribunal. Pronounced at public hearing on 7 July 2017. Ruling 515/2017 07.07.2017 Settlement of CA Alba: it denies the appeals filed by claimant SC Vero SRL Negresti Oas under insolvency by judiciary liquidator Insolventa SM SPRL Satu Mare and by defendant SC Electromonaj Carpati SA Sibiu against civil sentence 515/7.07.2017 pronounced by Sibiu Tribunal in file 807/85/2015. It denies the request on law suit expenses; appeal within 15 from notification. Pronounced at public hearing on 11.01.2018. Ruling 1/2018 / 11.01.2018
68	1802/2/2018	CAB	C: Transelectrica I: ANAF – DGAMC and General Directorate settling contestations	Contestation of administrative- fiscal decision no. f-mc 439/30.06.2017		Term: 28.04.2020
69	30570/3/2017	Bucharest Tribunal	C: Teau Toni Ion D: Transelectrica	Claims	3,814,768 Lei as net value of the variable component from mandate contracts C356/18.12.2013 and C419/13.11.2014, and payment of penalty interest	Settlement of TMB: It admits the summons filed by claimant Teau Ion Toni in contradiction with defendant National Power Grid Company Transelectrica SA. It compels the defendant to pay the claimant 3,814,768 Lei as net value of variable component under mandate contracts C356/18.12.2013 and C419/13.11.2014, and the legal penalty interest according to article 3 para 21 of OG 13/2011 to the fore-mentioned amount calculated from due date of each instalment until actual payment. It compels the defendant to pay the claimant 86,279.25 Lei as law suit expenses. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced on 21.06.2018 by placing the ruling to the party's disposal by the court clerk. Document: Ruling 1994/2018 21.06.2018 Term : 07.11.2019 Settlement of CAB: it denies the appeal as groundless. It compels the appellant defendant to pay the respondent claimant 23,174.25 Lei as law suit expenses for appeal. Appeal right granted within 30 days from notification, to be submitted to the Court of Appeal Bucharest Section VI Civil. Pronounced on 21.11.2019 and placed at the parties' disposal by the court clerk. Document: Ruling 1958/2019 21.11.2019.

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
70	20764/3/2017*	Bucharest Tribunal	R: Bugica Radu P: Transelectrica	Claims	2.175.209 Lei + 190.671 Lei, val. variable component of remuneration OAVT, 108.462,55 Lei legal interest rate	Settlement in brief: It admits the request. It compels the defendant to pay the claimant: - 2,175,209 Lei representing gross value of variable component of remuneration; - 190,671 Lei representing difference between net value of remuneration to be paid at present and the net value of remuneration which should have been paid on due date; - 108,462.55 Lei representing legal interest calculated until 20.07.2017, and legal interest calculated as per article 3 para 2 ind. 1 of OG 13/2011 on the liability in quantum of 2,365,880 Lei, from 21.07.2017 until actual payment. It compels the defendant to issue and communicate the 2015 and 2016 OAVT certificates, indicating in them the correct number of 90,000 OAVT-s owed to the claimant. It compels the defendant to pay the claimant 44,408.76 Lei as law suit expenses, regarding stamp tax and lawyer's fee. Appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 04.07.2018. Document: Ruling 2160/2018 04.07.2018. Term: 08.11.2019 Settlement of CAB: It denies the appeal as groundless. It compels the appellant to pay the respondent 8,447 Lei as law suit expenses for appeal. Appeal right within 30 days from notification, to be submitted to the Court of Appeal Bucharest. Pronounced on 06.12.2019. Settlement placed at the parties' disposal by the court clerk. Document: Ruling 2099/2019 06.12.2019
71	43557/3/2017	Bucharest Tribunal	R: Vaduva Constantin P: Transelectrica	Claims	2.175.210 lei, val. variable component of remuneration OAVT, legal interest rate	Settlement in brief: It admits the request summons filed by claimant Vaduva Constantin in contradiction with defendant National Power Grid Company Transelectrica SA. It compels the defendant to pay the claimant 2,171,210 Lei as net value of the variable component of remuneration, 773,687.71 Lei as performance bonus, both owed according to the mandate contract C18/27.01.2014, and penalty interest as per article 3 para 2 1 of OG 13/2011 to the fore-mentioned amounts calculated from due date of each instalment until actual payment. It compels the defendant to pay the claimant 39,859.10 Lei as law suit expenses, of which 36,659.10 Lei representing stamp tax and 3,500 Lei representing reduced lawyer's fee. It denies as groundless the defendant's request to be granted law suit expenses. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced on 31.10.2018 by placing the ruling at the court's disposal by the court clerk office. Document: Ruling 3287/2018 31.10.2018. Term of appeal: 04.03.2020. Term of pronouncement: 18.03.2020.
72	6606/3/2016	Bucharest Tribunal CAB	C: Sandu Danut Leonard D: Transelectrica	Claims	424,85 Lei	Settlement of TMB: It admits the request. It compels the defendant to pay the claimant 424,485 Lei representing the amount of options for virtual Transelectrica shares as performance bonus, and associated legal interest calculated from due date:14.02.2014- until actual payment date. It compels defendant to 11,949 Lei as law suit expenses to the claimant. Appeal right granted within 30 days from notification. Document: Ruling 4310/2016 19.07.2016. Settlement of CAB: Settlement in brief: It admits the appeal; changes entirely the sentence appealed against, meaning it denies the principal matter as groundless. Appeal right granted within 30 days from notification, to be submitted to CAB, Section VI Civil. Pronounced at public hearing on 05.06.2018. Document: Ruling 1163/2018 05.06.2018 The case is under filtering. The first term will be set subsequently.
73	43560/3/2017	Bucharest Tribunal	C: Octavian Lohan D: Transelectrica	Claims	1,332,958 Lei + 773,681.37 Lei	Settlement of TMB: it denies the summons; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 09.07.2018.

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
		CAB				Document: Ruling 2172/2018 09.07.2018. Mr. Lohan filed appeal. Settlement CAB: It admits the appeal; changes entirely the sentence appealed against meaning that: It admits the completed request. It compels defendant to pay the claimant 2,106,639.37 Lei representing net value of variable component of owed remuneration owed according to mandate contract C158905/2014, which will be added legal interest calculated from due date of each instalment until actual payment date. It compels the defendant to pay the claimant law suit expenses in quantum of 59,556.32 Lei representing stamp tax and lawyer's fee for the first instance ruling and for appeal. Appeal right granted within 30 days from notification. Pronounced at public hearing on 02.12.2019. Document: Ruling 2009/2019 02.12.2019
74	42104/3/2017	Bucharest Tribunal CAB	C: Visan Gheorghe D: Transelectrica	Claims	683,138 Lei + 19,881.80 Lei	Settlement in brief: It admits the suit. It compels the defendant to pay the claimant: - 683,138 Lei, representing the amount of options for virtual Transelectric shares, updated by inflation rate, beginning with 03.11.2017 until payment date; - 19,881.80 Lei as legal interest calculated to the owed amounts as variable remuneration until 03.11.2017 and further until actual full payment; - 68,134 Lei representing amount of options for virtual Transelectric shares, with capitalisation date on 15.11.2017, updated by inflation rate from 27.02.2018 until payment date; - 784.01 Lei representing legal interest calculated to the owed sum as variable remuneration beginning with 05.06.2011 and further until payment date. It compels the defendant to pay the claimant 17,390.56 Lei as law suit expenses. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 17.10.2018. Document: Ruling 3124/2018 17.10.2018. Transelectrica filed appeal - 16/04/2019 Settlement in brief: It denies the appeal as groundless. Appeal right within 30 days from notification, to be submitted to the Court of Appeal Bucharest, Section VI Civil. Pronounced at public hearing on 25.09.2019. Document: Ruling 1436/2019 25.09.2019. Transelectrica sought remedy, which is under filtering with the ICCJ
75	42676/3/2017	Bucharest Tribunal	R: Diaconu Ciprian P: Transelectrica	Claims	1,137,762 Lei + 36,806.38 Lei	Settlement in brief: It admits the request. It compels the defendant to pay the claimant 1,137,762 Lei representing the amount of options for virtual Transelectrica shares owed as variable remuneration updated by inflation until actual payment date. It compels the defendant to pay the claimant 36,806.38 Lei as legal penalising interest to the main owed amount, calculated until 17 September 2019 and further until actual payment date. It compels the defendant to pay the claimant 22,164.62 Lei as law suit expenses. Appeal right granted within 30 days from notification. Pronounced at public hearing on 06.12.2018. Document: Ruling 3657/2018 06.12.2018
76	5354/3/2017*	Bucharest Tribunal CAB ICCJ	R: Artopolescu Petrisor P: Transelectrica	Claims	1,887,648 lei + legal interest rate	Settlement of TMB: It admits the request. It compels the defendant to pay 1,887,648 Lei representing the amount for 90,000 OAVT package and associated legal interest, further, until actual payment date. It compels the defendant to pay the claimant law suit expenses in quantum of 22,881.48 Lei. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 05.12.2017. Document: Ruling 4449/2017 05.12.2017. Settlement of CAB: it ascertains the filed appeal as null; remedy right within 30 days from notification, to be submitted to the law court whose ruling is attacked. Pronounced at public hearing on 16.05.2018. Document: Ruling 1108/2018 16.05.2018. TEL filed suspension request for sentence application and remedy. The suspension request was

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						denied by ICCJ Term: 06.03.2020
77	43480/3/2017	Bucharest Tribunal	R: Chimirel Catalin Lucian P: Transelectrica	Claims	150,813 + 44,529.09 Lei	Term of pronouncement: 19.09.2018 It denies the request as groundless. Appeal filed by Chimirel Catalin Lucian - 12/04/2019 Settlement in brief: It admits the appeal; changes entirely the civil sentence appealed against, meaning that: it admits the request summons. It compels the defendant to pay the claimant 150,813 Lei representing performance bonus; 44,529.09 Lei representing legal penalising interest for 15.11.2014 – 14.11.2017, as well as legal penalising interest for the main debt amount from 15.11.2017 until actual payment date. It compels the defendant to pay the claimant 11,102.68 Lei as law suit expenses. It compels the respondent to pay the appellant 3,032 Lei as law suit expenses. Appeal right within 30 days from notification, to be submitted to the Court of Appeal Bucharest, Section VI Civil. Pronounced at public hearing on 25.09.2019. Document: Ruling 1437/2019 25.09.2019. We filed appeal.
78	6642/3/2018	Bucharest Tribunal	C: Transelectrica D: ELCEN	Contestation of payment request	56,680,387 Lei	Settlement in brief: it partly admits the expert's request to increase the expertise fee. It decides increasing the expertise fee by a quantum of 1,500 Lei. It compels the debtor to pay 1,500 Lei into the account of BLEJ as representing the difference of expertise fee. It decides issuing to BLEJ and to the expert mentioning it was decided under the case to increase the expertise fee up to a total quantum of 4,000 Lei. It denies as groundless the exception of late date claimed by the respondent by complaint. It admits the contestation filed against the judiciary administrator's measure. It compels the debtor to pay the contester 56,680,387 Lei representing unpaid difference under the overcompensation decision 476/30.03.2017 and invoice TEL17COG 17948/30.03.2017. It admits the request with respect to compelling the debtor to pay the law suit expenses. It compels the debtor to pay the contester 2,500 Lei as law suit expenses, representing stamp tax and provisional expertise fee. Appeal right granted within 7 days from notification, to be submitted to Bucharest Tribunal, Section VII Civil. Pronounced at public hearing on 21.12.2018. Document: Ruling 7834/2018 21.12.2018 Electrocentrale Bucharest SA filed appeal through the judiciary administrator Sierra Quadrant Filiala Bucharest SPRL (motivated) – 21.02.2019 Type of settlement: groundless Settlement in brief: It denies the appeal as groundless; final. Pronounced at public hearing on 11.06.2019. Document: Ruling 1035/2019 11.06.2019.
79	20117/3/2018	Bucharest Tribunal	C: Pogonaru Andrei Mihai D: Transelectrica	Claims - OAVT	2,435,333.04 Lei, debt and interest	Settlement in brief: it partly admits the summons as specified. It compels the defendant to pay the claimant 1,437,343 Lei representing gross value of options for virtual Transelectrica shares owed as variable remuneration in November 2013-November 2014; 184,562.29 Lei representing legal interest calculated until 13.06.2018, as well as legal interest calculated as per article 3 para 2 of OG 13/2011 on the liability in quantum of 1,437,343 Lei from 14.06.2018 until actual payment date. It compels the defendant to pay the claimant 91,080.45 Lei representing gross value of options for virtual Transelectrica shares owed as variable remuneration in November 2014-January 2015; 6,543.28 Lei representing legal interest calculated until 13.06.2018, as well as legal interest calculated as per article 3 para 2 of OG 13/2011 on the liability in quantum of 91,080.45 Lei from 14.06.2018 until actual payment date. It denies the remaining parts of the summons as groundless. It compels the defendant to pay the claimant 31,133.43 Lei as law suit

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						expenses, of which 26,133.43 Lei representing stamp tax for the admitted claims and 5,000 Lei representing reduced lawyer's fee. It denies the defendant's request to be granted law suit expenses as groundless. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 12.12.2018. Document: Ruling 3743/2018 12.12.2018. Transelectrica filed appeal.
80	21711/3/2018	Bucharest Tribunal	C: Romsilva D: Transelectrica	Payment ordinance	2,737,897.99 Lei	Settlement in brief: it denies as groundless the exception of absence of defendant's passive processual capacity. It denies the request regarding issuance of payment ordinance as inadmissible; acknowledges the defendant does not ask for law suit expenses. Cancellation right granted within 10 days from notification. Pronounced at public hearing on 17.07.2018. Document: Final conclusion (disinvestment) 17.07.2018
81	2867/97/2018	Hunedoara Tribunal	C: Transelectrica D: Energy Complex Hunedoara	Payment ordinance	2,104,636.88 Lei	Settlement: it admits the request; ordinance 778 pronounced on 14.08.2018. We submitted request to be recorded in the creditors' lists and included this amount in it. Insolvency file 5075/57/2016
82	34248/3/2018	Bucharest Tribunal	C: Radu Cernov	Claims OAVT	2,185,278.91 Lei, main amount + interest	Term : 24.04.2019 Type of settlement: it denies the request Settlement in brief: it denies the summons as groundless; appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 06.05.2019. Document: Ruling 1164/2019 06.05.2019 Claimant Cernov filed appeal. Term: 27.04.2020
83	38852/3/2018	Bucharest Tribunal	C: Parvulescu Cristian Daniel D: Transelectrica	Claims OAVT	2,122,360.28 Lei	It denies as being filed late the exception of claimant's decline from the right to request updating the principal amount by the inflation rate. It admits the request. It compels the defendant to pay the claimant, withholding the owed taxes and charges, 343,897,008 Lei representing the amount of OAVT updated by the inflation rate plus legal penalising interest rate to it, calculated from 14.12.2015 until payment date of the full 343,897,008 Lei amount. It compels the defendant to pay the claimant, withholding the owed taxes and charges, 284,495,304 Lei representing the amount of OAVT updated by the inflation rate plus legal penalising interest rate to it, calculated from 15.12.2016 until full payment of 284,495,304 Lei. It compels the defendant to pay the claimant, withholding the owed taxes and charges, 1,493,967 Lei representing the amount of OAVT updated by the inflation rate plus legal penalising interest rate to it, calculated from 14.12.2017 until full payment of 1,493,967 Lei. It compels the defendant to pay the claimant 34,203 Lei as law suit expenses. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 28.11.2019. Document: Ruling 3539/2019 28.11.2019.
84	42435/3/2018	Bucharest Tribunal	C: Neagu Carmen D: Transelectrica	Claims OAVT	2,819,476.65 Lei	Term: 03.06.2019 Type of settlement: it partly admits the request Settlement in brief: it partly admits the request, it compels the defendant to pay the claimant the following amounts: - 536,445 Lei (updated by the inflation rate) plus legal penalising interest to it, calculated from 10.12.2015 until full extinguishing of liability; - 1,893,263.88 Lei (updated by the inflation rate), plus legal penalising interest to it, calculated from 12.12.2015 until full extinguishing of liability; - 389,764.77 Lei (updated by the inflation rate), plus legal penalising interest to it, calculated from 18.12.2017, until full coverage of the amount. It denies as groundless the request on updating the penalising interest with the inflation rate. It decides

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						payment of amounts specified previously, withholding the taxes and charges, applicable from the due date of each amount individually. It compels the defendant to pay the claimant 52,361 Lei as law suit expenses (stamp tax). Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 18.06.2019. Document: Ruling 1774/2019 18.06.2019 We filed appeal.
85	30324/299/2018	Law Court of Sector 1	C: Artopolescu Petrisor D: Transelectrica	Claims OAVT	65,937 Lei	03.04.2019 Type of settlement: it declines settling the case Settlement in brief: it admits the exception of law court's material incompetence claimed by the defendant. It declines the competence to settle the case to Bucharest Tribunal, Section VI Commercial; no appeal. Pronounced on 03.04.2019 by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 1809/2019 03.04.2019. Term: 15.10.2019 Settlement in brief: It admits the suit. It compels the defendant to pay the claimant 65,937 Lei representing the amount for a group of 30,000 options for virtual Transelectrica shares from the package granted to the claimant on 15 November 2014 as performance bonus, with penalising legal interest rate calculated from 15.11.2015 until actual payment date. It compels the defendant to pay law suit expenses in quantum of 5,917.26 Lei. Appeal right granted within 30 days from notification. Pronounced by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 3304/2019 / 12.11.2019.
86	34310/3/2018	Bucharest Tribunal CAB	C: Smeianu Ion D: Transelectrica	Claims OAVT	391,387.38 Lei + interest	Type of settlement: It admits the request Settlement in brief: It admits the request; compels the defendant to pay the claimant 391,387.38 Lei as performance bonus according to the mandate contract C116/09.06..2015 as well as the penalising legal interest according to article 3 para 2 of OG 13/2011 to the fore-mentioned amount calculated from due date of each instalment until actual payment date. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced on 08.07.2019 by placing the ruling at the party's disposal by the court clerk. Document: Ruling 2018/2019 08.07.2019. Transelectrica filed appeal.
87	4055/97/2018	Hunedoara Tribunal	C: Transelectrica D: Energy Complex Hunedoara	Payment ordinance - Claims	1,372,993 Lei	It denies the request for pay ordinance because the debtor has paid a part of this amount. Granted the right to cancellation request within 10 days from notification. Document: Ruling 1203/2018 13.12.2018 We were recorded in the creditors' list with the remaining amount.
88	3153/115/2018	Caras Severin Tribunal	C: Transelectrica D: Commune Ciudanovita	Claims	527,336.7 Lei + legal interest	Settlement TCS: it denies the exception of the material prescription of the right to law suit by corroboration with the payment made as per OP 613/10.11.2015, claimed by the defendant by means of written notes submitted to the file. It denies the summons filed by claimant National Power Grid Company Transelectrica SA against defendant Commune Ciudanovita by Mayor Constantin Dorian Nebunu. It ascertains the defendant's representation reserved the right to ask for law suit expenses by separate means. Appeal right granted within 30 days from notification, to be submitted to Caras-Severin Tribunal. Pronounced at public hearing on 26.06.2019. Document: Ruling 998/2019 26.06.2019. CA TM denies the appeal filed by the claimant National Power Grid Company Transelectrica SA, in its own name and on behalf of the Transmission Branch Timisoara, in contradiction with the respondent defendant Commune Ciudanovita against civil sentence 998/26.06.2019 pronounced by Cara Severin Tribunal in file 3153/115/2018**. No law suit expenses; appeal right within 30 days from notification, to be submitted to the Court of Appeal Timisoara. Pronounced at public

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						hearing on 12.12.2019. Document: Ruling 267/2019 12.12.2019
89	3156/115/2018	Caras Severin Tribunal Court of Appeal Timisoara	C: Transelectrica D: Commune Goruia	Claims	522,678.76 Lei + legal interest rate	15.04.2019 Type of settlement: it denies the request Settlement in brief: it denies the summons filed by claimant National Power Grid Company Transelectrica SA in its own name and on behalf of the Transmission Branch Timisoara (entity of the claimant company with no legal personality) in contradiction with defendant Commune Goruia, by its Mayor, pertaining to claims. Appeal right granted within 30 days from notification, to be submitted to Caras-Severin Tribunal. Pronounced at public hearing on 15 April 2019. Document: Ruling 448/2019 15.04.2019 Term: 24.10.2019 It denies the appeal filed by the appellant claimant National Power Grid Company Transelectrica SA in its own name and on behalf of the Transmission Branch Timisoara, in contradiction with respondent defendant Commune Goruia against civil sentence 448/15.04.2019 pronounced by Caras Severin Tribunal in file 3156/115/2018. No law suit expenses; appeal right within 30 days from notification, to be submitted to the Court of Appeal Timisoara. Pronounced at public hearing on 12.12.2019. Document: Ruling 263/2019 12.12.2019
90	3157/115/2018	Caras Severin Tribunal Court of Appeal Timisoara	C: Transelectrica D: Commune Ezeris	Claims	1,860,506.85 Lei + legal interest rate	Declined in Section II 18.03.2019 Type of settlement: it denies the request Settlement in brief: it denies the suit filed by claimant National Power Grid Company Transelectrica SA in contradiction with defendant Commune Ezeris. Appeal right granted within 30 days from notification, to be submitted to the offices of the Caras-Severin Tribunal. Pronounced according to article 396 C.proc.civ. on 18 March 2019 by placing the ruling at the parties' disposal by the court clerk Document: Ruling 102/2019 / 18.03.2019 Settlement CA TM: It admits the appeal filed by the appellant claimant National Power Grid Company Transelectrica SA, in contradiction with defendant respondent Commune Ezeris against civil sentence 102/2019 of 18 March 2019 pronounced by Caras Severin Tribunal in file 3157/115/2018*, pertaining to claims. It partly changes the sentence appealed against, meaning it partly admits the claim request filed by claimant National Power Grid Company Transelectrica SA, in contradiction with defendant Commune Ezeris and consequently it compels the defendant to pay the claimant as return of undue payment: - 331,692.47 Lei representing rent for 2016, plus legal interest counted as of the date of the undue payment – 18 August 2016 until actual return of such amount; - 331,692.47 Lei representing rent for 2017, plus legal interest counted as of the date of the undue payment – 30 January 2017 until actual return of such amount. It maintains the other sentence of the first law court with respect to denying as groundless the claimant's other monetary claims. It compels the defendant to pay the claimant 15,358.26 Lei representing law suit expenses partially in the first court and for the appeal. Appeal right granted within 30 days from notification. In case such right is exercised it will be submitted to the Court of Appeal Timisoara. Pronounced at public hearing on 31.10.2019. Document: Ruling 826/2019 31.10.2019
91	3154/115/2018	Caras Severin Tribunal	C: Transelectrica C: Resita City	Claims	4,705,341.91 Lei + legal interest rate	Declined in Section II 18.03.2019 Type of settlement: it denies the request Settlement in brief: it denies the request filed by claimant National Power Grid Company

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
		Court of Appeal Timisoara				<p>Transelectrica SA in contradiction with defendant Resita City, by the mayor. Appeal right granted within 30 days from notification, to be submitted to the offices of the Caras-Severin Tribunal. Pronounced according to article 396 C.proc.civ. on 18 March 2019 by placing the ruling at the parties' disposal by the court clerk</p> <p>Document: Ruling 101/2019 18.03.2019</p> <p>It denies the appeal filed by appellant-claimant National Power Grid Company Transelectrica SA through the Transmission Branch Timisoara in contradiction with respondent-defendant Resita City against civil ruling 101/18.03.2019 pronounced by Caras-Severin Tribunal. No law suit expenses; appeal right within 30 days from notification, to be submitted to the Court of Appeal Timisoara. Pronounced at public hearing on 9.10.2019.</p> <p>Document: Ruling 761/2019 09.10.2019</p>
92	3155/115/2018	Caras Severin Tribunal Court of Appeal Timisoara	C: Transelectrica D: Forestry Division CS	Claims	5,019,485.05 lei + legal interest rate	<p>Term: 20.05.2019 Type of settlement: it denies the request</p> <p>Settlement in brief: it denies the summons filed by claimant National Power Grid Company Transelectrica SA in its own name and on behalf of the Transmission Branch Timisoara (entity of the claimant company without legal personality) in contradiction with defendant National Forests Authority Romsilva, Forestry Division Caras-Severin, pertaining to claims. Appeal right granted within 30 days from notification, to be submitted to Caras-Severin Tribunal. Pronounced at public hearing on 30 May 2019. Document: Ruling 743/2019 / 30.05.2019.</p> <p>Transelectrica filed appeal.</p> <p>Term of appeal: 16.01.2020</p> <p>Settlement in brief: It admits the appeal filed by the claimant National Power Grid Company Transelectrica SA against civil sentence 743/30.05.2019 pronounced in file 3155/115/2018 by the Caras-Severin Tribunal. It partly changes the sentence appealed against and, re-judging, it partly admits the claimant's suit and compels the defendant National Forests Authority Romsilva, Forestry Division Caras-Severin to pay 5,019,485.05 Lei to the claimant. It denies the request to compel payment of legal interest from payment date until actual return of the liability. It compels the defendant to pay law suit expenses to the appellant claimant amounting to 80,699.78 Lei, stamp tax for appeal and first instance. Appeal right granted within 30 days from notification, to be submitted to the Court of Appeal Timisoara. Pronounced at public hearing on 30.01.2020. Document: Ruling 17/2020 30.01.2020.</p>
93	3158/115/2018	Caras Severin Tribunal Court of Appeal Timisoara	C: Transelectrica D: Commune Dognecea	Claims	940,88.27 lei + legal interest rate	<p>Declined in Section II on 06.02.2019</p> <p>01.04.2019 Type of settlement: it denies the request</p> <p>Settlement in brief: it denies the suit filed by claimant National Power Grid Company Transelectrica SA, in contradiction with defendant Commune Dognecea, by the mayor. Appeal right granted within 30 days from notification, to be submitted to the offices of the Caras-Severin Tribunal. Pronounced at public hearing on 01 April 2019.</p> <p>Document: Ruling 119/2019 / 01.04.2019</p> <p>Settlement of CA TM: It admits the appeal filed by the claimant CNTEE Transelectrica SA against civil sentence 119/01.04.2019 pronounced under file 3158/115/2018* of Caras-Severin Tribunal. It changes the sentence appealed against and re-judging: It admits the claimant's suit and compels defendant Commune Dognecea to pay 940,888.27 Lei to the claimant, which is added legal interest late until actual repayment of liability. It compels the defendant to pay law suit expenses to the appellant claimant amounting to 19,520.82 Lei, stamp tax for appeal and first instance. Appeal right granted within 30 days from notification. Pronounced at public hearing on</p>

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						28.10.2019. Document: Ruling 818/2019 28.10.2019
94	2494/115/2018*	Caras Severin Tribunal Bucharest Tribunal	C: Resita City D: Transelectrica	Claims	6,389,297.58 + legal interest rate	11.03.2019 Type of settlement: it declines settling the case. Settlement in brief: it admits the exception of territorial incompetence of Caras-Severin Tribunal. It declines the competence to settle the request filed by claimant Resita City by the mayor in contradiction with defendant National Power Grid Company Transelectrica SA in favour of Bucharest Tribunal; no appeal, according to article 132 para 3 Civil procedural code. Pronounced at public hearing on 11 March 2019. Document: Ruling 313/2019 11.03.2019 Settlement of TMB: it admits the exception of territorial incompetence of Bucharest Tribunal. It declines the competence to settle the cause in favour of Caras-Severin Tribunal. It ascertains occurrence of the negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal. It suspends the case and refers the file to the High Court of Cassation and Justice in view of settling the negative competence conflict; no appeal. Pronounced at public hearing on 25.10.2019 by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 2376/2019 25.10.2019
95	2434/115/2018	Bucharest Tribunal S IV Civil	C: Romsilva Caras Severin D: Transelectrica TB Timisoara	Claims	2,433,608.52 Lei, annual rent for temporary land taking from the national forest fund + delay penalties from 31.01.2018, rent due date. 304,298.47 Lei, val. of final taking out of the national forest fund of land, val. of lost wood fund growing + delay penalties calculated on 10.05.2015	Settlement in brief: In accordance with the provisions of article 413 para 1 pt. 1 C.pr.civ, it suspends judging this cause until final staying of civil sentence 743/F/2019 pronounced in file 3155/115/2018 by Caras Severin Tribunal. Appeal right granted during the entire suspension time interval, to be registered with Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 4.10.2019. Document: Conclusion - Suspension 04.10.2019.
96	25544/3/2018	Bucharest Tribunal Court of Appeal Bucharest	C: Chimirel Catalin Lucian D: Transelectrica	Claims OAVT	99,968 Lei 136,006 Lei + legal interest rate	Type of settlement: it denies the request Settlement of TMB: it denies the cause as groundless, appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 3814/2018 17.12.2018 Settlement of CAB: It admits the appeal filed by appellant-claimant Chimirel Catalin Lucian in contradiction with respondent-defendant CNTEE Transelectrica SA against civil sentence 3814/17.12.2018 pronounced by Bucharest Tribunal, Section VI Civil in file 25544/3/2018. It changes entirely the sentence appealed against, namely: It admits the summons filed by claimant Chimirel Catalin Lucian in contradiction with defendant CNTEE Transelectrica SA. It compels the defendant to pay 235,968 Lei representing remuneration by OAVT capitalisation (Options of Virtual Transelectrica Shares), plus legal interest rate calculated beginning with 15.11.2017 until actual payment date. It compels the respondent-defendant to pay law suit expenses in quantum of 19,082.50 Lei. Appeal right granted within 30 days from notification, to be submitted to the

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						Court of Appeal Bucharest, Section V Civil. Pronounced on 24 February 2020 by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 96/2020 24.02.2020.
97	35885/3/2018	Bucharest Tribunal	C: BUGICA RADU D: Transelectrica	Claims OAVT		Settlement in brief: In accordance with article 413 para 1 pt. 1 Civil Procedural Code it suspends the cause until final settlement of file 20764/3/2017*. Granted the right to submit request of re-admittance on the docket and appeal during the entire suspension period. Pronounced at public hearing on 24.04.2019. Document: Conclusion – Suspension 24.04.2019.
98	38096/3/2018	Bucharest Tribunal CAB	C: Chimirel Catalin Lucian D: Transelectrica	Claims	936,187 Lei, and legal penalising interest	Settlement in brief: It admits the request. It compels the defendant to pay the claimant 936,187 Lei as performance bonus according to the mandate contract C416/13.11.2014 as well as legal penalising interest as per article 3 para 21 of OG 13/2011 to the fore-mentioned amount, calculated from the due date of each instalment until actual repayment. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced on 08.07.2019 by placing the ruling at the party's disposal by the court clerk. Document: Ruling 2019/2019 08.07.2019. Term: 10.03.2020
99	21781/3/2019	Bucharest Tribunal	C: Zachia Zlatea Dragos Corneliu D: Transelectrica	Claims OAVT	332,769.09 Lei, updated by inflation rate and legal penalising interest to it, calculated as of 15.12.2017 until actual payment of amount; - 100,190.26 Lei, updated with the inflation rate and legal penalising interest to it, calculated as of 15.12.2018 until actual payment date;	Settlement in brief: it partly admits the case; compels the defendant to pay the claimant, withholding the owed taxes and charges, applicable from due date, the following amounts: - 332,769.09 Lei, updated by the inflation rate plus legal penalising interest to it, calculated from 15.12.2017 until actual payment date; - 100,190.26 Lei updated by the inflation rate plus legal penalising interest to it, calculated from 15.12.2018 until actual payment date; it denies as groundless the request item on updating the penalising interest with the inflation rate. It compels the defendant to pay the claimant law suit expenses amounting to 7,935 Lei, representing judiciary stamp tax. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 13.11.2019. Document: Ruling 3330/2019 13.11.2019.
100	17765/3/2019	Bucharest Tribunal	C: Transelectrica D: OPCOM	Claims – pay order – contribution of CNTEE Transelectrica SA to the share capital of Co. OPCOM SA, issued under Loan Contract 7181RO/2003, commitment to finance the investment project “Electricity Market”.	4,517,460 Lei	It denies as groundless the exception of inadmissibility and the exception of prescription. It denies the request as groundless. It denies as groundless the creditor's request to compel the debtor paying law suit expenses. Granted the right to submit cancellation request within 10 days from notification, to be submitted to the offices of the Bucharest Tribunal, Section VI Civil. Pronounced on 27 September 2019 and placed at the parties' disposal by the court clerk. Cancellation request has been filed.
101	22567/3/2019	Bucharest Tribunal	C: Transelectrica D: OPCOM	Claims – ordinary action - contribution	4,517,460 Lei +1,293,778.27 Lei	Term: 17.01.2020

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
				of CNTEE Transelectrica SA to the share capital of OPCOM SA, issued under Loan Contract 7181RO/2003, commitment to finance the investment project "Electricity Market".		
102	33835/3//2019*	Bucharest Tribunal	C: Artopolescu Petrisor D: Transelectrica	Claims OAVT	1,077,978 Lei, value of OAVT + 240,130.11 Lei interest	Under preliminary procedure
103	38807/3/2019	Bucharest Tribunal	C: Electromontaj D: Transelectrica	Claims of contract update C54/2018 (value 9,886,804.32 Lei Euro + TVA)	Claims were not estimated but stamp tax was established at 1.2 million Lei	Term: 02.04.2020
104	35346/3/2019	Bucharest Tribunal	C: CET Govora D: Transelectrica	Claims	3,368,965.82 Lei, val. regularised ante- overcompensation + cogeneration bonus February – March 2016	Under preliminary procedure.
105	3083/3/2020	Bucharest Tribunal	C: Nuclearelectrica D: Transelectrica	Claims	1,290,533.156 Lei value of negative imbalance + 182,251.94 Lei, legal interest rate	Under preliminary procedure.

Annex 7 - Glossary

„ANRE”	National Regulatory Authority in the Energy domain
„BAR” / RAB	Regulated asset base
„BVB” / BSE	Bucharest Stock Exchange, operator of the regulated market where the shares are transacted
„CCM”	Company-wide collective labour contract
„EEC”	European Economic Community
„WPP”	Wind power park
„PVPP”	Photovoltaic power park
„CHPP”	Combined heat and power plant
„CHEAP”	Pumping storage hydropower plant
„NPP”	Nuclear power plant
„Comanie”, „CNTEE”	National Power Grid Company Transelectrica SA
„CPT”	One’s own technological consumption
„CS”	Supervisory Board
„CSR”	Corporate social responsibility
„d. c.”	Double circuit
„DEN”	National Power Dispatcher
„EBIT”	Operational profit before interest and income tax
„EBITDA”	Operational profit before interest, income tax and amortisement
„EBT”	Operational profit before income tax
„EMS-SCADA”	Main dispatch infrastructure (Energy Management System – Supervisory Collection And Data Acquisition)
„ENTSO-E”	European Network of Transmission and System Operators for Electricity
„ENS”	Energy not supplied to consumers
„Euribor”, „Libor”, „Robor”	Inter-bank interest rates
„Formenerg”	Company Training the Electric Power Engineering Specialists of Romania FORMENERG SA
„Grup”	The Company and its subsidiaries
„HG 627/ 2000”	Governmental Decision 627/2000 on reorganising the National Electricity Company SA, published in Romania’s Official Gazette 357 of 31 July 2000
„HG”	Governmental decision
„Icemenerg Service”	Trading company ICEMENERG-SERVICE Bucharest, Subsidiary of the National Power Grid Company Transelectrica SA
„IFRS”	International Financial Reporting Standards
„ISO”	Independent System Operator
„ITO”	Independent Transmission Operator
„KPI”	Key Performance Indicator
„LEA”/ OHL	Overhead lines
„Leu” or „Lei” or „LEI”	Romania’s official currency

„MO”	Romania’s Official Gazette
„OG”	Governmental ordinance
„ONRC”	National Office of the Trade Register
„OPCOM”	Operator of the Electricity Market of Romania OPCOM SA
„TSO”	Transmission system operator
„OUG”	Governmental emergency ordinance
„pa”	Per annum
„PCCB”	Centralised Market of Bilateral Contracts
„PCR”	Price coupling of regions agreed for the future model of the Single European Electricity Market
„PE”	Balancing Market
„PCI”	Projects of Common Interest
„PZU” / DAM	Day-Ahead Market
„RET”	Electricity transmission grid, electricity network of national strategic interest and nominal line voltage above 110 kV
„SEN”	National Power System
„Smart”	Trading Company for Maintenance Services to the Electricity Transmission Grid SMART SA
„SSF”	Functional system service
„SST”	Technological system service
„TEL”	Stock exchange indicator for Transelectrica
„Teletrans”	Trading Company for Telecommunication and Information Technology in Electricity Transmission Networks TELETRANS SA
„TSR”	Total shareholders’ return
„EU”	European Union
„ m.u.”	Measuring unit
„USD” or “US dollars”	American dollar, official currency of the United States of America
„WACC”	Weighted average cost of capital