

NOTE**regarding the Shareholders' General Ordinary Assembly establishing the 2021 Investment Programme of CNTEE Transelectrica SA and the investment expenses estimated for 2022 & 2023**

1. The Investment Programme of CNTEE Transelectrica - SA for 2021, as well as the investment expenses estimated for 2022 and 2023 (PAI 2021) was elaborated by the Investment Programme Management Department within the Investment Division, based on the following elements:

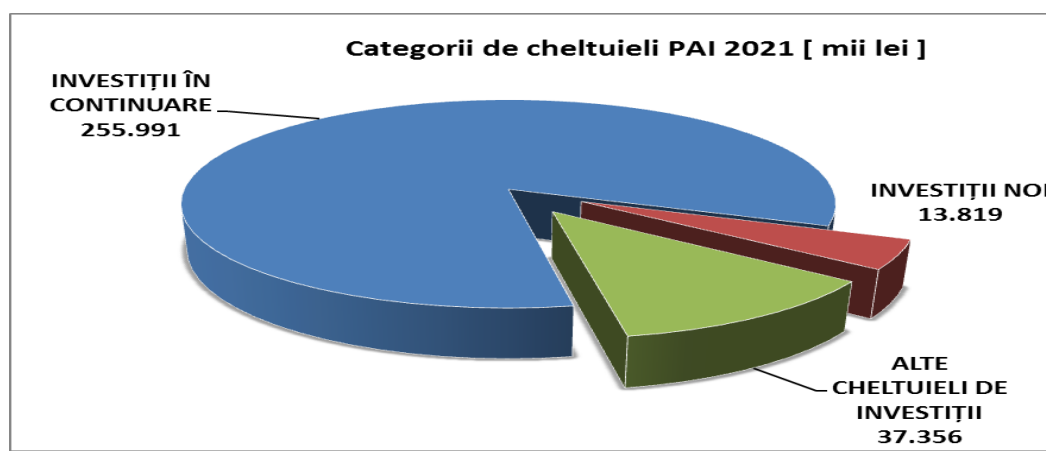
- the investment priorities established in the RET Development Plan for 2020 – 2029;
- the execution schedules of investment objectives in progress;
- the proposals received from the Investment Division, branches and entities from the executive part of CNTEE Transelectrica SA;
- the main risks that can impact the achievement of PAI 2021;

PAI 2021 was verified by the Supervisory Board issuing in this regard Decision no. 7/02.02.2021.

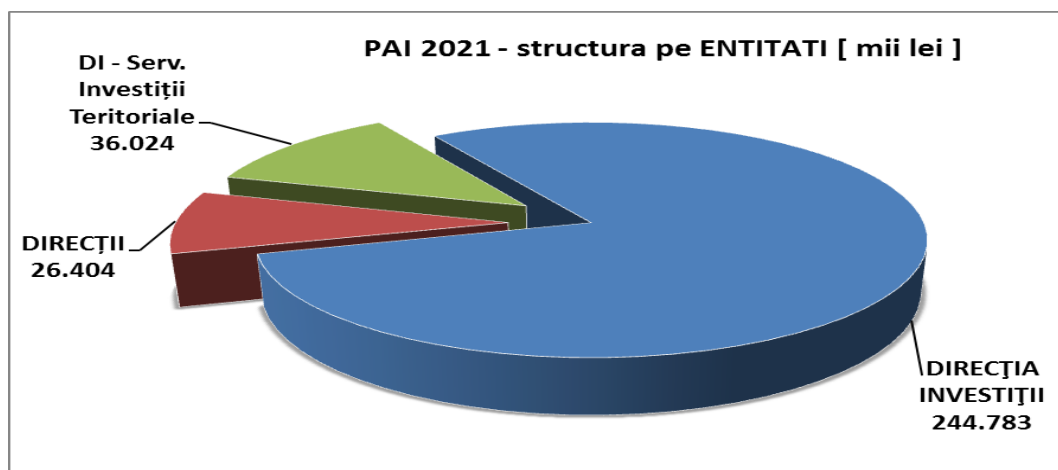
The 2021 expense structure and the investment costs estimated for 2022, 2023

thousand Lei				
No.	Expense categories	2021	2022	2023
	Total general (A+B)	307,211	418,506	423,807
A	Company expenses	307,166	418,506	423,807
<i>I</i>	<i>Further investments</i>	<i>255,991</i>	<i>293,007</i>	<i>223,526</i>
<i>II</i>	<i>New investments</i>	<i>13,819</i>	<i>90,397</i>	<i>187,078</i>
<i>III</i>	<i>Other investment expenses</i>	<i>37,356</i>	<i>35,102</i>	<i>13,203</i>
B	Investment expenses financed from the connection fees	45	0	0

Detailing the 2021 investment expenses and those estimated for 2022 and 2023 by the main chapters are provided in Annex 1 to this Note.

Structure of Company's own 2021 investment expenses

Total 2021 investment expenses structured by entities



2. Specifications about the major investment project from PAI 2021

A. Main major investment objectives whose execution contracts were signed in previous years and in 2021 will be in the work execution stage (further investments) structured according to the chapters of the Development Plan

No.	Investment objectives	Commissioning
RET refurbishment – 17 investment projects		
1	Replacing autotransformers and transformers in electric substations, stage 2, step 2	2022
2	Refurbishing the 400/110/20 kV substation Domnesti	2021
3	Upgrading the 110 & 400(220) kV installations of substation Focsani Vest	2021
4	Upgrading the 110 kV substations Bacau Sud and Roman Nord from the 400 kV axis Moldova	2022
5	Refurbishing the 220/110/20 kV substation Ungheni	2022
6	Upgrading the 400 (220)/110/20 kV substation Munteni	2023
7	Refurbishing the 400/110/20 kV substation Smardan	2024
8	Upgrading the 220/110 kV substation Raureni	2022
9	Refurbishing the 220/110 kV substation Hasdat	2021
10	Refurbishing the 220/110/ kV substation Iaz	2022

11	Refurbishing the 110 kV substation Medgidia Sud - <i>conditioned by the progress of "Extending the 400 kV substation Medgidia Sud" project.</i>	2022
12	Refurbishing the 220/110 kV substation Craiova Nord	2021
13	400 kV mobile bays to connect the bus bars within 400 kV substations Bradu and Sibiu Sud	2021
14	Upgrading the 220/110/20 kV substation Vetis - primary equipment	2021
15	100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest and Bradu	2020
16	Refurbishing the 220/110/MT kV substation Baru Mare	2023
17	Upgrading the 220/110 kV substation Dumbrava	2024

Safe consumers' supply – 3 investment projects

1	Installing the 250 MVA transformer T3 in the 400/110 kV substation Sibiu Sud	2021
2	Installing the 400 MVA, 400/231/22 kV autotransformer AT2 and the associated bays in substation Iernut and upgrading the command control system of the 400/220/110/6 kV substation Iernut	2021
3	Replacing the 400/400/160 MVA 400/231/22 kV AT3 ATUS-SF in the 400/220 kV substation Portile de Fier	2021

Integrating the output of Dobrogea and Moldova – 2 investment projects

1	Connecting the 400 kV OHL Isaccea - Varna and 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – Extending the 400 kV substation Medgidia – <i>NFIP procedure – with ABB SRL for GIS delivery and installation;</i>	2022
2	Connecting the 400 kV OHL Isaccea - Varna and 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud - Connections in substation Medgidia Sud	2022

Increasing the interconnection capacity – 8 investment projects

1	Extending the 400 kV substation Cernavoda (stage II)	2023
2	Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - stage I - 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita	2024
3	Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - stage I - the 400/220/110 kV substation Resita	2024

	(NEFIP: secondary equipment and associated services)	
4	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	2024
5	The 400 kV substation Stalpu and upgrading the 110 kV and MV bays in the electric substation Stalpu	2023
6	The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei	2023
7	Extending 400 kV Gura Ialomitei substation with two bays: 400 kV Cernavoda OHL 2 and 3	2022
8	400 kV OHL Oradea - Bekescsaba – final stage	2021

Other projects in progress

1	Replacing circuit breakers in electric substations	2021
2	Research & development Centre of LW technologies stage II	2022

Total further investments amount to 255,991 thousand Lei representing 83.34 % of the Company's own investment expenses.

B. Investment objectives to begin in 2021 (new investments) total 13,819 thousand Lei, namely 4.49 % of the Company own investment expenses.

They are under various preparation stages to launch the work:

Various stages of procurement procedures in the Commercial Division:

No.	Investment objectives
RET refurbishment – 5 investment projects	
1	Upgrading the electricity supply to UNO-DEN's offices – contract signed on 25.02.2021
2	Refurbishing the 220/110 kV substation Filesti - contract signed on 23.02.2021
3	Refurbishment of the 400/110 kV transformer substation Pelicanu
4	Refurbishing the 400 kV substation Isaccea - Stage II
5	Procurement and installation of 21 monitoring systems for the transformer units within CNTEE Transelectrica SA

Integrating the output of Dobrogea and Moldova – 3 investment projects

1	Connecting the 400 kV OHL Isaccea - Varna and the 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud - Stage II 400 kV OHL dc Connections into Medgidia Sud substation
2	Converting the 220 kV OHL Brazi Vest – Teleajen – Stalpu to 400 kV, including procurement of a 400 MVA 400/220/20kV AT and extension of the associated 400 kV and 220 kV stations in the 400/220/110 kV substation Brazi Vest - Extending substation Brazi Vest Open bid (procuring AT4 + C+I work (full: AT + bays + protection cabinets) + TP integrator) and NFIP - (primary and secondary equipment, SCADA integration, adapting PDB, TP installing primary & secondary circuits, technical assistance) - Refurbishing Teleajen substation
3	Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni - Fantanele

Integrating output from power plants – Other areas – 2 investment projects

1	220 kV substation Ostrovu Mare
2	220 kV OHL dc Ostrovu Mare – RET - Stage I and II

Increasing the interconnection capacity – 1 investment project

1	400 kV OHL Gutinas - Smardan
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Electricity data metering and management system on the wholesale market

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Replacing EMS SCADA AREVA system components, replacing hardware skills, updating and developing applications specific to the Balancing Market Platform-II DAMAS

1	Replacing hardware skills, updating and developing applications specific to the Balancing Market Platform-II DAMAS
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Information systems and telecommunications management - 2 investment projects

1	Development of IT&C capabilities of CNTEE Transelectrica-infrastructure, processes, skills
2	Consolidation of servers and data storage network (private cloud) contract signed on - 29.01.2021

in design (namely obtaining approvals, agreements, authorisations), issuing GD for initiating expropriation procedures:

No.	Investment objective
RET refurbishment - 1 investment project	
1	Pilot Project - Refurbishment of the 220/110/20 kV Alba Iulia substation as a digital substation
Integrating the output of Dobrogea and Moldova and other areas -3 investment projects	
1	400 kV OHL dc (1ce) Constanta Nord - Medgidia Sud
2	Converting the 220 kV OHL Brazi Vest - Teleajen - Stalpu to 400 kV
3	220 kV OHL double circuit Ostrovu Mare – RET-Stage I and II
Increasing the interconnection capacity – 2 investment projects	
1	Converting the Portile de Fier-Resita-Timisoara-Sacalaz-Arad axis to 400 kV, stage II - the 400 kV double circuit OHL Resita-Timisoara-Sacalaz
2	Converting the Portile de Fier-Resita-Timisoara-Sacalaz-Arad axis to 400 kV, stage III: the 400 kV OHL Timisoara - Arad + 400 kV substation Arad + 400 kV substation Sacalaz

3. Main risks that might impact the achievement of PAI 2021 are provided in annex 2 as value and percentage

A. External

Delays of contractors' work execution as per the contractual time schedule caused by:

1. Covid pandemic (lack of labor force for construction-assembly and delayed supply of equipment)
2. The precarious financial situation of some contractors,
3. Obtaining GD for removal from the forestry fund,
4. Obtaining expropriation correction GD
5. Obtaining the transfer GD from the administration of the Ministry of Agriculture and Rural Development (ADS) to the General Secretariat of the Government - administrator of CNTEE Transelectrica SA

The impact of these risks could represent 8.48% of the Company's own expenses in 2021.

B. Other causes 3.26%

In case such constraints occur the Investment programme (Company's own expenses) will be achieved about 88.26%.

3. Decision proposed

Taking into account the above and in accordance with the provisions of article 14 para. (1) letter i) from the Articles of Association of CNTEE Transelectrica SA, updated on 10.06.2020 by Decision 7/2020 of the Shareholders' General Extraordinary Assembly we propose to the Shareholders' General Assembly as follows:

- Establishing the Investment programme of CNTEE Transelectrica SA for 2021 and estimating the investment expenses of 2022 and 2023 (PAI 2021) for the financial year submitted for approval according to the annexes to this Note and
- Delegating the Company's Directorate to amend (review) the sums included in PAI 2021 without exceeding the financing sources.

DIRECTORATE

**Chairman,
Cătălin NIȚU**

**Member,
Marius Viorel Stanciu**

**Member,
Corneliu Bogdan Marcu**

**Member,
Ovidiu Anghel**

**Member,
Andreea – Mihaela MIU**

ENDORSED BY:

*Directorate Chairman,
Cătălin NIȚU*

*Directorate Member,
Marius Viorel STANCIU*

*Directorate Member,
Corneliu - Bogdan MARCU*

*Directorate Member,
Ovidiu ANGHEL*

*Directorate Member,
Andreea – Mihaela MIU*

**THE COMPANY'S INVESTMENT 2021 PROGRAMME
AND ESTIMATED INVESTMENT EXPENSES FOR 2022 AND 2023**

PAI 2021 AGA

(thousand Lei, VAT free)

No.	Categorii de cheltuieli	PAI 2021 AGA	Quarterly schedule				Investment Program Estimate:	
			Q I	Q II	Q III	Q IV	2022	2023
	INVESTMENT EXPENSES-TOTAL GENERAL (i+ii)	307.211	93.377	83.723	61.385	68.726	418.506	423.807
i	COMPANY's OWN INVESTMENT EXPENSES (I+II+III)	307.166	93.332	83.723	61.385	68.726	418.506	423.807
I	FURTHER INVESTMENTS (I.A+I.B), of which:	255.991	88.393	67.849	42.938	56.812	293.007	223.526
I.A	Further major investments	249.131	83.728	65.652	42.938	56.812	293.007	223.521
I.B	Other further investments	6.861	4.665	2.196	0	0	0	5
II	NEW INVESTMENTS (II.A+II.B), of whuch:	13.819	2.012	5.262	1.890	4.655	90.397	187.078
II.A	New major investments	8.658	1.084	3.908	1.311	2.355	85.130	152.540
II.B	Other new investments	5.161	928	1.355	579	2.300	5.267	34.538
III	OTHER INVESTMENT EXPENSES, of which :	37.356	2.927	10.612	16.557	7.259	35.102	13.203
A	<i>Procurements of buidlings, land included</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
B	<i>Independent endowments</i>	<i>32.318</i>	<i>2.452</i>	<i>10.175</i>	<i>13.143</i>	<i>6.549</i>	<i>27.955</i>	<i>6.554</i>
C	<i>Expenses for the elaboration of PFS, FS, other studies related to the investment objectives, including the expenses necessary for obtaining the approvals, authorisations and agreements provided by law</i>	<i>3.606</i>	<i>345</i>	<i>156</i>	<i>2.414</i>	<i>691</i>	<i>4.342</i>	<i>6.349</i>
D	<i>Expenses of expertise, design, technical assistance, for technological tests, tests, delivery to the beneficiary and execution regarding the consolidations and interventions for the prevention or removal of the effects produced by accidental actions and natural calamities ...</i>	<i>38</i>	<i>30</i>	<i>3</i>	<i>3</i>	<i>2</i>	<i>2.339</i>	<i>0</i>
E	<i>Drilling, land mapping, photogrammetry, seismologic determinations, consulting and other investment expenses not found with other investment categories</i>	<i>1.393</i>	<i>100</i>	<i>279</i>	<i>997</i>	<i>17</i>	<i>465</i>	<i>300</i>
F	<i>Expenses of expertise, design, technical assistance, for technological tests, tests, delivery to the beneficiary and execution regarding capital repairs, as well as other categories of intervention works, ...</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
ii	INVESTMENT EXPENSES FINANCED FROM THE CONNECTION TARIFF	45	45	0	0	0	0	0

Asset Management Unit Director
Cosmin – Mihai MONAC

f. Investment Division Director
Dorinel Constantin VLADU
Program Manager

DMPI Manager
Silvia DAMIAN

RISK IMPACT ON PAI 2021

Risks	PAI pos.	Investment objectives	Risk impact [thousand Lei]	Share in Company's total own expenses
EXTERNAL			26.050	8,48%
Contractor delays: 1. Covid pandemic (lack of labour force for C + I, equipment manufacturing delays) 2. precarious financial situation	6	Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - stage I - the 400/220/110 kV substation Resita	1.000	
	16	Upgrading the 220/110 kV substation Dumbrava	500	
	17	Upgrading the 110 & 400(220) kV installations of substation Focsani Vest	750	
	24	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	1.000	
	18	Upgrading the 110 kV substations Bacau Sud and Roman Nord from the 400 kV axis Moldova	1.500	
	20	Upgrading 400 (220)/110/20 kV substation Munteni	1.000	
	21	Refurbishing 400/110/20 kV substation Smardan	2.500	
	23	Refurbishing 110 kV substation Medgidia Sud	2.800	
	25	Refurbishing 220/110/ kV substation Iaz	5.000	
Obtaining forestry fund GD Obtaining transfer GD from MADR administration (ADS) to SGG (TEL)	31	400 Kv OHL Cernavoda-Stâlpu	10.000	
INTERNAL (PAI achievement degree within TTUs and Executive team Entities other than the Investment Division)		The PAI achievement degree within TTUs and Executive team Divisions (other than the Investment Division) in the last 3 years: 2018-54,40%, 2019-53,30%, 2020-91,70%. The result is an achievement degree of 66,47%. Average risk impact for specific expenses of TTUs and Executive team Divisions: 33,53%. Applying the percentage to the 2021 expenses of the TTUs and the Executive Divisions (total 62.428 thousand Lei) would lead to a result of 20.934 thousand Lei, namely 6,8% of the Company's total own expenses. For 2021, a risk of non-realisation of 10.000 thousand Lei is estimated, compared to 20.934 thousand Lei as it would have been statistically represented within TTUs and Executive Divisions, for the last 3 years, namely an impact on the Company's total own expenses of 3,26%	10.000	3,26%
TOTAL 2021 risk impact			36.050	11,74%