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NPG Co. TRANSELECTRICA S.A



Annual Report 2021



ANNUAL REPORT

NPG Co. TRANSELECTRICA SA

about the Company's individual financial statements executed according to OMFP 2844/2016 and elaborated in accordance with Law 24/2017 on the issuers of financial instruments and market operations and Annex 15 of Regulation 5/2018 issued by the Financial Supervision Authority (ASF) for the financial year ended on 31 December 2021

Report date:	24 March 2022
Issuer name:	NPG Co. TRANSELECTRICA SA, company managed by two-tier system
Headquarters:	Bucharest 1, Blvd. Gen. Gheorghe Magheru 33, postal code 010325
Working location:	Bucharest, Str. Olteni 2 - 4, postal code 030786
Phone / fax numbers:	021 303 5611/ 021 303 5610
Single code with ORC:	13328043
Number in RC:	J40/8060/2000
LEI (Legal Entity Identifier) Code	254900OLXOUQC90M036
Establishment date of Company	31.07.2000 / OUG 627
Share capital:	733,031,420 RON, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium category
Main characteristics of issued securities:	73,303,142 shares of 10 RON / share nominal value each, being dematerialised nominative ordinary indivisible shares, freely float as of 29.08.2006 under TEL symbol
Total market value:	1,649,320,695 RON (22.50 RON / share on 30.12.2021)
Accounting standard applied:	International financial reporting standards
Audit:	Stand-alone financial statements elaborated on 31.12.2021 have been audited

This Report uses a free translation from Romanian, which is the official and binding version, and will prevail, in the event of any discrepancies with the English version.

Contents

Message of the Supervisory Board	2
Supervisory Board	3
Supervisory Board's statement	9
with respect to the stand-alone financial statements executed in accordance with the International Financial Reporting Standards	9
Directorate Message	10
Directorate of NPG Co. Transelectrica SA	10
Directorate.....	11
Key figures	15
Important events	16
Management Report	17
1. Business model	18
1.1. Position on the electricity market	18
1.2. Activity portfolio and tariff-setting model	20
2. Group structure	22
3. Transelectrica on the capital market.....	26
3.1. Shareholder structure	26
3.2. Development of share prices	26
3.3. Dividends	28
3.4. Rating	28
3.5. Relation with investors and stakeholders	29
4. Risk management.....	31
4.1. Risk management policy	31
4.2. Transelectrica objectives regarding risk management	32
4.3. Main risks detected	32
5. Human resources	40
5.1. Structure of personnel.....	40
5.2. Professional training	42
5.3. Trade union representation	42
5.4. Responsibility to employees	43
6. Research and innovation	45
7. Perspectives and challenges	49
Operational Report.....	50
8. Operational data	51
8.1. Network configuration	51
8.2. Select operational data	52
9. RET development.....	58
9.1. Investments.....	62

9.2.	Quality of transmission and system services provided	68
9.3.	Maintenance.....	69
10.	European projects, platforms, affiliations	72
10.1.	European projects	72
10.2.	Platforms	80
10.3.	Affiliations.....	81
	Financial Report	83
11.	Stand-alone financial results of 2021	85
11.1.	Stand-alone profit and loss account	86
11.2.	Financial result	92
11.3.	Net result.....	93
11.4.	Balance – financial position	93
12.	Regulated tariffs for electricity transmission	98
13.	Disputes	101
14.	Corporative governance.....	111
15.	Social Corporative Responsibility	129
	Annex 1 - Articles of association amended in 2021	138
	Annex 2 - Appointment / recall deeds issued in 2021	138
	Annex 3 - Important contracts the Company concluded in 2021	140
	Annex 4 - List of Transelectrica subsidiaries	142
	Annex 5 - Significant transactions	142
	Annex 6 - Disputes.....	143
	Annex 7 - Glossary	166

Figure 1: Organisational structure	3
Figure 2: Value chain of electricity	18
Figure 3: Electricity Transmission Network.....	19
Figure 4: Portfolio of activities.....	20
Figure 5: Development of shareholder structure in 2021-2020	26
Figure 6: TEL vs BVB 2021 indexes	27
Figure 7: Development of TEL 2021 share price	27
Figure 8: ROBOR 1M (%)	33
Figure 9: Hard currency development, 2021	33
Figure 10: Structure of non-current liabilities depending on securities on 31.12.2021.....	34
Figure 11: Employees' structure by gender, 2021	40
Figure 12: Number of employees by labour seniority, 2021	40
Figure 13: Structure of personnel depending on age, 2021	41
Figure 14: Map of RET connection capacity.....	51
Figure 15: Energy balance (TWh).....	53
Figure 16: Installed capacity, 2021 (gross values)	53
Figure 17: Mix of 2019 – 2021 output (TWh)	53
Figure 18: Net average monthly load (MWh/h).....	54
Figure 19: Net maximum hourly load (MWh/h).....	54
Figure 20: Crossborder physical flows (GWh)	54
Figure 21: Use of total capacity allocated (%)	55
Figure 22: OTC development compared to electricity input into RET	57
Figure 23: Monthly OTC development in 2021	57
Figure 24: RET development needs, 2020-2029.....	61
Figure 25: The value of fixed assets entered in accounting (excluding VAT, RON mn)	66
Figure 26: RCC configuration	73
Figure 27: Net result (RON mn)	85
Figure 28: Revenues of profit allowed activities (RON mn)	88
Figure 29: Expenses of profit allowed activities (RON mn)	88
Figure 30: Procurement mix depending on quantities purchased on markets (GWh).....	89
Figure 31: Total (net) average price of OTC on markets (RON/MWh)	90
Figure 32: Results of zero-profit activities (RON mn)	92
Figure 33: Financial results (RON mn)	93
Figure 34: Supervisory Board structure on 31 December 2021	112
Figure 35: CSR policy – dialogue with stakeholders	129

Table 1: Free float shares	26
Table 2: Stock exchange information, 2021 -2019	27
Table 3: Rating Transelectrica	29
Table 4: Non-current liability structure	35
Table 5: Number of employees.....	40
Table 6: Number of personnel by studies	40
Table 7: Employees' structure by labour seniority	41
Table 8: Employees' structure by seniority in the Company.....	41
Table 9: Structure of employees by age groups	41
Table 10: Structure of personnel by categories	41
Table 11: Volume of energy capacities.....	52
Table 12: Energy balance	52
Table 13: Installed capacity (gross values).....	53
Table 14: Mix of electricity generation, net	53
Table 15: Maximum load.....	54
Table 16: Cross-border interconnections (use of total capacity allocated %)	55
Table 17: OTC development.....	56
Table 18: Amount of investments made in 2021	62
Table 19: Main projects which contracts were concluded for and were begun in 2021	64
Table 20: Procurement of tangible and intangible assets.....	66
Table 21: Indicators for RET management / operation.....	68
Table 22: Indicators of transmission service continuity	68
Table 23: Types of RET maintenance (RON mn).....	70
Table 24: Stand-alone profit and loss account	86
Table 25: Revenues from profit allowed activities	87
Table 26: Costs of profit allowed activities.....	88
Table 27: Synthesis of revenues from zero-profit activities	91
Table 28: Synthesis of expenses from zero-profit activities	91
Table 29: Exchange rate development	93
Table 30: Cash Flow	97
Table 31: Profitability, liquidity, risk and activity ratios.....	97
Table 32: Transmission tariff.....	99
Table 33: Tariff of system services	100
Table 34: Surface taken up by electric lines and substations.....	134
Table 35: Waste management.....	135

**REPORT of
GOVERNING
STRUCTURES**

2021

Message of the Supervisory Board

Dear shareholders,

Dear investors,

For 22 years Transelectrica has been the guarantor of good operation and safety within the National Power System. The mission of the national transmission and system operator for electricity means high responsibility and complex efficiency standards. This is why a main objective is to place this Company's activity on professional excellence both of technical and non-technical personnel. The Supervisory Board sustains by proactive involvement based on sound corporative governance principles all internal and external steps taken by Transelectrica in view of successfully accomplishing the mission assumed nation-wide, but also at European level in its capacity of regional player in energy.

These last two years the energy sector and its developments have been strongly impacted by the COVID-19 pandemic. This meant total repositioning of the business environment in a very short time and significant efforts to maintain the same labour pace in a strict domain like energy, but also complying with the conditions imposed by the pandemic context. Throughout this interval the Supervisory Board got involved in responsible manner and facilitated this different route, which Transelectrica transited while maintaining the development lines provided in the Company's Development Plan assumed for 10 years.

Taking into account the two last years have set a new general framework of the business environment, during such difficult times we committed to keep an active transparent communication towards shareholders and investors holding Transelectrica in their portfolio. The Company's profile is that of a stock exchange-quoted company and thus we chose to be open and accurate in communications as regards transparency. Further we propose providing as good as possible interface in order to develop a compatible communication framework relying on continued trustful relations with stakeholders while further establishing new ones.

Together with the Company's executive management we work to define objectives updated from one period to another, depending on the dynamics of the energy sector. We want to enjoy stable predictable relaxed business environment for current investors but also for potential ones that pay attention to this Company.

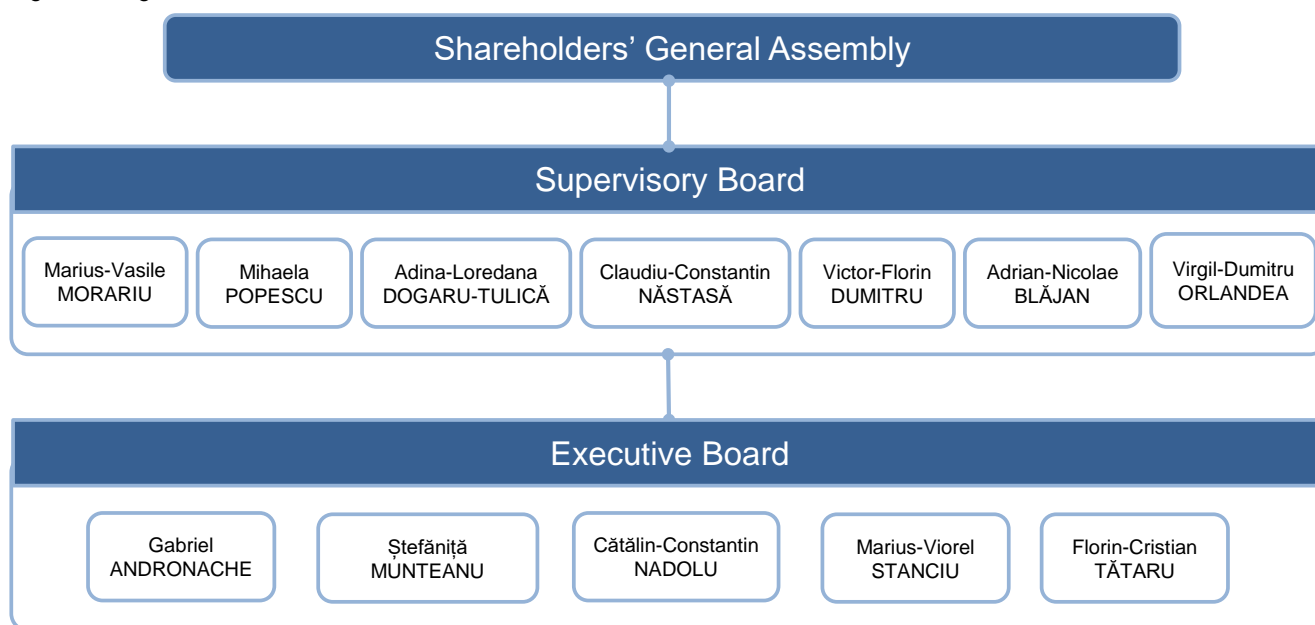
Supervisory Board of NPG Co. Transelectrica SA

Supervisory Board

The National Power Grid Company Transelectrica SA ("NPG Co. Transelectrica SA", "Transelectrica" or "Company") is a joint stock company organised and operating in accordance with the laws of Romania,

being managed by two-tier system based on decision of the Shareholders' General Extraordinary Assembly of 18 July 2012 by a Directorate (5 members) under the supervision of a Supervisory Board (7 members).

Figure 1: Organisational structure



On the elaboration date of this report the membership of the Supervisory Board with mandate until 22.04.2022 is the following:

Marius-Vasile MORARIU, Chairman of the Supervisory Board

Mr. Vasile Morariu holds vast experience in the energy sector and university activity, accessing & operating European funds, and professional training of adults (LLL). His activity in the energy domain has been constant beginning with 1984 until 2020. The professional career began as Head of the energy sector. From 1997 to 2009 he was designer (12 years), then professional trainer for power engineers. Mr. Marius Morariu was active in the academic environment, being associate university lecturer with the Romanian Bank Institute, Financial Management Faculty in 2004-2014. He delivered the following semestrial courses: Economic-financial analysis of economic agents; Investment management and cost-benefit analysis under investment projects with structural funds. In the domain of European funds access & operation he was Director of European Programmes and expert under 7 European programmes also including energy projects. Mention

can be made of: Developing entrepreneurial abilities in the energy sector, Energy sectorul personnel's adaptation to new technologies and labour terms. As regards the professional training of adults (LLL) he was trainer / training manager with Formenerg SA, Subsidiary of NPG Co. Transelectrica SA in 2009-2020. Most courses related to public and sectoral procurements, sustaining 66 courses that benefitted to 1510 trainees of the entire country. In 2020 Mr. Marius Morariu became Director General of Formenerg SA. Mr. Vasile Morariu graduated the Faculty of Electro technique, Energy speciality of the Polytechnic Institute 'Traian Vuia', Timisoara (1984). In 1997-2000 he attended training programmes in bank & finance at the Romanian Bank Institute, The Chartered Institute of Bankers London, Great Britain. The academic portfolio adds a long list of courses whereby he acquired vast managerial knowledge. He is Doctor of economy (Ph.D) with the Academy of Economic Studies Bucharest as of 2003.

Mihaela POPESCU, Supervisory Board member

Mrs. Mihaela Popescu has got vast managerial experience both in the private domain and in public central administration, in time holding top-

management positions. She has held several positions such as: personal counsellor of the Minister of Justice (4 mandates / 4 ministers), and beginning in 2020 she is deputy Director of the Economic Directorate in the Ministry of Justice. Beginning with 2017 to date Mrs. Popescu has been member in the Board of Administration of CASA OPSNAJ. Also from March to November 2019 Mrs. Popescu was member in the Supervisory Board of NPG Co. Transelectrica SA. She holds double diploma both in economic (Academy of Economic Studies, Bucharest) and in juridical science (University 'Spiru Haret', Bucharest); Mrs. Popescu completed her academic & professional expertise by a series of post-graduate studies and courses. Thus, she has obtained Master degree in Criminal Science and Criminalistics, having graduated the Post-graduate Course of Public Administration and Good Governance at University Babes-Bolyai of Cluj-Napoca in partnership with Michigan State University. Moreover, Mrs. Mihaela Popescu attended several courses of national security, good governance and diplomacy.

Adina - Loredana DOGARU - TULICA, Supervisory Board member

Mrs. Adina-Loredana DOGARU-TULICA acquired experience both of public administration and in the private domain, with well traced professional route by means of public communication for companies, non-governmental organisations and public institutions. In her career Mrs. Adina-Loredana DOGARU-TULICA professed in public communication and public relations, being PR consultant - counsellor in the Public Communication Department, Presidential Administration. She has also acquired experience in corporate and event communication working from 2015 to 2020 as PR Manager with Romexpo SA. Her expertise in public communication is completed by activities performed in university education, being associated lecturer of the Faculty of Journalism and Communication Science, University of Bucharest, teaching courses such as Political leadership, crisis communication or digital policy. She holds two graduation diplomas both in communication science (Faculty of Journalism and Communication Science, University of Bucharest) and in juridical science (Law & Public Administration Faculty, University 'Spiru Haret', Bucharest), the latter being performed especially in the private domain. Mrs. Dogaru-Tulica attended courses, seminars and study programmes that contributed to enriching her academic and professional activities. Thus, she holds diplomatic

communication diploma obtained from the Romanian Diplomatic Institute, certifying the competence specific of didactic profession, and a training attestation for European business, in French. For the time being she is doctor candidate in the Doctoral School of Communication Science, Faculty of Journalism and Communication Science, University of Bucharest. Last but not least, Mrs. Dogaru-Tulica published different academic articles on public communication topics in internationally quoted magazines and participated to several national and international conferences in this domain.

Claudiu-Constantin NASTASA, Supervisory Board member

Mr. Claudiu Nastasa activated both in the public and in the private domain, having got vast managerial experience. In 2017-2020 he was deputy executive director of the Intercommunitary Development Agency Bacau (ADIB). In 2020 he became vice-president of the Authority Managing State Assets (AAAS). Also, in 2012-2016 he was vice-president of County Council Bacau, and in 2016-2019 he was main counsellor of the Secretary of Romania's Senate. From 2002 to 2011 Mr. Claudiu Nastasa was active as main engineer with Co. Termoservice Grup SRL. Mr. Claudiu Nastasa graduated the Engineering Faculty of the University of Bacau (2002), and in 2006 attended a course of operator in the Faculty of Mechanical Engineering and Mechatronics, Polytechnic University of Bucharest.

The academic and professional expertise of Mr. Claudiu Nastasa, as of 2013 he holds ANFP certificate for his graduation of the Specific training programme for public servants.

Victor-Florin DUMITRU, Supervisory Board member

Mr. Victor Florin DUMITRIU holds important expertise in economy, both for the public and the private sector. For thirty years he has acquired sound experience by analysis and consultancy on economic, financial, managerial, risk analysis and investment issues.

In his career Mr. Victor Florin DUMITRIU performed significant professional activities in the governmental sector. Thus, in 1994-1997 he was secretary of state in the Ministry of Tourism; in 2000-2001 he was secretary of state in the Department of Foreign Investments, coordinating activities to draw foreign investments, to implement investment strategies and developing the public and private sector. At the same

time in 2002-2004 he was vice-president of the Authority Managing State Assets (APAS/AVAB).

In 2009-2020 he developed his economic expertise, being consultant for economic and financial issues with DA EASY WAY SRL, financial consultant with Extent International SRL Bucharest, economic counsellor with a senatorial parliamentary cabinet and personal counsellor of the Minister of Public Finance.

Mr. Victor Florin DUMITRIU graduated economic science, graduating the Academy of Economic Studies Bucharest, Finance-Accounting Faculty.

Adrian-Nicolae BLAJAN, Supervisory Board member

Having professional experience both in the juridical domain & private domain as well as in the public domain, Mr. Blajan acquired vast expertise over the legislative vision. Mr. Blajan professed 13 years in the private environment as juridical counsellor, period during which he provided juridical consultancy, representation before competent institutions, and contract elaboration. In 2019-2021 Mr. Blajan was lawyer in Valcea Bar Association, in an Individual Cabinet. From 2021 to date he has been personal counsellor in the Secretariat General of Government. Mr. Adrian Nicolae Blajan has diploma in juridical science, graduating the University 'Spiru Haret', Bucharest (2006). In 2008 he got Master degree specialising in Business Law with the University 'Lucian Blaga', Sibiu.

Virgil-Dumitru ORLANDEA, Supervisory Board member

Mr. Virgil Dumitru ORLANDEA is member in the Supervisory Board of Transelectrica as of 21 October 2021, having got consistent management experience. Beginning with 2011 he was active in the energy sector, holding relevant positions in the power industry.

Thus, in 2010-2012 Mr. Orlandea was member in the Board of Administration & Supervision of important companies from the Romanian energy sector such as: Electrica SA, Electrica Serv SA, Hidroelectrica, Transelectrica and Oil Terminal. From 2013 to 2016 Mr. Orlandea worked in the NPG Co. Transelectrica SA as director of the Support Service Division. Then until 2021 he continued activity within the Company, being coordinator of the Excellency Centre in Energy project of Sibiu, namely the Research & Development Centre of Live Work Technologies and Fast Intervention in the National Power System.

Mr. Virgil Dumitru ORLANDEA graduated the National Defence University 'Carol I' Bucharest, College of Resource & Procurement Management, University 'Lucian Blaga' of Sibiu, Faculty of Economic Studies, Master of 'Tourism and Service Integration', and Faculty of Economic Studies, Master of 'Strategies and the company's management & marketing policies', Police Academy 'Alexandru I. Cuza', Bucharest; Master of Human Resource Management in public authorities system.

Consultative Committees of the Supervisory Board

Audit Committee

Mr. Victor Florin DUMITRU (chairman), Mrs. Mihaela POPESCU, Mrs. Adina-Loredana DOGARU-TULICA, and Mr. Marius-Vasile MORARIU are members in 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.

Also, the Audit Committee receive and reviews the external auditor's report with essential issues resulting from statutory audit; it provides support to the Supervisory Board to monitor the credibility and integrity of financial information provided by the Company, especially by reviewing the relevance and coherence of accounting standards applied by it.

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 Transelectrica.

Nomination and Remuneration Committee

Mr. Adrian Nicolae BLAJAN (chairman), Mrs. Adina-Loredana DOGARU-TULICA, Mr. Claudiu Constantin NASTASA, Mrs. Mihaela POPESCU, and Mr. Virgil Dumitru ORLANDEA 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 in order to fill the 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 provides 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.

Energy Security Committee

Mr. Marius Vasile MORARIU (chairman), Mr. Adrian Nicolae BLAJAN, Mr. Claudiu Constantin NASTASA, Mr. Victor Florin DUMITRU and Mr. Virgil Dumitru ORLANDEA 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), 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 having attributions and competence in energy security (Ministry of Energy, specific Parliamentary Commissions).

Changes in the Supervisory Board

In 01 January 2021 – 22 June 2021 the membership in the Supervisory Board (hereinafter called 'CS' or 'Board') of Transelectrica was the following: Mr. Adrian Goicea, Mrs. Luiza Popescu, Mr. Jean-Valentin Comanescu, Mr. Oleg Burlacu, Mr. Mircea Cristian Staicu, Mr. Mihaela Popescu, and Mr. Ciprian Constantin Dumitru.

In accordance with AGOA Decision 4 of 22 June 2021 the mandates of the following Supervisory Board members were recalled:

- Adrian Goicea,
- Luiza Popescu,
- Jean-Valentin Comanescu,
- Oleg Burlacu,
- Mircea Cristian Staicu,
- Mihaela Popescu,
- Ciprian Constantin Dumitru

and designated the following persons as provisional Supervisory Board members with 4 months' mandate from 23 June 2021 until 22 October 2021:

- Adina-Loredana Dogaru-Tulica,
- Mihaela Popescu,
- Marius Vasile Morariu,
- Claudiu Constantin Nastasa,
- Adrian Nicolae Blajan

23 June 2021 – CS members according to the provisions of article 18 para (4) from the Articles of association of NPG Co. Transelectrica SA appointed Mr. Marius Vasile Morariu as Supervisory Board Chairman.

On the same date according to article XX para (4) of the Supervisory Board's Organisation & Operation Regulation, CS members designated Mr. Adrian Nicolae Blajan as Chairman of the Nomination and Remuneration Committee with the following members:

- Adina-Loredana Dogaru-Tulica

- Claudiu Constantin Nastasa
- Marius Vasile Morariu
- Mihaela Popescu

Designating Mrs. Mihaela Popescu as chairperson of the Audit Committee of the Supervisory Board with the following members:

- Adrian Nicolae Blajan
- Adina-Loredana Dogaru-Tulica
- Claudiu Constantin Nastasa
- Marius Vasile Morariu

Designating Mr. Marius Vasile Morariu as chairman of the Energy Security Committee of the Supervisory Board with the following members:

- Adrian Nicolae Blajan
- Adina-Loredana Dogaru-Tulica
- Claudiu Constantin Nastasa
- Mihaela Popescu

25 June 2021 – CS designated Mr. Victor Florin Dumitru as provisional Supervisory Board member with mandate until 22 October 2021 but no later than the appointment date of a Supervisory Board member by the Shareholders' General Assembly.

28 July 2021 – Supervisory Board's Decision 29 changed the membership in the Nomination and Remuneration Committee within the CS as follows:

- Adrian Nicolae Blajan – chairman
- Adina-Loredana Dogaru-Tulica
- Claudiu Constantin Nastasa
- Mihaela Popescu

Changing the membership in the Audit Committee of the CS as follows:

- Victor Florin Dumitru – chairman
- Mihaela Popescu
- Adina-Loredana Dogaru-Tulica
- Marius Vasile Morariu

Changing the membership in the Energy Security Committee of the CS as follows:

- Marius Vasile Morariu – chairman
- Adrian Nicolae Blajan
- Claudiu Constantin Nastasa
- Victor Florin Dumitru

31 august 2021 – Decision 5 of the Shareholders' General Ordinary Assembly of the Company approved appointing Mr. Victor Florin Dumitru as provisional Supervisory Board member with mandate until 22 October 2021.

21 October 2021 – AGOA Decision 6/21 October 2021 approved extending the mandate term by two months after expiry, namely until 22 October 2021 for:

- Marius Vasile Morariu
- Mihaela Popescu
- Adina-Loredana Dogaru-Tulica
- Claudiu Constantin Nastasa
- Victor Florin Dumitru
- Adrian Nicolae Blajan

21 October 2021 – The Supervisory Board appointed Mr. Virgil Dumitru Orlandea as provisional Supervisory Board member with mandate until 21 December 2021.

10 November 2021 – The Supervisory Board's Decision 41 changed the membership in the Nomination and Remuneration Committee of the CS as follows:

- Adrian Nicolae Blajan – chairman
- Adina-Loredana Dogaru-Tulica
- Claudiu Constantin Nastasa
- Mihaela Popescu
- Virgil Dumitru Orlandea

Changing the membership in the Energy Security Committee of the CS as follows:

- Marius Vasile Morariu – chairman
- Adrian Nicolae Blajan
- Claudiu Constantin Nastasa
- Victor Florin Dumitru
- Virgil Dumitru Orlandea

22 December 2021 – In accordance with the provisions of article 18 para (4) of the Company's Articles of Association, CS members elected Mr. Marius Vasile Morariu as Supervisory Board Chairman.

On the same date CS members designated Mr. Adrian Nicolae Blajan as Chairman of the Nomination and Remuneration Committee with the following members:

- Adina-Loredana Dogaru-Tulica
- Claudiu Constantin Nastasa
- Mihaela Popescu
- Virgil Dumitru Orlandea

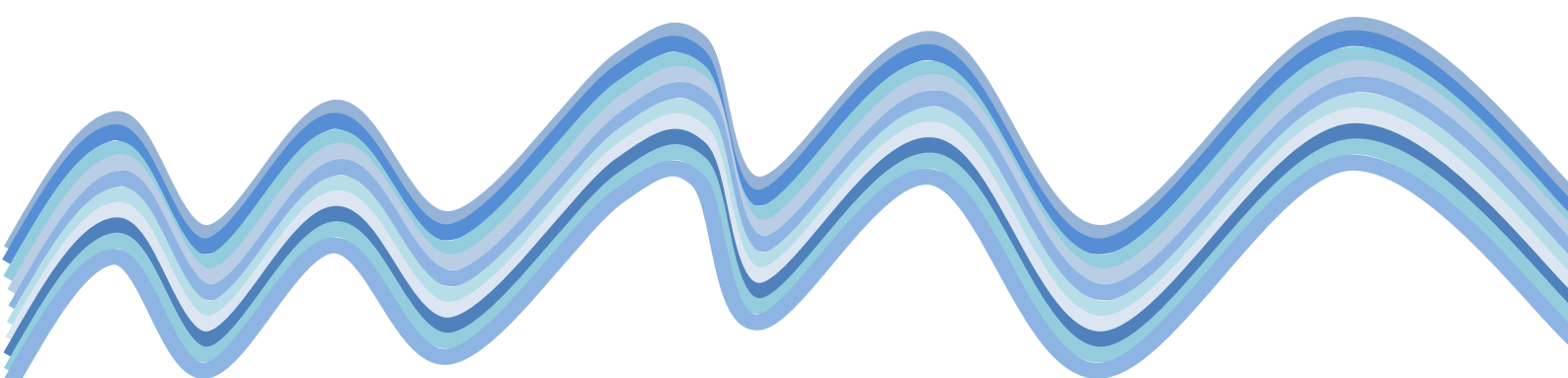
Designating Mr. Victor Florin Dumitru as chairman of the Audit Committee of the Supervisory Board with the following members:

- Mihaela Popescu
- Adina-Loredana Dogaru-Tulica
- Marius Vasile Morariu

Designating Mr. Marius Vasile Morariu as chairman of the Energy Security Committee of the Supervisory Board with the following members:

- Adrian Nicolae Blajan
- Claudiu Constantin Nastasa
- Victor Florin Dumitru
- Virgil Dumitru Orlandea

The mandate of the current Supervisory Board lasts until 22 April 2022.



Supervisory Board's statement with respect to the stand-alone financial statements executed in accordance with the International Financial Reporting Standards

The Supervisory Board relies on the corporative governance principles, which require responsible professional objective Company attitude to stakeholders. The Board review 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 the objectives rigorously.

The 2021 stand-alone financial statements were submitted to the Supervisory Board, the Company's Directorate provided detailed information about the annual results. On the occasion of its meeting to verify the 2021 financial statements the Audit Committee provided the Supervisory Board with analysis on the results of 2021 financial year and recommended the Supervisory Board to endorse such stand-alone financial statements elaborated in accordance with OMFP 2844/2016.

The stand-alone financial statements elaborated on 31.12.2021 have been audited, and the external auditor's opinion is reserve free, which means all the significant information included in the main budget chapters is relevant reliable comparable and pertinent.

At the same time the Directorate's Annual Report elaborated in accordance with the requirements of the capital market legislation was verified by Supervisory Board members. The information included in the 2021 Annual Report provides fair accurate image of Company results obtained in the financial year 2021.

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.

With highest consideration,

Supervisory Board represented by the

Supervisory Board Chairman

Directorate Message

Dear shareholders,

Dear investors,

Transelectrica in its capacity of national and regional energy player permanently consolidates its strategy against the contextual developments found both in Europe and nation-wide.

By its position of publicly traded Company, being listed on the Stock Exchange Bucharest, Transelectrica assumes responsibly such position and focuses its efforts to maintain optimum framework for the dynamics of the business environment. This is the reason why we engage in active communication with shareholders and investors and aim at finding efficient adaptable solutions, which should provide sustainable balanced framework in order to develop consolidated business interactions.

Our objective is to maintain permanent dialogue with the investor public provide interface as transparent as possible, which should rely on relevant information about investments.

In order to reach the climatic neutrality objectives assumed by Romania there is Europe-wide need for accelerated investment activation. The new directions established under the European legislative packages “Green Deal” and “Fit for 55” require fast tailoring of the power system. In this respect Transelectrica proposes major investment lines to consolidate the national electricity transmission network. Our objective is to smooth investment rates in the most efficient mode so that project targets can exceed the planned ones. The purpose of such steps is to provide higher energy efficiency and gradual transition to a neutral economy in terms of carbon emissions.

We take into account concrete action plans for the sustainable development of the Romanian power system. In this respect we rely on a Development Plan of the Electricity Transmission Grid designing investments of billions of Euro in the next ten years. The Development Plan provides essential investment objectives to consolidate and extend the power infrastructure while including important projects which will benefit of European finance through the Modernisation Fund and the Operational Programme Large Infrastructure POIM, which important steps were made to in 2021.

Taking into account the difficult power market context impacting the entire European sector, the short- and mid-term approach of Transelectrica is prudential. We focus on detecting and applying proper solutions and measures in order to secure the Company's fundamental mission, namely to maintain the continuity of electricity supply and safe operation of the National Power System.

Directorate of NPG Co. Transelectrica SA

Directorate

On the issuance date of this report the Directorate membership of Transelectrica has been the following:

Gabriel ANDRONACHE, Directorate Chairman

Beginning with 25 December 2021 Mr. Gabriel ANDRONACHE was Directorate chairman of the National Power Grid Company.

Mr. Gabriel Andronache took over this position having vast managerial experience in administrative, public and private domains, as well as in energy industry. At the same time Mr. Andronache was member in the Stock Exchange listing committees for strategic companies in the Romanian energy sector such as Transgaz, Nuclearelectrica and Romgaz. His expertise in the energy industry is defined also by activities performed in the supervisory boards of several companies in the value chain of electricity. Mr. Andronache was member in the Supervisory Board of Electrica SA (2013), in the Supervisory Board of ENEL Distribution Banat SA (2014 – 2015), member in the Supervisory Board of Hidroelectrica SA Bucharest (2017-2019).

Mr. Gabriel Andronache began his career as officer in the Ministry of National Defence (1997-2008), then he consolidated his experience by different key positions in public central administration: cabinet director of the Minister of Economy, Trade and Business Environment (2014-2015), counsellor in the Commercial & Economic Promotion Office, Romania's Embassy in Paris (2015-2017), chairman of the inter-ministerial Board to apply the state aid policy in the Romanian Government (2017-2018). Also, in 2017-2018 he was state counsellor in the Prime-Minister's Working Structure.

Mr. Andronache joined the executive management team of NPG Co. Transelectrica SA from the position of director for development, strategy and international business with Safe Tech Innovation.

Holding a graduation diploma in juridical science, Mr. Gabriel Andronache graduated the Police Academy 'Alexandru Ioan Cuza' of Bucharest, then attending post-graduate courses of Public Law and Administrative Science in the Law Faculty from the University of Bucharest, and of Security and good governance at the National Defence College (2014).

Florin Cristian TATARU, Directorate Member

Beginning with 25 December 2021 Mr. Florin Cristian Tataru was appointed Directorate member in NPG Co. Transelectrica SA.

Previously Mr. Tataru held the same position in the Company's executive management in 2017-2018.

Having acquired rich experience in the bank, financial and managerial domains Mr. Florin Cristian Tataru has got expertise in: public & corporate finance, public policy, energy industry, European business and leadership.

Mr. Tataru joined the management team of NPG Co. Transelectrica SA, with almost 30 years' managerial experience both in the private and the public sector.

Graduate of the International Economic Relations Faculty from the Academy of Economic Studies Bucharest (1990), Mr. Tataru attended several master programmes, of which Management of the Health System, Public policies and European integration, Banks and capital markets; courses like: Security and good governance (2019), Current problems of national security in the National Defence College. Currently Mr. Tataru attends MBA courses under the Executive Business of the Business Academy.

Stefanita MUNTEANU, Directorate Member

Beginning with 25 December 2021 Mr. Stefanita Munteanu is member in the Directorate of the National Power Grid Company Transelectrica SA.

Having acquired professional experience both in the private and in the public sector, Mr. Stefanita Munteanu holds expertise on: management, energy industry, marketing, sales and strategy.

Mr. Munteanu joined the executive management team of NPG Co. Transelectrica SA from the position of indirect sales manager with Co. Electrica Furnizare SA AFEE Buzau, company where previously he was Deputy Director (2019-2020), as well as management consultant.

As regards the experience acquired in public administration Mr. Munteanu held positions of Deputy Secretary General in the Ministry of Tourism, January-May 2017; Prime-Minister Counsellor in May 2017 - January 2018, and Counsellor Secretary of

State in the Ministry of Water and Forests (February 2018 - February 2019).

Mr. Stefanita Munteanu graduated the Management Marketing Faculty of the Romanian-American University in 2006, acquiring graduation diploma as economist.

Catalin Constantin NADOLU, Directorate Member

Mr. Nadolu holds the position of Directorate member in the National Power Grid Company beginning with 25 June 2021.

Mr. Catalin Nadolu's management expertise in the public sector is founded by his acquired experience in several managerial positions held from 2005 to date.

Thus, Mr. Nadolu joined the management of NPG Co.Transelectrica SA from the director general position of the Company for Maintenance Services to the Electricity Transmission Grid Co. SMART SA. Previously he held positions such as executive director of the County Directorate of Sport and Youth, Ministry of Youth and Sports in 2005-2009, and department head for the Independent Authority Administration of State Protocol Heritage, RA APPS in 2009-2021.

Mr. Catalin Nadolu attended courses in the Law Faculty of the Police Academy 'Alexandru Ioan Cuza' of Bucharest and graduated juridical science. He has also consolidated his expertise by attending a series of specific courses.

Marius Viorel STANCIU, Directorate Member

Mr. Marius Viorel Stanciu holds economic and juridical competence, having acquired rich managerial experience. In 2017-2019 Mr. Stanciu was deputy director general of Co. FISE ELECTRICA SERV.

Beginning with 1991 Mr. Marius Viorel Stanciu performed professionally in the bank domain with the Agricultural Bank, Giurgiu Subsidiary; Raiffeisen Bank, Giurgiu Subsidiary and Piraeus Bank, Giurgiu Subsidiary.

In 2008-2016 he was director of the Giurgiu Subsidiary of Piraeus Bank Romania.

In the public sector Mr. Marius Viorel Stanciu activated as counsellor in the Environmental and Ecologic Balance Commission of the Chamber of Deputies in 2017 (January - November).

Mr. Marius Viorel Stanciu has got juridical science diploma from the Bioterra University of Bucharest, Law Faculty but also economic degree from the University Spiru Haret of Bucharest, Financial Accounting Management Faculty, having specialised in accounting and managerial informatics.

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 the drafting of 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 fulfil their duties in the Company.

No Directorate member held participations in the Company's registered capital on 31.12.2021.

Changes in the Directorate of Transelectrica

01 January 2021 – On 01.01.2021 the directorate membership was the following: Catalin NITU, Andreea-Mihaela MIU, Corneliu-Bogdan MARCU, Marius Viorel STANCIU and Ovidiu ANGHEL.

24 April 2021 – The Company's Supervisory Board designated Mr. Ovidiu Anghel as provisional Directorate member for four months beginning with 21.04.2021 and possible extension upon sound reasons for two more months, but the mandate term will not exceed the completion date of the selection procedure for Directorate members in the Company.

25 June 2021 – The Supervisory Board recalled on 25.06.2021 the mandates of the following Directorate members:

- Catalin NIȚU
- Ovidiu ANGHEL
- Andreea-Mihaela MIU
- Corneliu-Bogdan MARCU
- Marius Viorel STANCIU.

On the same date according to article 64² para (1) of OUG 109/2011 on the corporative governance of public enterprises, with later amendments and additions, they designated as provisional Directorate members:

- Bogdan TONCESCU
- Ionut-Bogdan GRECIA
- Adrian MORARU
- Catalin-Constantin NADOLU
- Marius Viorel STANCIU

At the same time according to the provisions of article 23 para (1) of the Company's Articles of Association, the Supervisory Board designated Mr. Bogdan TONCESCU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer, Company "CEO".

21 October 2021 – The Supervisory Board decided unanimously to extend for two more months, beginning with 25 October 2021 until 24.12.2021 the mandates of the following provisional Directorate members:

- Bogdan TONCESCU
- Ionut-Bogdan GRECIA
- Adrian MORARU
- Catalin-Constantin NADOLU
- Marius Viorel STANCIU

At the same meeting the Supervisory Board elected Mr. Bogdan TONCESCU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer, Company "CEO".

22 December 2021 – The Supervisory Board acknowledged on 24 December 2021 the mandates of provisional Directorate members: Bogdan Toncescu, Adrian Moraru, Ionut-Bogdan Grecia, Marius Viorel Stanciu and Catalin Constantin Nadolu would reach their term.

On the same date the Supervisory Board members, taking into account the recommendation of the Nomination and Remuneration Committee, based on article 64² para (1) of OUG 109/2011 on the corporative governance of public enterprises, with later amendments and additions, designated as provisional Directorate members:

- Gabriel ANDRONACHE
- Catalin Constantin NADOLU
- Marius Viorel STANCIU
- Florin Cristian TĂȚARU
- Stefanita MUNTEAN

They elected Mr. Gabriel ANDRONACHE as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer Chief Executive Officer, Company "CEO".

Statement of stakeholders

To the best of our knowledge the stand-alone financial-accounting statements as of 31 December 2021 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, profit & loss account of NPG Co.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,

**Gabriel
ANDRONACHE**

**Directorat
Chairman**

**Stefanita
MUNTEANU**

**Directorate
Member**

**Catalin-Constantin
NADOLU**

**Directorate
Member**

**Marius-Viorel
STANCIU**

**Directorate
Member**

**Florin-Cristian
TATARU**

**Directorate
Member**

Key figures

FINANCIAL HIGHLIGHTS

RON	3,756	mn	▲	59%	Revenues
				y/y	
RON	285	mn	▼	-36%	EBITDA
				y/y	
RON	0.45	mn	▼	-145	Net profit
				y/y	
TWh	56.35		▲	5%	Charged energy volume*
				y/y	
RON	252	mn	▼	-54%	Liquidity
				y/y	

OPERATIONAL

2.47%	*	▲	0,28	pp	OTC
			y/y		
56.19		▲	6%		Net internal production
TWh			y/y		
2.20		▼	-21%		Export sold**
TWh			y/y		
58.39		▲	5%		Net internal consumption
TWh			y/y		
44.14		▲	3%		Transported energy***
TWh			y/y		

INVESTMENTS

RON	495	mn	▼	32%	Acquisition of tangible and intangible assets
				y/y	
RON	256	mn	▲	45%	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 crossborder physical flows (export-import) cumulated on all borders

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

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

Note: For ease of reading and understanding the results, some figures presented in graphs and / or tables use mill. RON 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. The amounts are expressed in million RON unless otherwise indicated.

Important events

- Jan** ▶ As of 1 January 2021 NPG Co. Transelectrica SA, in its capacity of Transmission & System Operator provides significant crossborder capacity with the countries it is interconnected with – Bulgaria, Hungary, Serbia and Ukraine – of 2,800 MW for export from Romania and of 3,000 MW for import into Romania.
- Feb** ▶ Beginning with 1 February 2021, Romania's electricity market passed from one hour settlement interval to 15 minutes as per European Regulation 2195/2017 and European Regulation 943/2019 transposed in the Romanian legislation by ANRE Order 63/2020.
- Mar** ▶ The Company informed that the: "Investment project completing the 400 kV axis Banat, part of Romania's 400 kV ring, provides important progress by refurbishing two key substations: Resita and Timisoara".
- Apr** ▶ On 15 April 2021 construction work ended for the LW (Live Work) training and test stand in Sibiu, the first of such kind in Romania. The stand equipped for LW technologies is ready for practical training.
- May** ▶ On 10 May 2021 the Refurbishment project of the 400/110/20 kV substation Domnesti, total investment of about 25 million Euro from Company funds has been achieved 95%.
▶ On 19 May 2021 the Company received at The Energy CEO Forum & Awards Gala organised by The Diplomat the award for the best cooperation of the economic-academic domain in 2020.
- Jun** The Company transmitted the 4M MC day-ahead markets (market coupling of the Czech Republic, Slovakia, Hungary & Romania) were integrated in the pan-European day-ahead market for electricity. The Interim Coupling parties notified the successful operationalisation and reached sustainability of the single day-ahead coupling - SDAC.
- Jul** 
- Aug** ▶ The transfer capacity at the RET and RED interface, and the connection capacity of new power plants from Sibiu area record cumulated growth up to 200 MW, by commissioning the second 250 MVA, 400/110 kV transformer in the electric substation Sibiu Sud.
- Sep** 
- Oct** ▶ On 07.10.2021 the Company signed a Partnership Agreement: implementing the Carpathian Modernised Energy Network (CARMEN) project.
▶ On 19.10.2021 Rating Agency Moody's improved the rating of Transelectrica to Baa3 with stable outlook.
▶ Coupling operations of the RO-BG borders within SDAC were successfully launched on 27 October 2021, first day of delivery - 28 October 2021.
- Nov** 
- Dec** ▶ On 06.12.2021 the Company obtained the first finance from the Modernisation fund, about 23 mill. Euro to build a new 400 kV OHL Constanta Nord-Medgidia Sud
▶ On 17.12.2021 the control block RFP-TEL was successfully connected to the European platform International Grid Control Cooperation - IGCC.



Management Report



1. Business model

1.1. Position on the electricity market

Transelectrica was established as Romanian legal person under HG 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 HG 138/2000 on the restructuring plan in the energy sector, which fully outsourced the electricity transmission and dispatch from electricity generation, distribution and supply activities.

When established the Company had a share capital of 495,982,200 RON, fully paid on establishment and divided into 49,598,220 nominative shares of 10 RON each.

In accordance with the Electricity and Natural Gas Law 123/2012, with later amendments and additions, electricity transmission 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 (RET) existent on the Romanian territory is the public property of the Romanian State

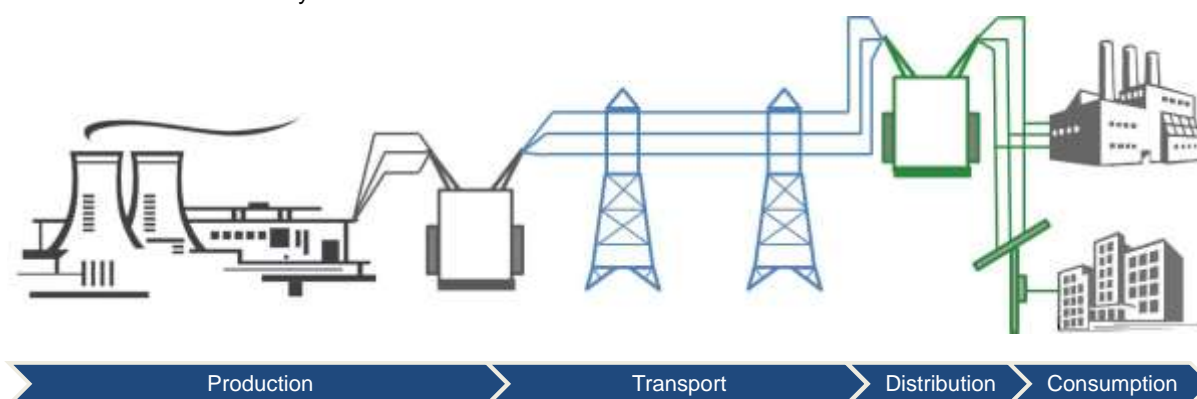
in terms of the assets assigned to Transelectrica and they constitute returnable goods, according to the assignment nature and legal provisions.

In its capacity of transmission and system operator Transelectrica operates according to Licence 161/2000 for the provision of electricity transmission and system services and for the management of the balancing market.

The concession over RET and the lands 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 NPG Co. Transelectrica SA, in the capacity of grantee.

In the value chain of electricity activities, Transelectrica holds the central place of transmission system operator, 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: Value chain of electricity



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; to actively participate by developing the electricity transmission infrastructure and by sustainable development of the national power system; to support and facilitate the operation and integration of energy markets.

The key role of Transelectrica is of transmission system operator (TSO), besides being 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 critical infrastructure elements. Thus transmission services have the electricity transmission network as support while dispatch activities, including balancing, 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 by the ANRE-issued secondary legislation - substantiated by licences, 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 European level under the European strategy and legislation, applied in all community countries and transposed as such in the national legal framework.

TSO companies are subject to an European certification process as transmission and 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.

At present according to ANRE Order 164/07.12.2015 published in MO 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 transmitted to the European Union, which published it in EU's Official Journal of 08.01.2016, in accordance with article 10 para (2) of Directive 2009/72/CE.

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.

Figure 3: Electricity Transmission Network

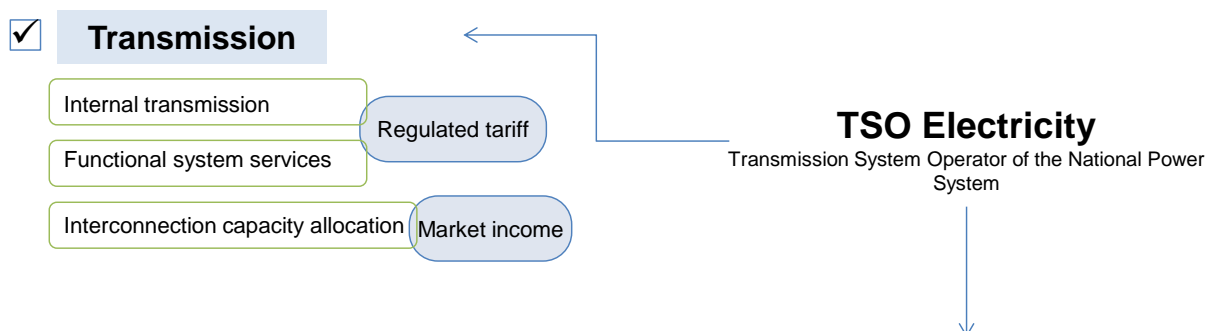


1.2. Activity portfolio and tariff-setting model

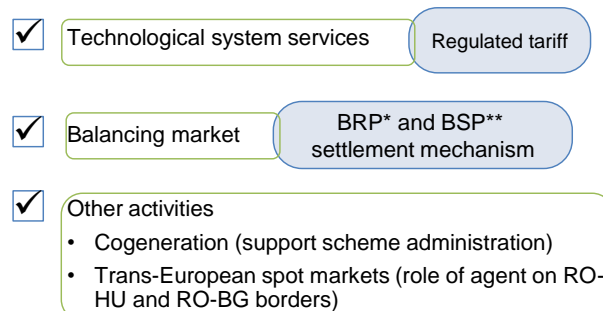
Transelectrica's portfolio includes allowed profit activities and zero profit / pass-through activities (technological system services, balancing activities, and support schemes), all such activities being regulated by ANRE.

Figure 4: Portfolio of activities

Profit-allowed activities



Zero-profit activities



Balancing Responsible Parties and *Balancing Service Providers

In accordance with the Methodology establishing tariffs of electricity transmission, the calculation of regulated revenue for transmission services takes into consideration the costs required to procure electricity for own technological consumption of RET.

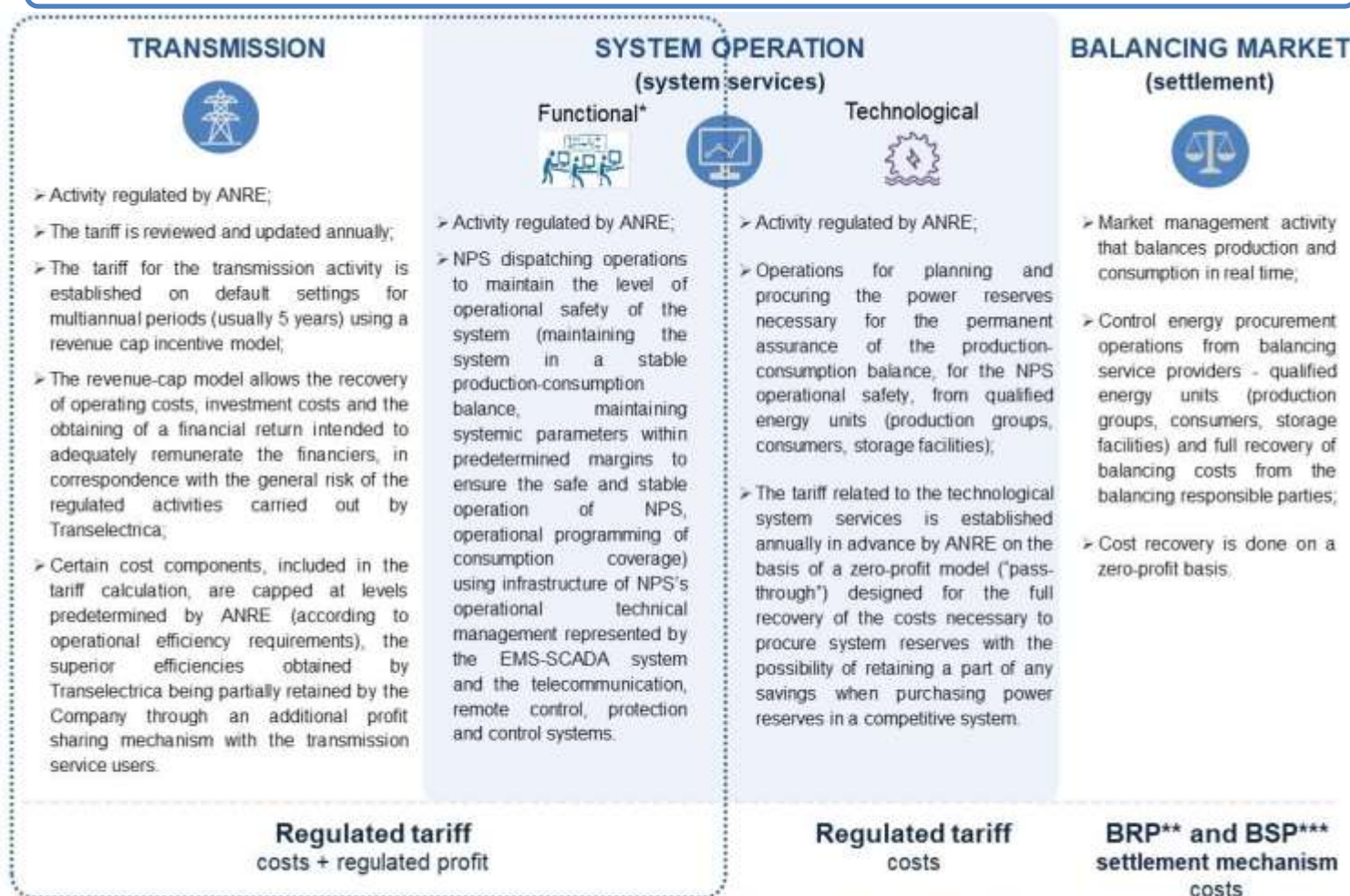
The activities provided in the graph above in the 'zero profit category' are designed using neutral bases against the Company's profit, according to the applicable regulatory framework.

Revenues associated to technological system services are estimated using the respective tariff with a view to fully cover 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 technological system service activities, 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 into tariffs.

ANRE-licensed activities



* As of January 1, 2021, the operating system tariff - the functional services component, has been included in the transmission tariff

** Balancing Responsible Parties and ***Balancing Service Providers

Other activities

Other profit-allowed activities

Interconnection management

- Allocating available capacities for cross-border transfer of electricity on interconnection lines with the electricity systems of neighbouring countries;
- The allocation mechanism is based on an automatic default system based on price spread between markets (in case of market coupling) or an explicit competitive system based on the price offered by energy market participants for the available cross-border transmission capacity, applicable in situations where the demand for capacity exceeds the available level offered to the market.

Other zero-profit activities

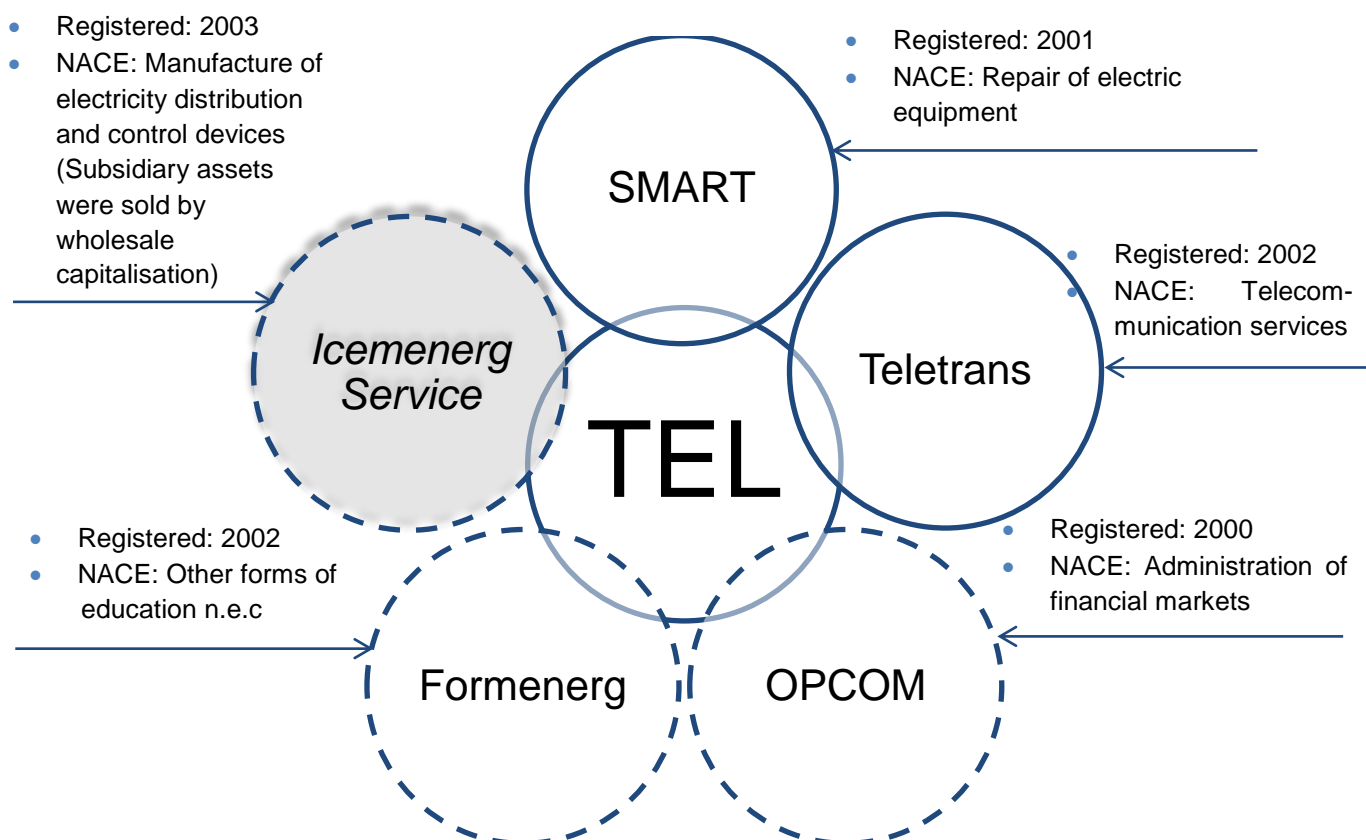
Cogeneration

- Support scheme administration activity to promote high efficiency cogeneration. The aim of this support scheme is to promote high-efficiency cogeneration electricity generation systems with the advantage of low-emission energy production;
- The role of Transelectrica in the support scheme is to collect the contribution from the suppliers of electricity consumers and to pay the bonus to the qualified cogeneration producers of electricity and thermal power;
- Cost recovery is done on a zero-profit basis.

Transfer agent - Romania-Hungary and Romania-Bulgaria relationship within the European electricity market

- Netting-settlement activity (role of transfer agent) on the European electricity market on the trading period one day before delivery (day-ahead) as well as on the domestic market. Transelectrica performs a financial clearing function on the border with Hungary and Bulgaria, playing an important role in the energy settlement chain on the trans-European spot markets.

2. Group structure



On the date of this report Transelectrica has six subsidiaries in its structure, Romanian legal persons, organised as joint stock companies where it is the sole shareholder, namely: Formenerg, Teletrans, Smart, Icemenerg Service, Icemenerg SA (Energy Research and Modernising Institute ICEMENERG SA is a subsidiary cancelled by ONRC at present).

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 consolidation because, according to the applicable accounting legislation, the impact of their activities is considered insignificant for consolidation purposes, while Transelectrica does not exercise actual direct control over OPCOM's decision-making, which is managed according to regulations established by ANRE.

SMART



Subsidiary SMART SA has as main business the review and repair of 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 without legal personality, situated in the same locations as its territorial units.

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

As general strategic objectives the following is at least taken into account:

- Providing high availability of RET assets
- Increasing operational resilience
- Diminishing intervention times

- Coordinating the maintenance services / works with the outage schedule of the National Power Dispatcher (DEN)

Decision 12375/22.12.2014 of BA chairman in 2014 indexed the share capital of Smart SA with the value of lands which ownership certificates were obtained for and introduced the Romanian State shareholder. Later such decision was cancelled when the Appeal Court Bucharest issued civil ruling 835/2019 under file 7763/2/2018.

Civil ruling 598/11.06.2020 pronounced under file 37718/3/2019 by Bucharest Tribunal decided cancelling record 449314/23.12.2014, registration number with the ORCB of Order 12375/22.12.2014 of the Board of Administration with respect to share capital increase and Articles of association amendment.

On 20.11.2020 Subsidiary SMART SA registered with the National Trade Register Office of Bucharest Tribunal the changes from civil sentence 598/11.06.2020, as well as the amendments in the Articles of Association approved by AGA on 25.09.2019 as per civil ruling 835/2019, pronounced by the Appeal Court Bucharest.

Consequently on the date of this report the share capital of SMART SA has been fully subscribed and paid by NPG Co.Transelectrica SA as single shareholder.

On 31 December 2021 the share capital was of 38,529 thousand RON. SMART results are consolidated with the Company's financial ones.

TELETRANS



Subsidiary TELETRANS SA was established by Decision 13/04.12.2002 of AGA from Transelectrica as per Law 31/1990 and Orders 3098 and 3101 / 23.10.2002 of the Ministry of Industry and Trade and it is the provider of specific communication & IT services for the operational and managerial governance of Transelectrica; its main business being the supply of specific telecommunication services and information technology in electrical transmission networks.

In accordance with its By-laws and applicable norms Teletrans holds the ANCOM certificate for networks supplier or electronic communication service provider since 2002 (GEO 679/2002), allowing it the right to

provide the following electronic communications services:

- Public networks of electronic communications (beginning with 11.11.2004);
- Electronic communications services meant for the public: (i) Leased line services and (ii) Electronic communication services other than telephony and leased lines (as of 01.07.2003);
- Private electronic communication networks and services (beginning with 15.01.2003).
- TELETRANS personnel also benefit of certifications relevant for the operation and administration of IT&C systems dedicated to critical infrastructures;

The competences of TELETRANS are structured by the following main lines:

- Telecommunication services - mainly as the manager of the Company's main optic fibre network, which is about 5,000 km long and covers the entire territory of Romania;
- Process information services, especially for the energy sector;
- Managerial information services, which include consultancy, design, implementation, maintenance, technical assistance and training for complex systems, software applications, Oracle databases, communication equipment, structured cabling, and Internet/Intranet;

TELETRANS uses optical fibre network built according to the reliable OPGW technology, with access points in 110 localities, as well as crossborder links with Hungary, Bulgaria and Serbia and it provides EMS/SCADA integration for electricity producers from renewable sources and the new command-control systems of refurbished substations.

On 31.12.2021 the share capital was of 6,874 thousand RON, Transelectrica being single shareholder. Teletrans' results are consolidated with the Company's financial ones.

Teletrans shares are 100% held by Transelectrica.

FORMENERG



Company FORMENERG SA was established under Decision 33/19.11.2001 of the Shareholders' General Assembly of Transelectrica SA by externalising the activities of

Subsidiary Training and Qualifying the Personnel of the Energy Sector.

FORMENERG became operational on 21 March 2002.

Subsidiary FORMENERG is a company mainly dealing with the initial and continuous training of staff with attributions in the energy sector from all domains related to energy of the national economy, as well as other beneficiaries; it also provides hotel services, lease services and event organisation.

FORMENERG SA is the oldest professional training centre in Romania, with a 50 years' experience in the field of professional training, that has managed to upgrade and adapt to its clients' requirements, currently providing a wide range of courses in various fields: management, marketing, finance, accounting, legislation, IT, quality, environment, labour health and safety, constructions, energy strategy, ECDL, communication, human resources, EU funds, public procurement, technical courses, and energy-specific courses.

FORMENERG competences are structured by the following main lines:

- Training activities
- Launching new courses
- Participating to bids
- Re-licensing the courses
- Improving the company's technical-material base;

On 31.12.2021 the share capital was of 1,948 thous RON, fully paid and represented by 194,842 shares of 10 RON nominal value each.

FORMENERG shares are 100% held by Transelectrica.

ICEMENERG – SERVICE

Company ICEMENERG SERVICE-SA focused on the design, manufacture and distribution of metering, running and control apparatuses meant for the power system, being ISO 9001 and IQ NET certified by SRAC ROMANIA, licensed by ANRE.

On 09.06.2017 Bucharest Tribunal, Section VII Civil, decided bankruptcy by simplified procedure of debtor Subsidiary ICEMENERG SERVICE SA, designating Solvendi SPRL as provisional judiciary liquidator.

On 27.04.2021 by letter 18759 the Special Administrator of Subsidiary ICEMENERG Service SA notified that on 23.04.2021 following auction the assets of Subsidiary ICEMENERG Service SA, both

the current and non-current ones were capitalised throughout, buyer being Portland Trust Developements Five SRL.

The share capital is of 493 thousand RON, fully paid and represented by 49,300 shares of 10 RON nominal value each.

OPCOM



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

In accordance with the provisions of the applicable primary and secondary legislation the Operator of the Electricity and Natural Gas Market OPCOM SA acts as the administrator of the electricity market, providing an organised reliable efficient framework for the performance of commercial transactions on the wholesale electricity market; it also performs administration of centralised markets in the natural gas sector in consistent fair objective independent equidistant transparent and non-discriminatory manner. The main activities of OPCOM performed according to the provisions of applicable primary and secondary legislation:

- Organisation and administration of the centralised electricity markets;
- Settlement Operator by providing settlement on the Day-Ahead Market and the Intraday Market, namely establishing the payment obligations / collection rights on the Balancing Market and the quantitative and value imbalances of Balancing Responsible Parties;
- Organiser and administrator of the green certificates market;
- Exercising as administrator of the Platform transacting the greenhouse gas emission certificates;
- Exercising the administration of centralised markets in the natural gas sector;
- Supervising the operation of managed markets;
- Gathering and publishing market statistical data, according to the provisions of the energy law;

OPCOM has collaboration relations with the Stock Exchange Bucharest in order to find projects whereby the two entities will propose transacting by-products to manage the relativity risk of the energy price and execute compensation and settlement

through a national Clearing House (Central Counterpart in Romania - CCP.RO).

CCP.RO Bucharest SA was established on 04.11.2019. In this project compared to the requirements of the European regulatory framework applicable to the documentation to approve the CCP.RO as central counterpart, the two parties negotiated the Contract on the framework for compensation and settlement of transactions concluded on the Centralised Market of Bilateral electricity Contracts, namely transaction by continuous negotiation (PCCB-NC) managed by OPCOM.

Throughout 2021 OPCOM kept collaborating with NASDAQ, supplier of the transaction platform for PCCB-NC, with a view to develop the technical solution to implement the technical export possibility for transactions and transaction accounts for a certain market, in real time.

Transelectrica does not exercise actual direct control over OPCOM's decision-making, which is managed by regulations established by ANRE.

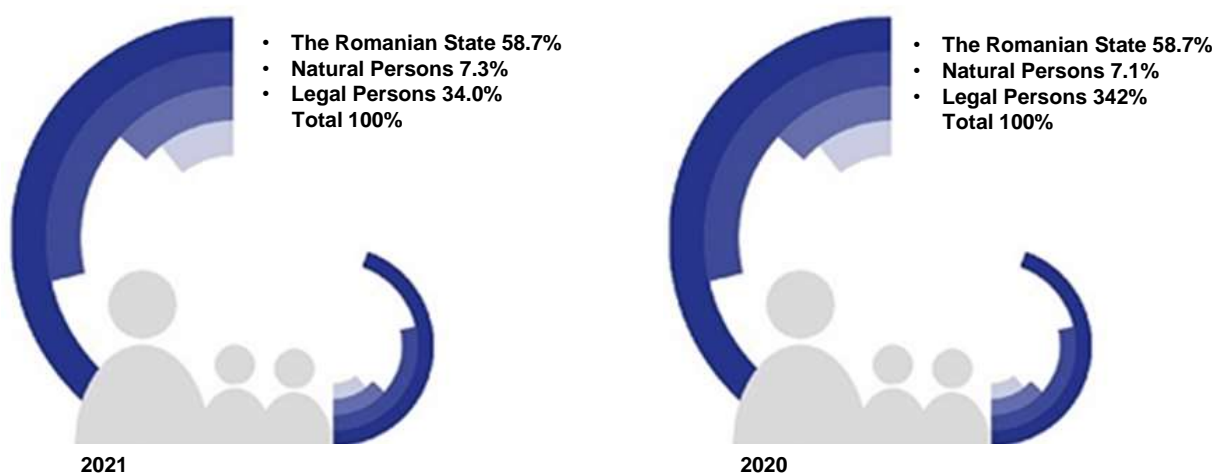
On 31.12.2021 the share capital of Co. OPCOM was of 31,366 thousand RON, Transelectrica participating as majority shareholder to the share capital on that date. The shareholder structure is the following:

- NPG Co. Transelectrica SA – 97.84%
- Romanian State by the Secretariat General of Government – 2.16%

3. Transelectrica on the capital market

3.1. Shareholder structure

Figure 5: Development of shareholder structure in 2021-2020



The Company secures the shareholders' right to equitable treatment and fair complete information about the Company's circumstances.

All shares issued entitle their holders with equal rights and any change of such conferred rights will be submitted to approval of the directly impacted holders, at their special meeting.

The main shareholder holding 43,030 thousand RON from all shares is the Romanian State through the Secretariat General of Government, representing 58.67%, the remaining shares in sum of 30,283 thousand RON represent free float shares.

On 31 December 2021 the two significant minor shareholders are:

- Paval Holding SRL holding **6.485%** of the Company's share capital

On 25 September 2020 Transelectrica notified about the major holdings of PAVAL HOLDING SRL and DEDEMAN SRL (above 5% of the share capital of TEL).

Thus, according to received notifications:

- On 18 September 2020 after transaction DEDEMAN SRL yielded part of its voting rights to an affiliated company. Thus, the voting right held by DEDEMAN SRL decreased below 5% after such transaction, namely to 2.058% while PAVAL HOLDING SRL held 4.085% and PIF INDUSTRIAL SRL held 0.341% of the voting rights;

- After the transaction performed on 22 September 2020 DEDEMAN SRL yielded to PAVAL HOLDING SRL its 2.058% of the share capital of TEL.

- NN Group NV became significant minority shareholder beginning with 11 April 2019 and holds **5.467%** participation

Table 1: Free float shares

Free float shares	31.12.2021	%
Non-resident natural persons,	111,496	0.37%
Resident natural persons	5,237,751	17.30%
Non-resident legal persons	962,697	3.18%
Resident legal persons	23,970,889	79.16%
Total shares	30,282,833	100%

3.2. Development of share prices

Romania was included in the list of countries with substantial potential to pass from "emergent market" to "frontier market"; this decision of FTSE Russell was published on 29 September 2016. Such decision was taken after the amendments and changes made both in the capital market legislation and also in the regulations specific to this market, besides the conjugated efforts made by NBR, BVB, ASF, PFM and the Central Depositary.

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

Transelectrica shares are part of the BET index - which reflects the evolution of the 19 most traded companies on the BVB 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.

BVB indexes reflect the evolution in the prices of the most traded listed companies or the evolution of certain representative sectors, such as the financial or the energy sector. In terms of calculation methodology, all BSE indexes are price indexes of 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 others only mirror the evolution of market prices.

2021 began with 25.8 RON/share transaction price. Stock exchange capitalisation was of 1,649 mill RON at the end of this period, with 22.50 RON/share. Prețul The minimum transaction price of 20.70 RON/share was recorded 29.11.2021, while the maximum of 29.3 RON/share was reached on 8, 9 and 12.02.2021.

The Company had the capacity to adapt to the economic context generated throughout 2021 by Covid-19 pandemic, its repercussions being noticed in the 13% drop of the share price at the end of the

period compared to the reference value at year beginning and implicitly the market amount dropped 242 mill RON.

All through 2021 TEL shares transacted on Romania's capital market recorded 17,671 transactions, with 70 transaction / day average number and 3,498,316 shares transacted, amounting in total to 88,625 thousand RON.

Transelectrica shares have been included in the structure of the following stock exchange indexes: BET-NG, BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETPlus, BET-TRN, and BET-XT-TRN.

From among them, the most representative for the Company are:

- BET (Bucharest Exchange Trading - reference index of the capital market showing the development of the most liquid 19 companies listed on the BVB-regulated market)
- BET-NG (Bucharest Exchange Trading Energy & Related Utilities - sectoral index showing the development of energy companies and of associated utilities listed on the BVB-regulated market);

In accordance with the latest adjustment date on 10.12.2021, TEL shares held 1.21% under BET and 4.16% under BET-NG.

Figure 6: TEL vs BVB 2021 indexes

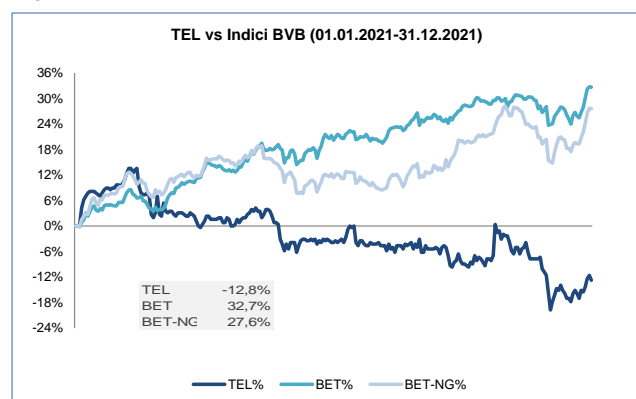


Figure 7: Development of TEL 2021 share price

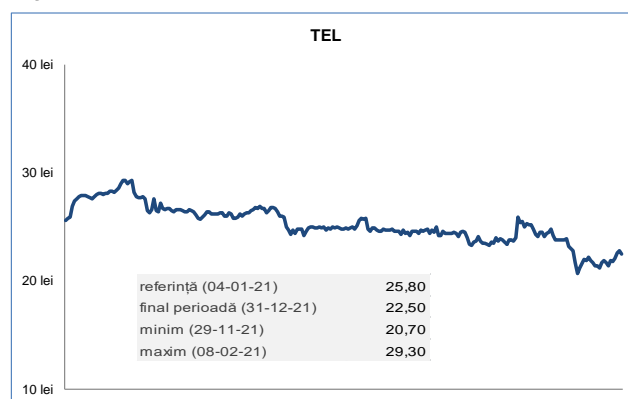


Table 2: Stock exchange information, 2021 -2019

Indicator	2021	2020	2019
Number of shares	73,303,142	73,303,142	73,303,142
Stock exchange capitalisation (mill RON)	1,649	1,877	1,448
Stock exchange capitalisation (mill Euro)	333	385	303
Maximum price (RON/share)	29.30	25.60	22.15
Minimum price (RON/share)	20.70	15.00	19.48
Price, year beginning (RON/share)	25.60	19.75	21.50
Price at year end (RON/share)	22.50	25.60	19.75

Indicator	2021	2020	2019
Profit per share (RON/share)	0.01	1.98	1.31
PER	-	12.95	13.92
P/BV	0.49	0.56	0.51
Dividend per share (RON)	0.00	0.59	0.00
Special dividend per share (RON)	0.00	0.00	0.48
Dividend return %	0.00	0.02	0.00
Free Float %	41.31	41.31	41.31

* Special dividend according to OG29/2017

** The dividend return proposed for approval of the Shareholders' General Assembly was calculated using the last share price on 31 December.

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

3.3. Dividends

The dividend policy is the Company's option to distribute dividends and/or to reinvest the net profit. Shareholders have gain in both situations, although they are contradictory approaches.

In the first case shareholder equities are remunerated, and in the second case funds are generated to self-finance economic growth.

A great share allocated from net profit as dividend restricts the company's self-financing possibilities, leading to greater leverage. On the other hand a company applying the dividend policy characterised by high distribution rate of dividends enjoys appreciation of its shares on the market, which leads to higher financial possibilities by issuing new shares.

The dividend distribution policy has been approved Company-wide, which provides 75% distribution quota of the profit remaining to be distributed. Nevertheless the distribution rate is annually established by the majority shareholder, approving profit distribution by AGA as well as the amount of granted dividends.

When the dividend policy was established the following issues were taken into account:

- ✓ Company profile

3.4. Rating

On August 25, 2021, the credit rating agency Moody's Investors Service published the updated credit opinion, which assesses the current and future ability of the Company to meet its payment obligations to creditors, giving it a positive Ba1 rating. Subsequently, on 19 October 2021, as a result of the improvement of the country rating, the rating agency issues a new credit opinion for Transelectrica, assigning it the stable Baa3 rating.

In the evaluation, the Company's rating is at the level of the sovereign rating (stable Baa3), recognizing the improved financial performance and the solid operational results of the Company, thus ensuring the conditions for future financing in optimal cost

- ✓ Structure of investors
- ✓ Dividend policy in the national energy sector
- ✓ Dividend policy in the international energy sector
- ✓ The legal framework;

In 2021 the Company distributed dividends in quantum of 0.87 RON gross/share (dividend related to the results of 2020 and from the results carried forward according to OGMS no.3/2021) to shareholders registered on 20 July 2021 in the Shareholder Register of TEL (ex-date 19 July 2021), by means of the Central Depositary SA (DC) and the payment agent BRD, Group Société Générale (BRD).

Dividends owed to the shareholders Company and unpaid on December 31, 2021 are in amount of RON 0.23 mn, and are available to shareholders through the paying agent.

The gross dividend amount owed to shareholders will be established taking into account the number of shares existent on the date when 2021 financial statements were elaborated, namely 73,303,142 shares, and the gross dividend per share will be established considering two decimals after the point.

conditions for the realization of investments undertaken for fourth regulatory period.

By such upgrade Transelectrica passes from the speculative into investment-grade area (moderate investment risk), taking into account the Company's strategic importance, continuous improvement of the framework, and the benefit provided by the governmental support in case of financial difficulties.

Obtaining Baa3 rating with stable outlook consolidates a favourable position about the Company's capacity to comply with its current and future financial liabilities, showing that Transelectrica performs in an improved regulatory framework with sound financial profile, low indebtedness and strong stable predictable financial values.

Table 3: Rating Transelectrica

Rating Agency	2021	2020	2019
Moody's Investors Service	Baa3 stable	Ba1 positive	Ba1 positive
Fitch	-	-	BBB stable

3.5. Relation with investors and stakeholders

In the context of implementing the 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 inclusion in the main indexes published by BSE emphasise exigencies with regards to transparency, information relevance and its quick dissemination, as it also maintains 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 of Transelectrica's internet page (financial statements, periodical reports and presentations), by means of written electronic correspondence and phone calls to dedicated contacts.

The Company also keeps in touch with investors by direct meetings organised periodically by the Company to present its results, direct meetings upon requests from investors or their brokers and similar direct meetings when the Company participates to events dedicated to individual or institutional investors, organised by the Bucharest Stock Exchange or by the financial investment service companies.

In accordance with 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.

The main interesting topics approached in the direct meetings with investors focussed on:

- The general business profile of Transelectrica, the Company's position on the market / in the sector, the licensing and concession framework for the

transmission network assets, the portfolio of activities,

- The Company's financial results,
- Dividend: general policy, profit distribution rate,
- Regulatory framework of tariffs for the two licensed activities (transmission and system services);

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.

In context of the pandemic caused by the Covid-19 virus, meetings were organised as conference calls. Stakeholders confirmed their presence and asked questions specific to Company activities and on the financial results obtained by TEL by e-mail relatii.investitori@transelectrica.ro.

Throughout 2021 the Company representatives had 4 meetings with financial analysts, placement consultants, brokers and investors to submit financial results. The calendar dates of such events were notified at the beginning of 2021 by the Financial Communication Calendar of NPG Co. Transelectrica SA and were held as follows:

Event organised	Date
Submitting the 2020 financial results	26 March 2021
Submitting the financial results of quarter I 2021	14 May 2021
Submitting the financial results of quarter II 2021	13 August 2021
Submitting the financial results of quarter III 2021	12 November 2021

During the year, representatives of the company also participated in online conferences/events organized by Wood.

Also, to prevent and limit Covid-19 spreading the shareholders of NPG Co. Transelectrica SA were encouraged to exercise their voting right in Shareholders' general assemblies using the

correspondence vote bulletins as participation alternative in direct mode or by proxy in the Company offices, thus accessing the indirect communication paths, namely either by post or courier service (to the following address: Bucharest 3, Str. Olteni 2–4, PLATINUM Centre Building), or using electronic communication means.

One of the most important shareholder right is to enjoy equal treatment, namely to obtain relevant information in non-discriminating mode and in due time about important events in the Company activities, which could influence investing decisions.

Periodical and continuous reports about all important events regarding one's own activities, including the financial statements, performance, property and its governance are in accordance with applicable legislation.

The Company website does not limit access to public information in its capacity of company admitted for transaction on the regulated market of the Stock Exchange Bucharest; transparency and responsibility to shareholders and stakeholders is a practice instituted within the Company.

Transelectrica was one of the 11 founders of the Association Liaising with Stock Exchange Investors of Romania (ARIR).

ARIR is 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.

At the same time the Association Liaising with Stock Exchange Investors of Romania (ARIR) took over from the BSE the "White charter of listed companies" project and coordinates a working group dedicated to reviewing the communication methodology of companies listed on the stock exchange, project renamed VEKTOR.

VEKTOR indicator was calculated by ARIR for the first time in 2019 and is annually published in order to assess the investor communication of companies listed on BVB's regulated market.

In 2021 the indicator was calculated using a methodology including 15 criteria, in line with the best internationale investor relation (IR) practice.

Transelectrica got 8 in the 2021 assessment, which shows high communication transparency, responsibility and sound relation with Company investors. The results are available on the internet page of each issuer, on the website of the Stock Exchange Bucharest (BVB).

The Company's main objective in 2022 is to apply the best practice in this domain with a view to turn efficient the communication between the Company and investors for as high a position as possible in the top of listed companies as regards transparency and communication with investors.

4. Risk management

4.1. Risk management policy

The Integrated Risk Management System has been implemented in the Company as provided in the strategic requirements for SEN operational safety and continuity, 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 with likely negative impact, while preparing beforehand the technical, operational and financial solutions specific for mitigating or counteracting these possible losses.

The Company is managing risks in compliance with the applicable legal and regulatory requirements in order to provide risk control capacities according to the Company's risk profile in view of identifying, assessing, managing, monitoring, notifying, consulting and reporting 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 of 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 improved planning by means of risk mitigation measures, comprising the organisational and financial solutions within 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 indemnity, financial securities requested by Transelectrica's counterparties; financial

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

The following has been achieved in 2021 as part of Risk Management activities:

- Operations 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 activities;

In 2021 the *Risk Register Company-wide - 2021* was executed as approved by the Company's Directorate, aiming at minimising the performance impacts 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 the *Plan to implement control measures in 2021* which has been elaborated.

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 operations.

In 2021 Company-wide 12 significant risks were synthesised and classified, which might impact affect the general objectives of Transelectrica.

Business continuity in Transelectrica was not influenced by the impact generated by the epidemiologic context generated by Covid-19 spreading, although the virus-generated pandemic impacted the entire Romania where the Company objectives are found.

In 2021 even under unfavourable circumstances of the pandemic, activities were fully provided and maintained as Company-wide technical-organisational measures were established and applied to prevent, fight and limit the effects of Covid-19 transmission.

Since the basic business of Transelectrica, by means of its territorial transmission units and UNODEN, is to provide uninterrupted operation and operational management of the National Power System (SEN), according to quality, security and efficiency norms provided in RET's Technical Code

and applicable European and national regulations, priority was granted and particular attention was paid to employees' health and safety criteria and to the continuity of strategic functions for SEN, in its capacity of system operator and electricity transmission performer.

4.2. Transelectrica objectives regarding risk management

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

Both in direct manner and by implementation in the transmission territorial units and subsidiaries, and by transposing the applicable requirements into the service contracts with specialised suppliers, the Company's policy aims at operating in accordance with the quality, security and efficiency norms specified in the RET Technical Code and with any other specific applicable regulations, emphasising 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 managerial board 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 optimum risk control measures;

The main objectives established include:

- Improving the Company's risk profile by means of managing the global risk identification, assessment, and monitoring while also implementing the necessary control,
- Eliminating or minimising the conditions and practice that might lead to inachieved performance indicators, or to interrupting or limiting Company activities;
- Reducing the risk total cost with a view to contribute to ensuring financial resources necessary for operation expenses, payment of liabilities and completing investments;

Company activities are sensitive to the general economic conditions which might impact the quantity of transmitted electricity and implicitly the 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:

- Global and regional economic and political developments;
- The demand of industrial consumers;
- Climatic conditions;
- ANRE-regulated tariffs for transmission and system services;
- The existent laws and regulations;

4.3. Main risks detected

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 risks into account 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 Risk Register upgrading the risk exposure was observed to be the same as the previous year, meaning residual risks which were generally kept at the same level compared to the previous assessment. Risks identified in previous years are properly kept under control.

Technical and operational risks

The actual occurrence of technical risks or of those resulting from non-compliance with existing procedures or systems, generated by the employees' behaviour or by external events – hazard included, might have negative impact on Company activities, representing a hindrance in reaching the proposed results and also impacting the Company's financial circumstances:

- Deficiencies in scheduling SEN operation and in congestion management;
- Interrupting the provision of telecommunication services for SEN operation;
- Failure / unavailability of installations and equipment;
- Non-execution or delays in performing 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 measured data for electricity;
- Incompliance with legal shut-down requirements;
- The Annual Investment / Maintenance / Procurement programmes are performed below the scheduled quantity and quality;
- Delays in procuring services necessary in order to provide the Company's security and intervention stocks;
- Inadequate application of users' connection to electricity networks of public interest;
- Failure to comply with regulated or contractual terms, determined especially by difficulties while obtaining the rights over lands;
- Risks associated to Energy Markets: counterparty risk; risk of non-collecting trade receivables; forecast risk.

Financial risks

In terms of financial risk management, the risks the Company is exposed to with the most significant impacts over financial results come from financial instruments: the interest rate risk, currency risk, credit risk and liquidity risk. Other risks which might affect the Company's performance are: the risk associated to the provisions of financing agreements, risk of credit rating deterioration, price risk owed to energy market unpredictability (which might lead to significant rises of OTC associated costs).

The main risks the Company can be faced with during its activity are summarised as follows:

Interest rate risk

The Company has concluded credit contracts (long- and short-term) to finance investments and sustain operational activities.

The variable component of the interest rate for Company-drawn credits can influence both cash flows from operational activities and profitability, if the values of international indexes based on which the interest rate is calculated are significantly modified. Taking into account the structure of non-current borrowings contracted by the Company has remained only with fixed interest credits, one can state the impact of this risk is non-existent in the long run.

In the short term Transelectrica has contracted a credit line to finance the bonus-type support scheme for high efficiency cogeneration, with variable interest calculated depending on ROBOR 1 reference rate, which is added 0% margin.

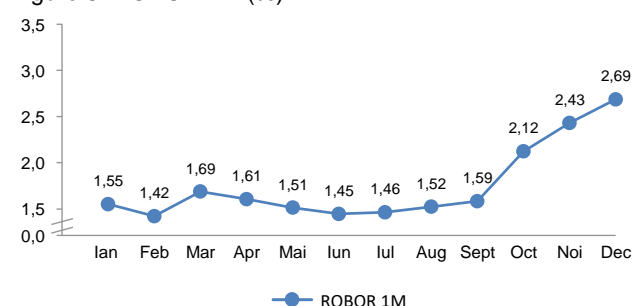
On the national bank market ROBOR at 1 month registered an increasing trend in 2021, reaching from maximum 2.69% (December 2021) to a minimum of 1.42% (February 2021).

Such growth occurred against the background of higher inflation rate in 2021, much over the target of BNR.

After the decision to increase the interest rate of the monetary policy taken by BNR at year end, daily quotations on the interbank monetary market (ROBOR) were upgraded.

ROBOR increase was caused also by the high exchange rate, which determined reduced investors' confidence in a devaluation context of other currencies in the region, but also against the current pandemic context.

Figure 8: ROBOR 1M (%)



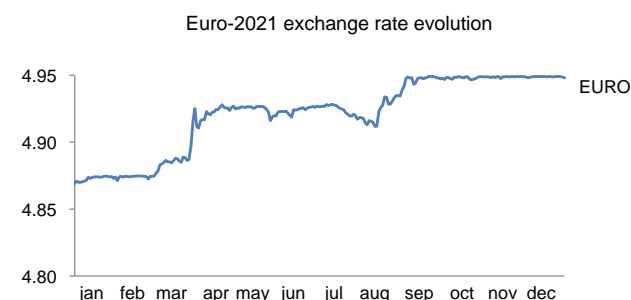
Hard currency risk

The Company's functional currency is the Romanian Leu. The Company is exposed to the exchange rate fluctuations caused by revaluing assets and liabilities denominated in other currency.

All through 2021 there were periods with higher volatility, with short intervals of Leu appreciation followed by periods of negative fluctuations, against the background of events impacting global economy.

Once the Covid-19 pandemic turned international tensions enhanced on the hard currency market as well. From the beginning of the year the national currency depreciated 1.56% against Euro.

Figure 9: Hard currency development, 2021



In 2021 revenues from exchange rate differences amounted to RON 4.1 mn, while expenses were in sum of RON 7.4 mn.

Liquidity risk

Owing 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.

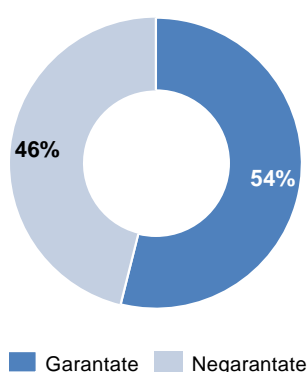
A prudential policy managing the liquidity risk implies preserving enough liquid resources in order to comply with liabilities as they gradually reach maturity, as well as financing availability by means of proper credit facilities.

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 is represented by the opportunity cost of financial investments for the liquidity excess the Company might have at one time.

In this respect, the Company's management was permanently concerned with investing this excess liquidity into low risk but satisfactory return instruments.

Figure 10: Structure of non-current liabilities depending on securities on 31.12.2021



Throughout 2021 Transelectrica had no delays in paying suppliers or collecting from clients. The Company pays higher attention to an efficient treasury management by maintaining sufficient liquid resources to cover its obligations as they reach

maturity, as well as available financing by proper credit facilities.

Moreover, in 2021 there were no occurrences of incompliance with the provisions of Company's financial agreements, which might have impacted liquidity by requesting anticipated repayment.

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.

Such risk is managed Company-wide by monitoring the solvability and rating of financial institutions where Transelectrica has placed financial instruments (cash, bank deposits), namely its has contracted credits from.

In 2021 as far as proceeds are concerned no payment delays were recorded but however singular demands came from suppliers that were faced with liquidity issues to pay earlier than the established date.

The current treasury management should target a balance between the provision of short-term liquidity and Company profitability.

On the other hand the handling margin to operationalise a policy oriented to improving the internal working capital is significantly limited by the restrictive regulatory framework, which governs most contractual relations and associated conditions for Transelectrica on the energy market.

Actually the operable freedom in order to establish and implement a working capital policy by optimising the average collection periods of trade receivables and the average payment intervals of suppliers is limited.

Such is limited to non-regulated transactions on the electricity market (OTC procurement on the futures market, system reserves procurement by competition) and to transactions to procure services/work/assets with third parties outside the energy market.

In this context, these last months Transelectrica was faced with absent monetary liquidity in certain periods of the months, mainly caused by:

- accelerated price rises both on the Day-Ahead Market and on the Intraday one, registered in

previous months and by higher volume of Company-performed transactions to cover OTC as close as possible to the delivery time;

- significant growth of the time delay (about 3 months) when the State Budget returns the collectable VAT (approximately RON 79 mn), being impossible for the Company to constitute liquidities necessary to pay in due time its outstanding payment liabilities;

To reverse such situation Transelectrica is going to resort to short-term financing by contracting credits like revolving credit lines.

All through 2021 cash activities was not influenced by the impact generated by the epidemiologic context produced by Covid-19 spreading.

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

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 applied in order to increase the collection, taking into considerations the exigencies of the contractual framework and the applicable ANRE regulations.

At the same time, the Company has enforced a series of policies that ensure services sold 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 allowances for value losses and including guarantees, represents the maximum amount exposed to the risk of collection.

Risk associated to provisions from financing agreements

The Company has entered financial agreements with international financing institutions (IFI) and commercial banks in order to fund its investment projects and to support certain operational activities,

Strategic risks

- The tariff (price) risk associated to the regulatory framework,
- Volume risk,
- Risk of implementing network codes,
- Forecast risk;

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 assumed.

Table 4: Non-current liability structure

mill RON	EUR
31 December 2021 (equivalent mill RON)	103
31 December 2020 (equivalent mill RON)	125
31 December 2019 (equivalent mill RON)	147

In 2021 the bank liability reduced from RON 125 mn to RON 103 mn both against the background of principal payments under contracted credits and as a result of not contracting new loans.

On 31.12.2021 the Company had still underway credits in EUR.

Risk of not collecting the securities under investment projects

Such risk is substantiated by not collecting the amounts of money because the security instruments have been drawn which were used to guarantee the down payments the contractors received under investment projects.

The main cause of such risk results from the bank or insurance companies that provide security services without also having the financial capability to pay the liabilities assumed under the issued security instruments.

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

Tariff (price) risk associated to 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 and have a negative impact on the Company's operational results, financial position and perspectives.

The price risk has a structural component as well, 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.

Lately a substantial improvement has been noticed both in the recovery 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 historical risk marked by unfavourable regulatory conditions and insufficient transparency in tariff setting.

Volume risk

It represents 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 electricity circulated in the network.

When the cost base associated to the transmission activity is prevalently fixed (variable costs represent about 20% from total recognised costs, the about 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 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 prevalently 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 stage is to be further applied, as ANRE will then assess the opportunity to implement such tariff system based on the results of this simulation.

The tariff system which was 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 measures to mitigate risks can be: sound foundation, within the limits of the applicable

methodology, of the requests to include certain cost levels in the tariff 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.

Risk of implementing network codes

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 incompliant implementation of certain provisions of these network codes.

This risk can be substantiated in unfavourable 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 to the unpredictability of Energy Markets

- The price risk is a financial one caused by the unpredictability of the energy market, which can lead to cost rises associated to OTC;
- Not collection risk- incompliance with contractual clauses;
- Counterparty risk- of not collecting trade receivables (a client's incapacity or refusal to comply with his contractual liabilities);
- Forecast risk- hazard related to external events (unexpected changes of atmospheric conditions or of RET circumstances), which determine OTC variation;

Legal risks

- Risk related to licences, contractual risks,
- Authority fines or compensation payments,

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

- Company-wide, failure to comply with legal terms,
- Failure to defend the Company's rights and lawful interests,

- Distortion: failure to be informed about one's in compliance with legality,
- Risks associated to licences, contractual risks,
- Risks occurred following third parties' instituting court proceedings against the Company,
- 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;

Risks associated to personnel and environment

- Difficulties to hire, of professional training, deficit of personnel with specific qualitative training, personnel motivation,
- Hiring personnel with weak specific professional training and insufficient professional experience,
- Incompliance or incomplete achievement of the annual Professional training plan,
- Impacting the health and security of employees,
- Failure to protect the environment, environmental pollution, improper waste management,
- High incidence of illnesses in the current context caused by SARS-CoV-2, leading to the organisation of a reduced number of courses and consequently reduced numbers of personnel attended training programmes,
- Human risk determined by human errors (occurred in the man-computer interaction, repeatability of operations),
- Human risk determined also by the spreading / contacting SARS-CoV-2 virus. As regards limiting the virus spreading in 2021, the provisions and recommendations of incident legislation were taken into account as well as the decisions issued by the Company Directorate,
- Environmental pollution,
- Improper waste management;

Main risks and uncertainties of 2021

Risk is an objective concept, which means it is measurable and can be minimised by preventive measures. Risk exposure occurs when an action provides a potential gain or a loss, which cannot be forecasted for certain.

Uncertainty refers to a situation when there are alternatives leading to specific result, but the

likelihood of such result is not certain. This is owed to insufficient information or knowledge about current state of affairs. Consequently the result or future events are quite difficult to define.

Obviously, knowing the threats enable their classification depending on the possibility of their occurrence, the extent of their impact over objectives and on the costs of measures meant to reduce occurrence chances or to limit undesired effects.

Transelectrica-wide, risks associated to own activities are periodically systematically examined and a Risk Register is elaborated with risks identified and a Plan of proper measures in view of limiting the possible consequences of such risks according to legal provisions.

The issues that might impact Company liquidity comprise:

- Interest rate fluctuation; the Company attempts to minimise such risk both by negotiating the best interest rates and by contracting credits with fixed interest rate;
- Exchange rate variation; Transelectrica has got only one hard currency loan (Euro) at present;
- The provisions of financial agreements: financing contracts include clauses on the failure to comply with certain financial indicators, changes of control in the Company, *pari passu* clauses;

Breaching these clauses might entail, based on preliminary notification and a reasonable amount of time, 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 assumed.

- Credit risk: the Company incurs a financial loss because of a contractual partner's incapacity or refusal to carry out his contractual obligations. This risk results mainly from trade liabilities, cash and cash equivalents. As measure to limit consequences the Company aims at concluding contracts with partners of sound solvability and 'investment grade' rating;
- Risk of not collecting the securities under investment projects: the main cause of such risk results from the bank or insurance companies that provide security services without also having the financial capability to pay the liabilities assumed under the issued security instruments,

- The fiscality level, including introduction of new charges and taxes;

Other risks detected in 2021 that might have impacted the Company's financial performance:

- Risk of credit rating deterioration as indicators and the macro political climate worsened and/or the Company's financial performance got worse. This risk shows a complex of factors, with potential effect over the financing costs on the credit market, which can significantly impact the Company taking into account the substantial volumen of capital necessary to be drawn to finance the investment plan of the following years. On the other hand the Company rating is strongly dependent on Romania's sovereign one;
- The investment risk resulting from financial difficulties of subsidiaries, caused by historical liabilities, the investment environment and their own management;
- Risk of not collecting money amounts because of security instruments being enforced, which secured the down payments received by contractors under investment projects;
- Difficult procurement of work under RET Maintenance Plan, which might lead to its incomplete application;
- Difficult procurement of work under the Annual Investment Programme, which might lead to achieving it below the scheduled quantitative or qualitative levels;
- Risks occurred in the territorial transmission units, namely failure / defect / unavailability of the 220 kV & 400 kV OHL; of primary equipment in transformer substation; transformer units and/or shunt reactors; protection & automation systems; command control monitoring systems (SCC); direct & alternating current auxiliary service installations; fire prevention and fighting installations; communication / telecommunication systems; impacting the personnel health and safety; emissions / spills of environmentally harmful substances (smoke, SF6, oil, fuels, etc.);
- Impact of Covid-19: as a result of higher percentages of people infected, nation-wide; in this respect all hygienical-sanitary measures were taken in the Company in order to prevent and fight pandemic effects, and tele-work was resorted to;

The Company took all measures in order to limit the impact over personnel.

The Company does not restrict itself only to addressing the consequences that might occur but it applies reactive management by implementing measures meant to mitigate risks.

At the same time risks are periodically reviewed as provided in applicable standards, leading to resource reallocation in accordance with changed classifications and implicitly priorities.

Transelectrica pays proper attention to analysing the risk environment and timely detect potential risks of future occurrence, which have to be addressed in due time.

All through 2021 the Company did not find it impossible to comply with its financial covenants.

Thus, there are no risks or uncertainties in the following months of 2022 financial year, others than those provided previously, which might impact the Company liquidity.

The Company has not been even close to defaulting its financial covenants, on the contrary it benefits of good liquidity.

In 2021 no problems occurred in the relation with bank partners.

In conclusion cash flow activities were not influenced by the epidemiologic context generated by SARS-CoV-2 spreading.

Actions established for 2022

In 2022 the actions established to keep risks under control are included in the *Plan to implement control measures in 2022 for significant risks*, Company-wide.

The document provides for each risk individually: causes, estimation of the inherent risk (probability and impact), control / prevention measures with terms and responsible people, consequences, control measures to limit such consequences with terms and responsible people; residual risk estimation (probability and impact), entities that manage each risk.

The following measures can be mentioned as progress lines with a view to make risk management efficient:

- 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 as well as their estimated effects such

as impact, occurrence likelihood of such risks; these issues will be also included in the reports regarding achievement of annual programmes;

- Reports (synopses) should be transmitted with respect to the manner in which annual investment, procurement and maintenance plans have been achieved in order to keep risks under control;
- Detecting interdependences, meaning what other organisational entities can induce risks in the activities of another similar entity; what other organisational entities might be impacted in case of risks occurring in their activities;

- Correlating the operational procedure and the other internal regulations, as well as using uniform terminology with a view to be in agreement with the current mode of operation and with applicable legislation.

5. Human resources

A company's vision includes the human factor as driving engine that can determine equally an organisation's success or failure.

In a context of organisational culture and professionalism its people determine the Company's long-term resilience and visibility on a dynamic labour market perpetually changing.

Transelectrica considers important the requirement to provide attractive stable motivating safe healthy working environment, targeting to become an employer drawing experts in the energy domain, a thinking and strategic hub for the development of Romania's energy sector.



5.1. Structure of personnel

The Company recognises employees constitute the most important resource for good performance of activities. In this respect it aims at prevalently provide the development of human resources under its personnel policy, offering a level of material involvement and motivation in accordance with current requirements.

These last years the human resource management has mainly aimed at increasing employees' involvement.

In accordance with its operating licence, Transelectrica does not usually use temporary employees. The operation of RET electric substations and the provision of dispatch services within SEN are performed by operational personnel organised under working hours with permanent shifts.

Table 5: Number of employees

Year / indicator	2021	2020	2019
Number of employees	2,015	2,021	2,027

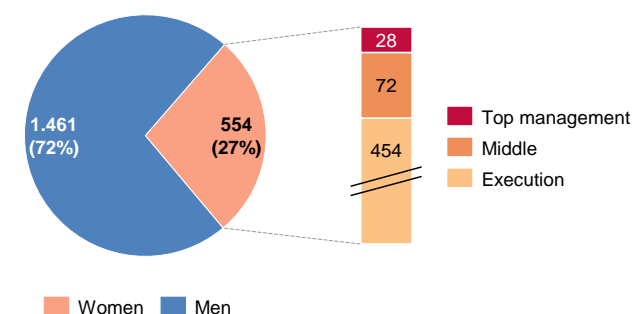
In the current year employees with university studies represent 66% of the total number, 34% being personnel of high school education, in general of electric power profile.

Table 6: Number of personnel by studies

Education level	2021	2020	2019
University	1,325	1,310	1,267
Medium	688	709	758
Elementary	2	2	2
TOTAL	2,015	2,021	2,027

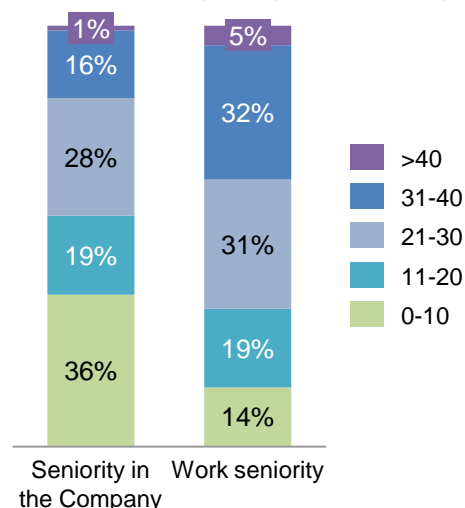
Considering the structure of personnel by gender one can ascertain three quarters of total employees are men.

Figure 11: Employees' structure by gender, 2021



In terms of gender classification women represent 27% of total personnel, this structure being almost unchanged these last years. Out of the 554 women working on 31.12.2021 in Transelectrica 28 held top management positions and 72 - middle management, representing together 18% of the feminine gender personnel.

Figure 12: Number of employees by labour seniority, 2021



The energy sector is faced with absence of qualified personnel lately. The training of a power engineering specialist is complex; the Company pays attention to one's training on the job but also to motivating employees and keeping those of high potential.

Table 7: Employees' structure by labour seniority

Seniority [years]	2021	2020	2019
0-10	283	253	244
11-20	377	401	452
21-30	618	607	584
31-40	644	658	648
>40	93	102	99
TOTAL	2,015	2,021	2,027

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 represented 45% in 2021.

Table 8: Employees' structure by seniority in the Company

Company seniority [years]	2021	2020	2019
0-10	727	684	664
11-20	379	431	527
21-30	561	620	548
31-40	326	259	261
>40	22	27	27
TOTAL	2,015	2,021	2,027

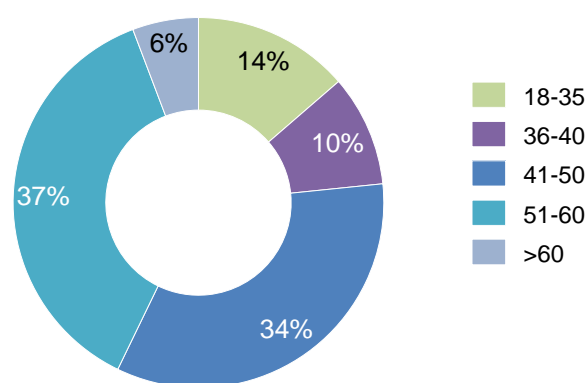
Personnel aged above 40 in 2021 represented 77% of total employees.

At the same time the percentage of employees with retention and advance potential aged from 18 to 35 represents 14% .

Table 9: Structure of employees by age groups

Age [years]	2021	2020	2019
18-35	275	255	268
36-40	196	211	229
41-50	681	692	711
51-60	747	735	685
>60	116	128	134
TOTAL	2,015	2,021	2,027

Figure 13: Structure of personnel depending on age, 2021



The operative & operational domain has the greatest share in personnel categories, namely 69%. From these, operational employees represent 65%.

47

Average age in 2021

Table 10: Structure of personnel by categories

Categories of personnel	Number of employees, 2021	Number of employees, 2020	Number of employees, 2019
Operative & operational (rated) personnel, of whom:	1,390	1,380	1,656
DEN	188	185	180
Operational personnel of transformer substations, tele-management centres and operational centres	905	894	894
Acceptance-reception personnel	111	111	110
OMEPA personnel directly involved in productive activities – operational centres, settlement of non-conformities, tele-metering systems, relations with market participants	43	42	45
Personnel directly involved in organising and monitoring substation operations	143	148	427
Personnel of support activities & executive management	625	641	371
TOTAL	2,015	2,021	2,027

During the reorganization in 2020, the employees within the human resources, legal, commercial, investment, maintenance and operation activities passed, together with positions, from the Territorial Transport Units to the Company Executive.

Taking into consideration Company activities of strategic interest, most employees have from 21 to 40 years' labour seniority, therefore they are experienced and add value to the Company.

5.2. Professional training

Employees' professional training in 2021 was adapted to the epidemiologic context generated by SARS CoV-2, taking into account the measures applied by competent authorities with a view to limit risky situations associated to the infection with the new coronavirus, to protect health and reduce the illness hazard and the transmission of COVID-19, thus course organisation in the epidemiologic context took the following directions:

- ✓ Providing as priority training sessions for the personnel that require qualification for professional activities, requiring certification, licensing, namely recertification or relicensing;
- ✓ Applying measures reducing the illness risk when preparing periodical cumulated training; in this respect such training was organised locally with reduced number of attendees per training session;
- ✓ Finding alternative modes to organise training sessions, especially online;

In 2021 a total of 24 courses were attended, most of them in the technical domain organised with external providers.

In comparison with the 61 participations to technical courses with external lecturer, in 2021 internal technical courses / training were provided to 742 employees representing operative personnel, work acceptance personnel, and managerial personnel of electric substations.

Such training belongs in the periodical cumulated training sessions.

Taking into account the priority objective to increase, develop and diversify the professional competence of employees and the need to provide efficient training and permanent professional qualification of Company employees, steps were taken for the Company to take the opportunity to benefit of access to certain free-of-charge course categories offered under the Increased employees' performance by continuous training project.

This is cofinanced by the Operational Programme Human Capital 2014-2020, aiming at qualitative professional training of human capital from contemporary Romanian enterprises.

Project courses have been: "Fiscal expert" attended by 8 persons from the Company and "Specialist in planning, control and reporting of economic performance – controller" held in October-November 2021 sustained by lecturers from the Chartered Accountants' Corps and Licensed Accountants of Romania (CECCAR).

Also, in quarter 4, 2021 procedures were initiated to procure professional training services for several categories of training courses, procurement documentations being under different approval stages.

5.3. Trade union representation

The Company and the trade union organisation recognise one another as permanent social dialogue partners.

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 (BNS) and internationally to the Public Services International (PSI) and to the European Federation of Public Service Unions (EPSU).



At present more than 98% of total employees are members of the 10 legally constituted unions: one at Company Executive level, one within the Operational Unit of the National Power Dispatcher and one in each Territorial Transmission Unit, but none meeting the representativity conditions at entity level according to Law 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:

- Its conclusion, execution, amendment, suspension and termination;
- Labour and resting times;
- Wage levels;
- Labour health and security, working conditions;
- Professional training;
- Social protection of employees and other rights;
- Rights and obligations ensuing from labour relations;

- Mutual recognition, rights and obligations of the employer and of union organisations;

In order to settle the issues that might occur in the application of the valid Collective Labour Contract, to avoid employment conflicts and to create an organisational framework that allows keeping a permanent dialogue with employees representatives signatory parties have agreed to meet any time needed in the joint Commission Employer - trade unions, joint commission performing in accordance with its own Operational Regulation.

2021 was a year during which, besides maintaining the rights stipulated in the Collective Labour Contract, Company salaries have been indexed in two stages so as to remove mitigate the inflation effect and provide additional employees motivation.

When the alert state is over the 2022 union representation objectives provide launching the negotiation of a new Colective Labour Contract meant to motivate employees and stimulate performance within the Company by indexing Company salaries and improving health and security conditions for employees' work, taking also into account the new context provided by the COVID-19 pandemic.

5.4. Responsibility to employees

In its direct relationship with employees the main Company objective is to provide safe healthy working environment, paying attention to minimise the impact of Company specific activities over the environment and natural resources.

In case of serious afflictions the Company provides financial support to special medical treatments, 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 2021 medical assistance by labour medicine in the Company has been and still is achieved by doctors specialising in labour medicine in medical cabinets found in the Executive part and in Company Subsidiaries.

In order to achieve its assumed 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; by means of assessments on risk factors for accidents and professional diseases for all the Company's staff, through personnel training and awareness programmes, by assessing the risk level of jobs and through regular operational control, mainly consisting of operational control on the observance of legal requirements and other requirements regarding occupational health and safety.



In 2021 health was supervised according to the following structure:

- In the first semester of 2021 periodical medical control was provided to operational personnel working in electric substation;
- In the second semester of 2021 periodical control was provided to non-operational personnel and control to the operational staff working in isolation;

The 2021 labour health and security plan was achieved 60%, corresponding to 2,220 thousand RON (449 thousand Euro) compared to the planned 3,727 thousand RON (1,003 thousand Euro).

Among the objectives aimed at under the labour security and health programme Company-wide in 2021, mention can be made of:

- 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 personnel health according to the provisions of HG 355/2007;
- Providing products necessary for employees protection against the Covid-19 pandemic;
- Training personnel with respect to the accident risks in Company installations;

In 2021 one labour accident was recorded involving a Company worker.

The following actions are taken into account in order to improve the effectiveness of the integrated management system on operational health and safety in 2022:

- Completing the revaluation of risk factors related to professional accident and illness for all refurbished substations;
- Monitoring personnel health afflicted with cardiovascular conditions (forbidden to licensing) and their quarterly reporting;
- Consulting the main general contractors of works in RET installations with respect to occupational health and safety, by inviting them to CSSM-TEL meetings;
- Consulting one's employees on labour health and security issues by applying questionnaires to assess activities and to implement policies resulting from consultations;

6. Research and innovation

Description of research and innovation activities in 2021

In view of providing SEN operation under maximum safety and steady-state according to quality standards required in the transmission licence, the Company needs research, support studies and consultancy as foundations for its decisions and to implement new technologies similar to those met at international level and/or specific to the Romanian power system.

Transelectrica finances annually own study and research programmes. In 2021 allocated funds ranged 0.1 – 0.2% of the Company's turnover (about 2 - 5% are practiced by similar international companies).

The research & innovation strategy enhances the Company's vision with respect to upgrading the transmission network, providing support as necessary to implement priorities included in the RET Development Plan, sustaining implementation of digitalisation.

The main lines provided in Transelectrica's Research & Innovation Strategy are:

- Innovation will be promoted as priority for the Company's basic activities, bringing added value by process digitalisation, service improvement and higher personnel competence;
- Innovation and research will sustain *Digitalisation* as major objective;
- General and specific objectives are structured according to the methodology promoted under ENTSO-E's research & innovation strategy;
- Innovating solutions, technologies, systems and concepts necessary for key activities will be generally implemented in the Company after:
 - Their testing and validation under *pilot projects*;
 - Or their critical assessment based on projects already completed by organisations similar to Transelectrica;
- Company research will focus on the following pillars:
 - National and international partnerships in fundamental and technological research (observance of basic principles, formulating concepts on technologies, experimental demonstration of concepts, validating technologies in laboratories);
 - Partnerships with suppliers of solutions and equipment for product / technology

demonstrations (technology validation in relevant and operational environments);

- Partnerships under competitive procedures (to deliver and commission products and solutions);
- Personnel participation to events with important innovation & research component, both nationally and internationally (e.g. ENTSO-E, CIGRE, congresses, round tables, symposiums, etc.) will include knowledge sharing, spreading best practice, etc. within the Company in integrated regulated manner;
- Research & innovation will be financed as priorities both from own sources and from other sources, reaching to the most consistent group of European network operators (e.g. non-returnable finance, subsidies, grants, partnerships, etc.);

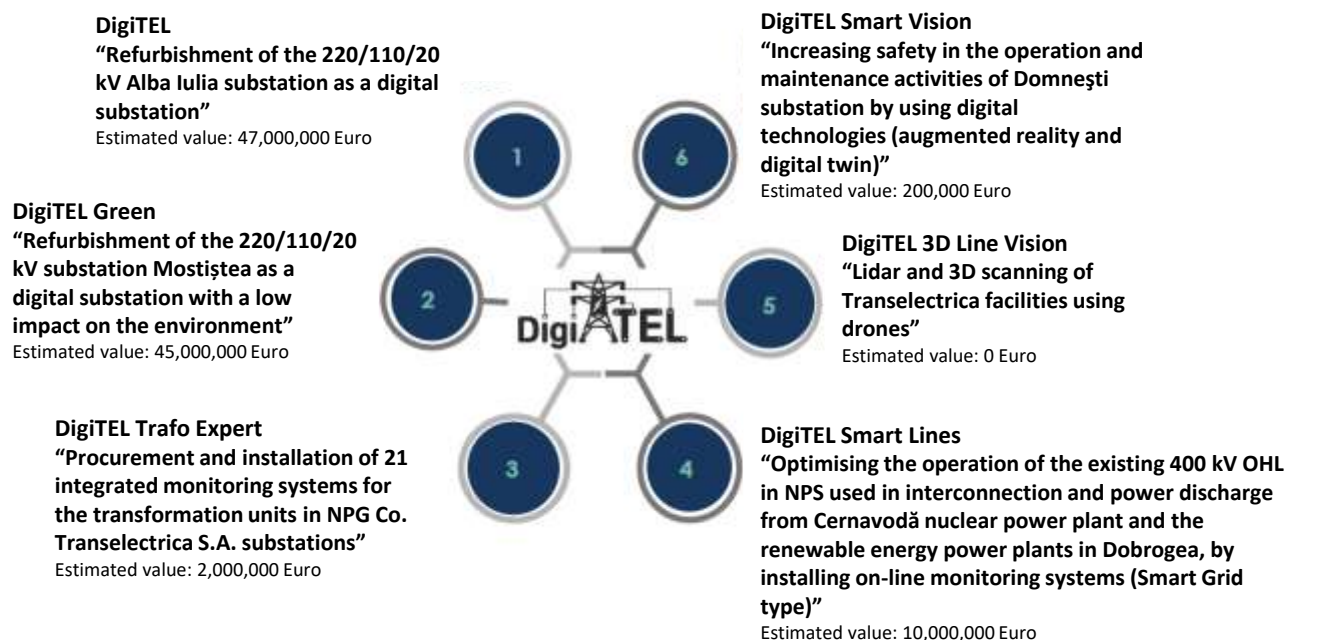
Objectives included in the Research & innovation strategy bring added value to the following domains:

- The Company's strategic vision;
- Asset management;
- Improved performance indicators (technical & economic);
- Developing capabilities essential for network operation;
- Taking the opportunities to improve Company performance;
- Developing competence of Company personnel;
- Maintenance and operation;
- Developing partnerships with holders of technologies and solutions;

At the same time the research & innovation strategy provides operationalisation of all stakeholders' vision meaning implementation of flexible open interoperable infrastructure under a digital portfolio where traditional processes, especially manual ones are removed or digitalised so that information can be accessible in real time.

Digital transformation

Such transformation of the energy industry will bring about new challenges for managerial teams, operational specialists and Company partners. The Company complies with all terms to become again a 'Learning organisation' if it fully uses the potential of new technologies from digital transformation.



To sustain such objectives a Programme was elaborated and approved to Implement the Digital Transformation Concept (2018-2027).

Activities included in the portfolio of initiatives under the Digital Transformation programme aim at improving Company performance by means of:

- Innovation in operational and managerial areas;
- Innovation by introducing digital technologies;
- Innovation by introducing new concepts to change the Company's business model;
- Developing the Company's strategic capabilities (e.g. personnel, strategic assets, structure, processes, etc).

This strategy sustains the network digitalisation is a clear opportunity for the efficient development and management of the power system, providing obvious profitability in terms of improved service quality and operational costs.

Among the tactical digitalisation documents applicable on the date of this report mention can be made of:

- ✓ Part I: “Technical policy of asset digitalisation under upgrade initiatives of NPG Co. Transelectrica SA”;
- ✓ Part II - Concept – “Geographic Information System and Interruption Management System”;
- ✓ Part III - Concept “Laboratory testing digital technologies and developing personnel competence”;
- ✓ Part IV - Concept “RET Asset Health Centre”;

Also, the pilot projects under which innovating concepts and technologies will be tested, as

proposed in strategic documents approved Company-wide are those launched under DigiTEL symbol.

Annual Study & Research Plan, 2021

The studies approved in the Company were included in PASC 2021; they were well grounded and necessary to carry out the following objectives:

- Complying with the requirements of the regulatory framework (e.g. ANRE Licence 161, Law 123/ 2012 of electricity and natural gas, with later amendments & additions, Technical Codes, the regulatory framework associated to TSO, etc.);
- Grounding the Company decisions on:
 - Determining by post-calculation of losses in the electricity transmission network in quarter IV, 2020 and the first quarters of 2021;
 - The energy balance of each 2021 quarter;
 - Establishing the effect of new RET investments on OTC in the first three 2021 quarters;
 - Promoting efficient investments into RET;
 - Promoting efficient practice of RET maintenance and operation;
 - Improving the foundation of long-term investment decisions (e.g. Methodologies and cost-benefit analyses);
 - Technical support;
 - Initial estimation of SEN's reserve need using probabilistic methods;
 - Integrating an ever increasing percentage of renewable sources;
- Dispatcher management of SEN and RET under efficient safe conditions;

- Detailed & global analysis of expense chapters associated to TSO operations;
- Knowing and adopting methodologies, standards and good practice elements in order to turn efficient the Company's strategic vision for development.

The need to promote work under PASC 2021 was carefully examined in the light of obligations ensuing from the performance of licensed TSO role and of opportunities to improve decisions with respect to operationalising the Company's vision in the domain of system operation and asset management.

Study and Research Programme, 2022

The 2022 Annual Study and Research Programme takes into account the studies based on increasing the cross-border interconnection capacity, namely integration of renewable sources in accordance with the provisions of PNIESC for 2030, when the installed capacity in renewable sources should reach to 5255 MW.

The development plan of the electricity transmission grid (RET), according to the model elaborated by ENTSO-E Europe-wide, aims at discharging power from RES intensive zones to consumption areas, developing Romania's regions where RET is in deficit (for instance the north-eastern area), and increasing the cross-border interconnection capacity.

In view of increasing SEN's operational security under the assumption of new power sources being installed, in section S6 the Company wants to analyse the opportunity to apply direct current developments of the electricity transmission grid.



Thus the construction of several 400 kV OHL in alternating current can be replaced, being necessary to transmit electricity generated in excess areas, transmitting it on long distances and injecting it in alternating current in deficit zones.

Steady-state regimes will be analysed under generation and consumption scenarios considered probable and direct current solutions will be proposed to increase the discharge capacity of S6 in addition to that provided in the projects already included in the RET Development Plan approved.

Section 6 turned highly surplused in terms of electricity generation after changes occurred lately by SEN connection of many WPP-s from Dobrogea, Braila and Galati. In accordance with the data provided in the National Integrated Plan for Energy and Climatic Change (PNIESC) the 2030 target as regards installed capacity of renewable sources is of 5,255 MW for WPP-s.

Estimations are a great part of the forecasted wind sources will be located in Dobrogea.

For the time being during windy intervals the OHL-s of S6 are loaded to maximum and sometimes, in order to comply with N-1, power downsizes are required on network congestion, resulting in additional expenses.

A part of such OHL-s have different cross-sections, which contributes to power choking.

In this respect careful analysis is required over standardising the OHL cross-sections or even changing the active conductors with state-of-the-art conductors of enhanced electricity transmission capacity.

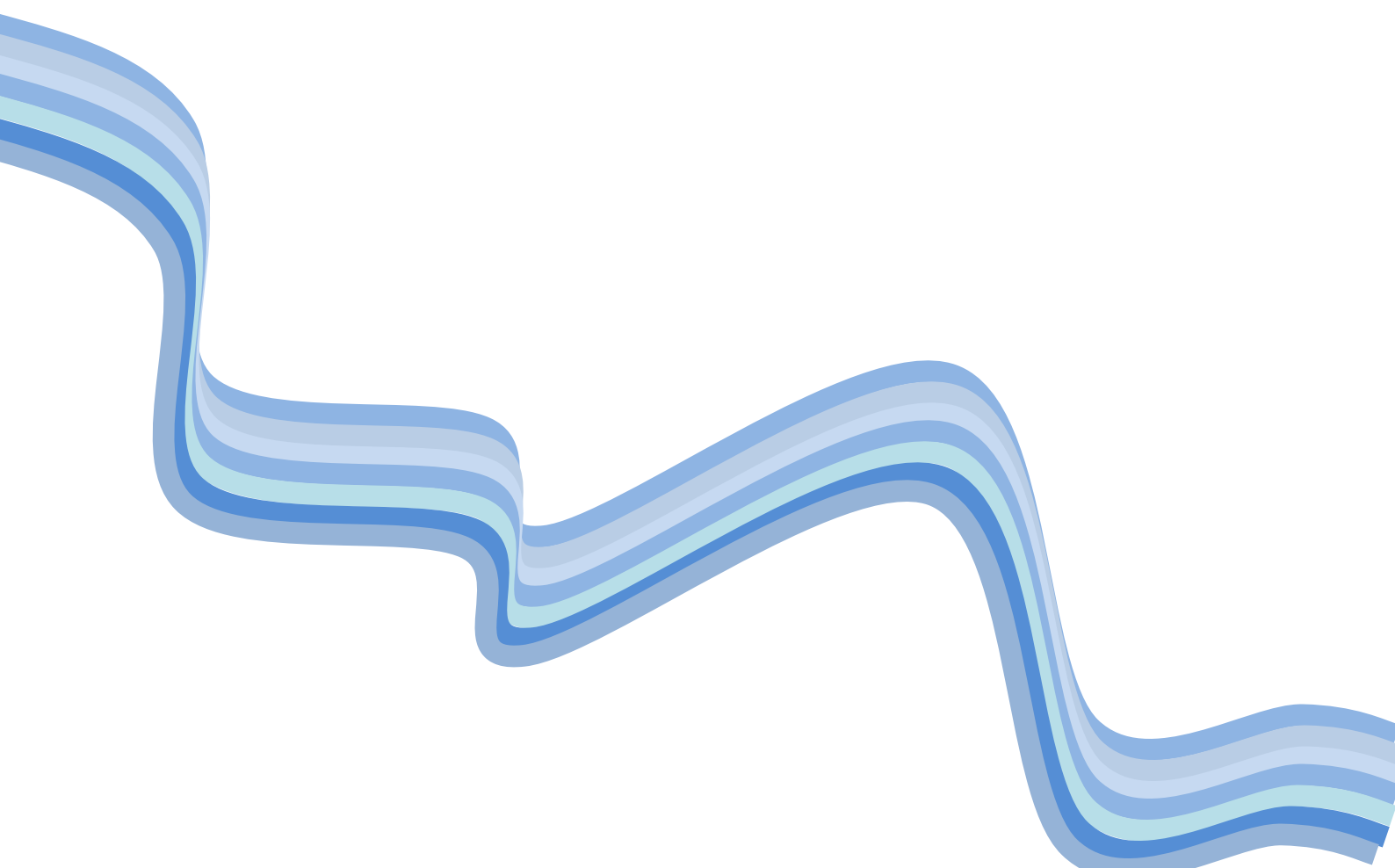
Research and development in 2022

The 2022 objectives include implementation, test and validation of the following concepts and methodologies under smart grid upgrade projects:

- Online monitoring of the condition of critical Company assets (e.g. transformer units, electric lines, etc.);
- Asset health concept;
- Risk index of RET assets;
- Methodology to elaborate and implement smart grid concepts (e.g. architectures, interoperability standards, telecommunication standards, client interfaces, etc.);
- E-learning;
- Smart building;
- Personnel training and certification to develop strategic digitalisation capacities (e.g. IT governance, cyber security, TOGAF architectures, etc., courses);
- Initiating development projects with great innovation component (e.g. digital substation Alba

Iulia project, IT&C infrastructure upgrade projects, the asset management platform, laboratory to test technologies and provide professional training, etc.);

- Continued participation to projects with non returnable finance in order to adopt new models, concepts and methodologies in the Company's operational area;
- Further development of partnerships with consultants, solution & service providers in order to understand the new technological and managerial trends that can impact the Company's performance in the future.



7. Perspectives and challenges

In a dynamic world ever changing energy unifies locally and even world-wide in case of interconnected operation.

The power system undergoes continuous movement/transformation and can be sensitive to certain external factors; therefore permanent concern is required to develop the electricity infrastructure, to integrate renewable sources, digitalise and accomplish the single electricity market.

The challenge to expedite tailoring the electricity infrastructure requires prioritisation of in order to reach the Green Deal and the new Fit for 55 targets. Fit 55 refers to EU's objective to reduce net flue gas emissions at least by 55% until 2030.

The European policy's major objectives lead to consolidation of the properly sized network.

The Modernisation Fund is a key instrument to develop power systems based on energy efficiency. The investment plan targets were elevated in the context of the energy transition requiring fast adaptation to the current context.

Executing essential projects is taken into account in view of consolidating the transmission network and adapting the Electricity Transmission Grid in compliance with the new guidelines established under European legislative packages.

A project enabling integration of additional electricity output from renewable sources in Dobrogea has already received financing from the modernisation fund at the end of 2021.

The stake of investments made to increase resilience in view of reaching the climate and energy targets is a permanent concern. The enhanced transmission capacity provides also system flexibility and integration of generation sources at lower costs, therefore increasing social welfare. The Company elaborated an open list of 20 strategic projects, some of which are in progress and their implementation is expedited.

The action plan executed in 2021 to increase the cross-border capacity requires in the next period the

execution of certain projects included in the Development Plan of the transmission grid, which lead to removing structural congestions and to increasing the capacity available for cross-border trade.

Taking into account the strategic importance of investment projects at scheduled values and times, in February 2022 the Company signed an assistance agreement for free with the European Investment Bank (EIB) pertaining to thorough analysis of internal processes in view of improving investment project management by removing existent blockages and turning activities efficient.

Another topical challenge is the synchronisation between the power systems of Ukraine and Republic Moldova with the European system. In February 2022 the two countries participated to the already scheduled energy independence, whereby they disconnected themselves from neighbouring power systems as part of a technical test on isolated operation, fully performed, in view of later joining Europe's synchronised network. In a normal mode this target was established to be probably completed in 2023.

In the current geopolitical context technical conditions are now examined in order to provide emergency synchronisation with the European network.

In 2022 the following can have significant impact on the Company's financial results: generation (post pandemic recovery), the European context of prices on the electricity market and CO2 certificates. Electricity prices still provide increasing trend in 2022 while the tariff recovery will lag behind by later ex-post regularisations depending on present-day costs.

Thus, there is permanent concern for challenges associated to market complexity, system operation and development, power system adaptation to mid-term European measures (2030 limit) is a challenging mission after two years impacted by Covid pandemic and ever higher prices on the electricity market.



Operational Report



8. Operational data

8.1. Network configuration

The Electricity Transmission Grid ("RET") is an electricity 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, of electric substations and other interconnected electrical power equipment.

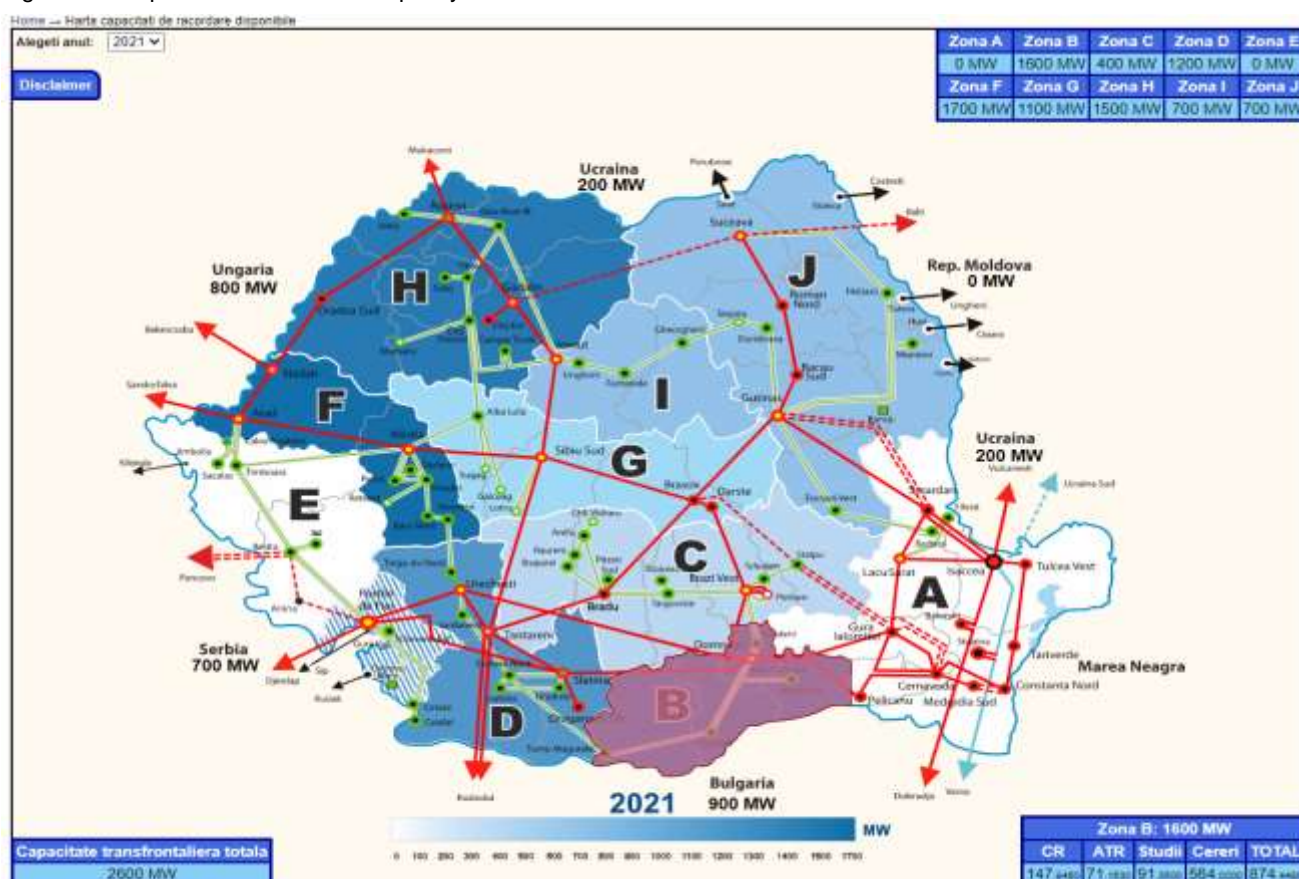
RET provides interconnection between producers, distribution networks, large consumers and the neighbouring power systems.

In the context of general European and national concerns to achieve transition to an economy free of carbon emissions the National Power Grid Company Transelectrica SA directed its activities towards developing the power infrastructure, meaning enhanced capacity to integrate new generating units.

To facilitate a predictable investment environment to generate electricity the national transmission system operator provides the interested public with data about the transmission network's capacity to connect new generation units depending on different country regions.

Such information is accessible on the website www.transelectrica.ro in the format of an interactive map targeting 2021, as well as forecasts for 2025 and 2030, against the evolution of development and consolidation projects for the transmission infrastructure. the data are provided for 10 country regions, with reference including existent connection demands, which are under different processing stages and will be permanently updated.

Figure 14: Map of RET connection capacity



In accordance with the calculations of Transelectrica, at present the electricity transmission grid can integrate additionally a 8,900 MW generation capacity. In 2025 it will grow to 10,530 MW, and in 2030 the available capacity will be of 11,500 MW. Thus, by 2030 a 2600 MW increase of the current

grid connection capacity will be recorded by implementing investments which are now in progress.

The transparency step initiated by Transelectrica meets the application of provisions from ANRE's

draft order regarding publication of data about network connection of electricity generation units.

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

The amount of installed capacities, according to the licence for provision of electricity transmission services and system services, is shown in the following table:

Table 11: Volume of energy capacities

Voltage (kV)	Substations (no.)	Installed capacity (MVA)	OHL (km)
400	39	21,824	4,984.59
220	42	14,283	3,875.84
750	-	-	3.11
110	-	-	40.42*
Total	81	36,107	8,903.96

*(interconnection OHL with neighbouring states)

Note: In case of electric substations, the superior voltage was taken into consideration.

Of the total length of the electricity transmission network, which is 8,903.96 km, interconnection lines are 489.04 km long.

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 Europe-wide.

Investments undertaken so far have allowed to maintain adequate dispatch management infrastructure as well as the infrastructure required for the operation of electricity markets to a suitable level: national optical fibre network, EMS-SCADA monitoring and management system, system metering the 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 power 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 is in progress for the upgrade of the entire network according to the highest European standards with modernisation and refurbishment of the most important power substations in the ETG, as well as the development of transmission capacities on interconnecting lines.

To maintain the adequacy of the network so that it can be suitably sized for the transmission of electricity expected to be produced, imported, exported and carried, two categories of investments have been included in the Ten Years RET development plan and two kinds of investments will be performed:

- Refurbishment of existent substations;
- RET extension by building new lines, increasing the transmission capacity of existent lines, extending existent substations and enhancing the transformer capacity of substations;

8.2. Select operational data

The Company's responsibility is to maintain the National Power System operating under secure conditions while observing the quality standards provided in RET's Technical Code.

Also, for real time balancing of generation with consumption the Company uses the balancing market mechanisms.

The SEN operative management is provided by the:

- National Power Dispatcher
- 5 Territorial Dispatcher Units: Bucharest, Bacau, Cluj, Craiova, and Timisoara

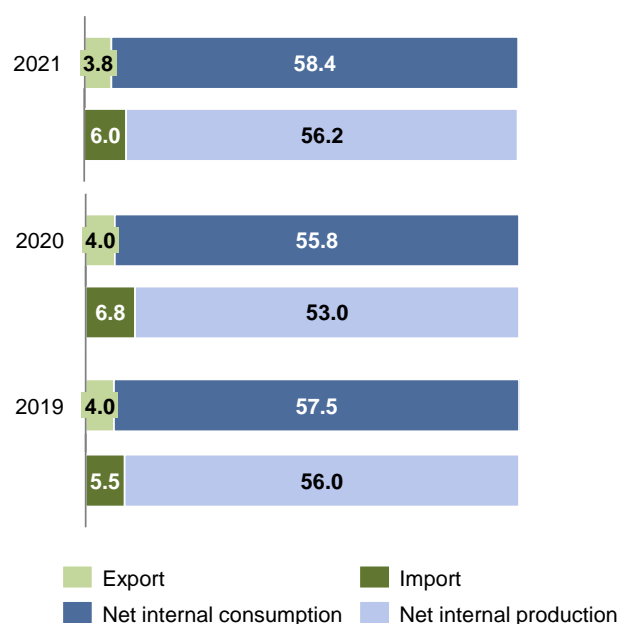
Energy balance of SEN

Table 12: Energy balance

TWh	2021	2020	2019
Net internal output	56.2	53.0	56.0
Import	6.0	6.8	5.5
Export	3.8	4.0	4.0
Net internal consumption	58.4	55.8	57.5

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 15: Energy balance (TWh)



In 2021 the net internal consumption increased 5% compared to the same period of last year, while the net electricity output registered about 6% growth compared to the similar interval of 2020.

Export cross-border exchanges have been constant lately. In 2021 slight 5% decrease was registered in comparison with 2020. Cross-border import flows dropped 12% in 2021 compared to 2020, but are higher in comparison with 2019.

National generation pool

In 2021 the gross installed capacity of electricity plants decreased about 25%, from 7,993 MW installed on 31 December 2020 to 5,966 MW installed on 31 December 2021.

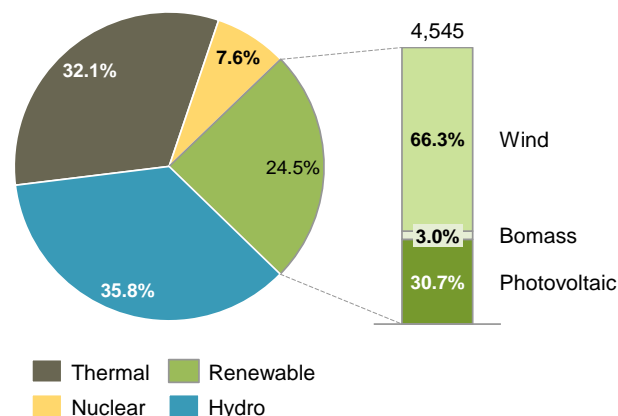
The installed capacity of renewable source parks grew about 0.3%, from 4,532 MW installed on 31 December 2020 to 4,545 MW installed on 31 December 2021.

Table 13: Installed capacity (gross values)

MW	2021	2020	2019
Thermal	5,966	7,993	8,026
Nuclear	1,413	1,413	1,413
Hydro	6,645	6,643	6,704
Renewable	4,545	4,532	4,553
Total	18,569	20,582	20,696

In 2021 the generation pool was structured as follows:

Figure 16: Installed capacity, 2021 (gross values)



Electricity generation mix

The nuclear component of the generation mix recorded about 2% decrease while the renewable-3% in January - December 2021 compared to the same period of 2020.

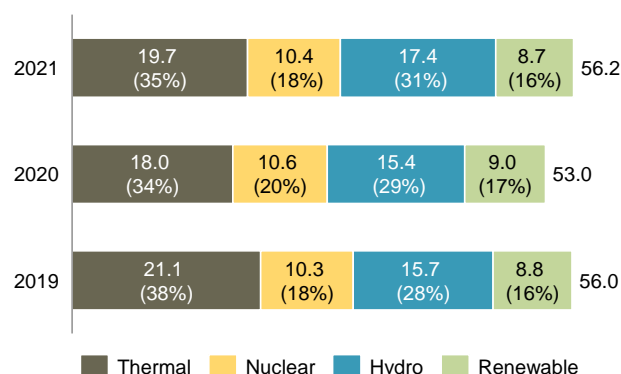
The contribution of thermal and hydro sources registered increases of 9%, namely 13% as compared to the same period of 2020.

Examining the shares of components in the net generation mix in 2021 one can notice the greatest share (35%) is represented by thermal component followed by hydro component (31%), while renewable and nuclear components have shares of about 16%, namely 19%.

Table 14: Mix of electricity generation, net

TWh	2021	2020	2019
Thermal	19.7	18.0	21.1
Nuclear	10.4	10.6	10.3
Hydro	17.4	15.4	15.7
Renewable	8.7	9.0	8.9
Total	56.2	53.0	56.0

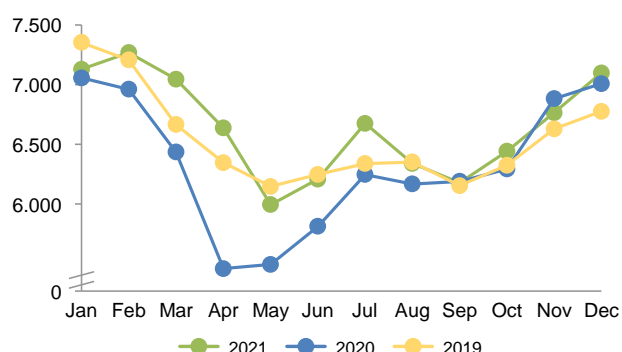
Figure 17: Mix of 2019 – 2021 output (TWh)



Net load

The net average electricity consumption in 2021 was maintained at high level during the studied period.

Figure 18: Net average monthly load (MWh/h)



The net maximum hourly consumption of 2021 registered a maximum in January, keeping the same trend of last years of maximum values during the winter months.

Figure 19: Net maximum hourly load (MWh/h)

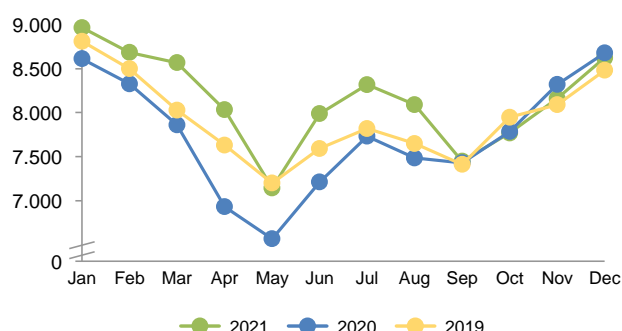


Table 15: Maximum load

Year	Month	Amount (MWh/h)
2021	Jan	8.967
2020	Dec	8.679
2019	Jan	8.812

Physical exchanges of electricity

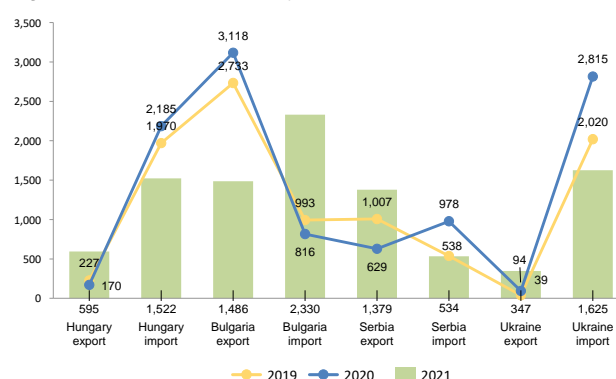
In 2021 the recorded trend was decreasing compared to previous years, registering in 2021 a net physical flow (import-export) of 2.2 TWh against 2020 (2.8 TWh).

Crossborder flows recorded fluctuating developments on all borders during the three studied years.

The distribution of import/export physical flows on interconnection lines in 2021 compared to 2020 was as follows:

- Export decreased on the Bulgarian border and grew on those with Serbia, Hungary and Ukraine;
- Import increased on the Bulgarian border and decreased on interconnection lines of electricity output deficit areas (on the Hungarian and Ukrainian borders) but also on the interconnection line located in the excess area of electricity generation, namely the Serbian frontier;

Figure 20: Crossborder physical flows (GWh)



Actually in comparison with January - December 2020 export physical flows dropped with Bulgaria (-52% -1,632 GWh) and grew on the Serbian border (+750 GWh), Hungarian (+425 GWh) and also Ukrainian border (+252 GWh), while import physical flows grew from Bulgaria (+1,514 GWh) and decreased on the Serbian (-45% -444 GWh), Ukrainian (-42% -1,190 GWh), and Hungarian borders (-30% -663 GWh).

Utilisation of the total capacity allocated

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

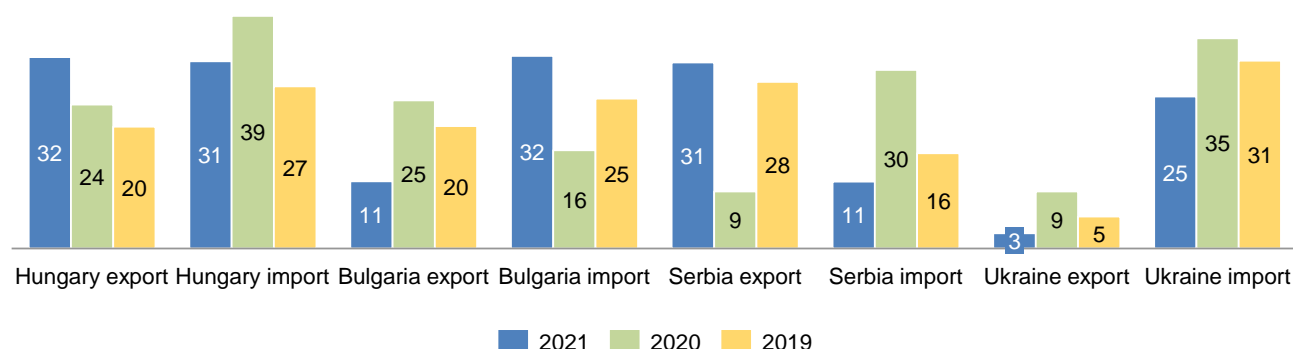
In January - December 2021 interval the utilisation degree of the totally allocated capacity (cross-border capacity allocated under commercial contracts) on interconnection lines for export increased in comparison with the same period of 2020 on the Serbian border and decreased on the Bulgarian one.

The utilisation degree of total capacity rights on a frontier and direction represents the ratio, expressed in percentage points, between the electricity from commercial exchanges achieved (notified) in one month and the electricity corresponding to total capacity rights.

In 2021 the electricity consumption within SEN recorded constant increases with minimum 0.34% in December and maximum of 21.65% in April; except for September and November 2021 when load recorded 0.7% decrease in September, namely 1.8% drop in November.

Load growth was mainly influenced by the gradual resumption of industrial activities, by temperature values registered in January – April 2021 compared to the same interval 2020, the weather being significantly colder, and also by the hotter temperatures of 2021 summer; load decreased during pandemic waves, correlated with work from home. 2021 ended with 5% load growth, namely generation increase of 6%.

Figure 21: Use of total capacity allocated (%)



Transelectrica in its capacity of Transmission System Operator invests in order to enhance interconnection capacities in the context of harmonising with European requirements as follows:

- Beginning with 1 February 2021 Romania's electricity market passed from one hour settlement interval to 15 minutes in order to comply with the requirements of European norms (European Regulation 2195/2017, European Regulation 943/2019) and with the requirements of the national regulatory framework.

The application of this settlement interval on the electricity market enables transactions much closer to the delivery interval.

Beginning with delivery day 11 February 2021, the 15 minutes cross-border product was launched to continuous intraday transaction on the Romanian – Hungarian border under SIDC (single intraday markets coupling), which enabled more opportunities for market participants to adjust their commercial positions on the intraday market, closer to physical supply and reducing their imbalance costs in case of schedule deviations.

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

Border	Direction	2021 [%]	2020 [%]	2019 [%]
Hungary	export	31.82	23.94	20.23
	import	31.11	38.64	26.95
Bulgaria	export	11.16	24.62	20.37
	import	32.02	16.32	24.91
Serbia	export	30.90	9.50	27.71
	import	11.12	29.66	15.83
Ukraine	export	2.55	9.47	5.31
	import	25.25	34.93	31.20

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

✓ On 17 June 2021 for delivery day 18 June 2021 the 4M MC borders were coupled (coupling the day-ahead markets of the Czech Republic, Slovakia, Hungary and Romania) with the multiregional coupling (MRC) by introducing the implicit allocation of the net transmission capacity (NTC) on six new borders (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT).

Beginning with delivery day 28 October 2021 the border of the bidding areas Bulgaria and Romania was also integrated into SDAC, thus providing important stage to complete the target European model for day-ahead markets stipulated in European Regulation 1222/2015 (guidelines for capacity allocation and congestion management / CACM).

The implemented price coupling enables simultaneous determination of electricity prices and of cross-border flows in the entire region.

The efficient utilisation of the power system and of cross-border infrastructures generated by closer coordination between stakeholders on the energy market maximises social welfare to the benefit of all market participants.

- Commission Regulation (EU) 2017/2195 of 23 November 2017 that establish a guideline for the electricity system provides:

- all TSOs carrying out the automatic frequency restoration process under Part IV of Regulation (EU) 2017/1485, implement and operate the European Platform for the process of offsetting imbalances (Article 22 – European Platform for imbalance netting)
- Elaborating the Regulation on clauses and conditions for balancing service providers and the Regulation on clauses and conditions for balancing responsible parties, approved by ANRE Order 127/2021, which will become applicable beginning with 1 October 2022 (according to the provisions of article 18). The main changes introduced by such regulations are:
 - *Procuring balancing electricity by transmission system operators from balancing service providers of all EU members under European balancing platforms;*
 - *Settlement of balancing electricity quantity selected for activation and withstanding imbalances caused by deviations in BRP's settlement compared to the settlement of electricity quantities achieved and penalising the deviation, as it is now;*
 - *Separate activation by direction of balancing electricity coming from the frequency restoration reserve of automatic activation (FRRa = new term used in order to define secondary control);*
 - *Using standard balancing products under each European balancing platform, which have the same static characteristics for all balancing service providers from each EU member state;*
 - *The capacity market occurrence for frequency containment reserves (FCR = new term used in order to define primary control) and adjusting a BRP's contractual position with the electricity delivered as FCR;*
 - *Adoption criteria to apply the dual price for BRP imbalance settlement in the circumstances provided in ACER Decision 18 of 15 July 2020 on harmonising the main characteristics of imbalance settlement: very low system imbalance and balancing electricity amounts selected in SEN and exchange of primary control and unplanned SEN exchanges with interconnected system, and a criterion regarding the sum of BRP's imbalances when it is very little and the aggravating direction of BRP's imbalance cannot be determined;*

Such changes in European and national regulations lead in 2022 to procuring services in view of changing / updating the EMS-SCADA for SEN's dispatcher management and the IT platform of the Balancing Market to be able to operate according to the new market rules in the prospected coupling to the European balancing platforms.

One's technological consumption registered in the electricity transmission grid

The development of one's technological consumption ("OTC") within RET is influenced by several factors, independent from Transelectrica's activity, 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.

Table 17: OTC development

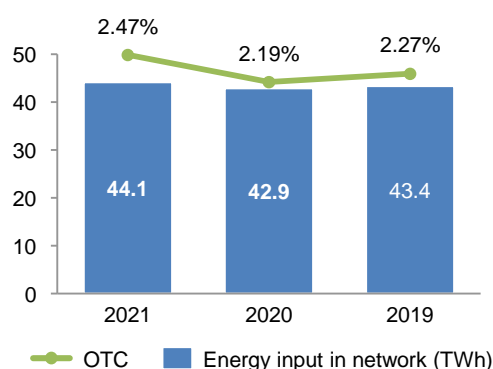
Indicator		2021	2020	2019
Electricity input in the network	GWh	44,137	42,861	43,358
Losses	GWh	1,089	937	986
OTC	%	2.47%	2.19%	2.27%

Factors determining OTC development

In 2021 OTC in absolute value (1,089 GWh) increased 16% compared to 2020 (937 GWh).

The factors that significantly influenced OTC in 2021, for instance precipitation and cross-border flows distribution, are not controlled by Transelectrica.

Figure 22: OTC development compared to electricity input into RET



Monthly development of OTC in 2021

Maximum value- January 2.94%:

In the first part of the year OTC development was influenced by the unfavourable physical import/export flows and by bad meteorological conditions, which determined growth of corona losses.

Minimum value- August 1.92%:

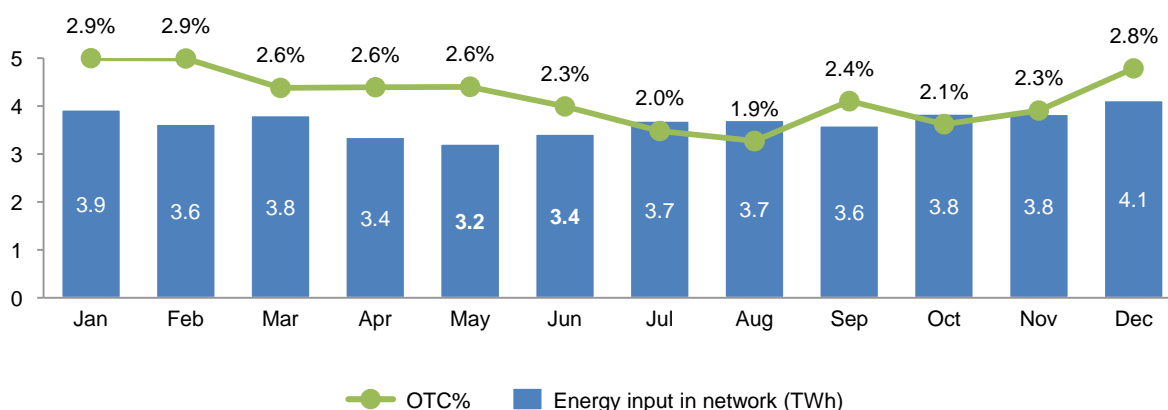
Each month compared to the electricity input into RET, the minimum OTC was achieved in August, namely 1.92% (71.2 GWh).

In 2021 load growth was mainly influenced by the gradual recovery of industrial activities, temperature values registered in January-April 2021 compared to the same period of 2020, the weather being significantly colder, and the hotter temperatures of 2021 summer.

Load also recorded decrease during pandemic waves in correlation with home working.

Overall OTC within RET in the 4th quarter of 2021 grew about 7.3% compared to the same period of 2020 following 1% increase of transmitted electricity, of much disadvantageous distribution of physical flows on interconnection lines, especially in the last two months, and worse meteorological conditions in November and December, which determined higher corona losses. Losses increased from 2.29% to 2.42% compared to the electricity introduced into the outline.

Figure 23: Monthly OTC development in 2021



Mention should be made in its capacity of System Operator (SO) the Operational Unit National Power Dispatcher (UNO-DEN) is responsible to provide the daily forecast of gross internal load, necessary in order to schedule the dispatchable generating units.

Still in UNO-DEN's responsibility is also the daily and intra-day forecast of one's technological consumption (OTC) within RET, based on which electricity is procured on the DAM and PI in order to compensate such losses. Both the gross internal load and RET losses are significantly influenced by meteorological conditions (temperature, nebulosity, precipitation amount & type, wind, sun radiation, etc.). This is why knowing these meteorological factors is necessary for a high accuracy of internal load forecasts, which

also means reduced control energy activated, and for better accuracy of loss forecasts.

At the same time in its capacity of Transmission Operator (TO) Transelectrica SA is responsible to maintain electrical equipment and keep it operational.

Equipment outage for maintenance and repairs require knowing the weather forecast of the next days, work schedules and the short-term warnings (hours) in view of coordinating work in execution.

Similarly as E-NTSOE member Transelectrica SA is obliged to provide various meteorological data, correlated with information about SEN operation in order to draw up this organisation's reports.

9. RET development

The Company's strategy for RET development includes expediting investment projects with a view 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 (CS) and Directorate members, being motivated by the very financial circuit determining financial performance in accordance with the ANRE approved tariff-setting methodology applicable to the Company, which determines provision of financing sources for operational and investment activities.

RET Development Plan, 2020 – 2029

In accordance with the competence and attributions established by the Electricity and natural gas law 123/2012 with later amendments and additions and the specific terms associated to Licence 161 for provision of electricity transmission services, system services and balancing market administration, the Company plans developing the electricity transmission network taking into account the current stage and forecasted development of load, the generation fleet and electricity exchanges and elaborates every two years a Development Plan for the following ten successive years.

The last edition of the Ten years' Development Plan was made for 2020 – 2029. ANRE approved it under Decision 2287/2020. AGA of NPG Co.Transelectrica SA approved the RET Development Plan for 2020 – 2029, main coordinates under Decision 12/2020.

The RET Development Plan represents a highly important document for Company activities, which detects and proposes development and upgrade projects for the transmission network in the following ten years.

The "RET development plan in 2020 - 2029" ("RET Plan") approved by ANRE was elaborated using analysis of prospective RET operational regimes, relying on scenarios about load development, the generation fleet and exchanges with neighbouring systems in the mid- and long run.

The main objectives in the RET Development Plan are:

- Higher interconnection capacity with other systems;

- Integrating the output of eastern & south-eastern parks;
- Integrating the output of power plans of other areas;
- Safe load supply in deficit areas at rated quality and safety parameters;
- Refurbishment and upgrade of existent substations;
- Upgrading metering, command & control systems, etc.

The generation park in the south-eastern region has known fast development. Many wind power parks were built and also photovoltaic ones, as well as many projects of power plants which actually are necessary to achieve the targets that Romania assumed in the renewable energy domain. Plans also include two more nuclear units in NPP Cenavoda.

Consequently the internal network segment providing power transmission towards the consumption centres of the country requires enhancement.

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 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's 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 Republic Moldova are also under study.

Stationary regimes 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).

Several areas have been also detected with local issues of safe load supply, where additional capacities should be installed to provide injection from 400 kV to the lower voltage networks (Iernut, Sibiu).

The need was also discovered to provide projects and increase supply safety of consumers in the Metropolitan area of Bucharest City.

Analysis made in ENTSO-E provided the need to increase the interconnection capacity on the borders to Serbia and Hungary and consequently additional long-term projects have been introduced into the development plan.



Photo: First 400 kV branch of the National Power System - the 400 kV overhead electric line, simple circuit, HPP Portile de Fier – Bucharest South

The following RET developments have been detected as main projects, while checking their adequacy, with completion terms taking into account the time intervals necessary to make the investments:

Projects included in RET Development Plan, 2020 - 2029

RET infrastructure projects by their specific nature require longer preparation and execution plans so that results can be visible after a number of years.

Experience shows that the habitual complete cycle of an investment project (beginning with the initial design stage, feasibility study, terms of reference and technical project up to project execution and commissioning) to build / refurbish an electric substation is of 5 years in the average, while building a new electric line requires 9 years.

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 load, while observing applicable technical norms.

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 the new 400 kV substation;
- Converting the 220 kV double circuit OHL Resita –Timisoara – Sacalaz – Arad to 400 kV, including construction of the 400 kV substations Timisoara and Sacalaz;

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

The following projects have been provided for the long term:

- Equipping circuit 2 of the 400 kV OHL Nadab-Bekescsaba;
- The 400 kV OHL Portile de Fier - Djerdap circuit 2 - resulting from long term analyses of ENTSO-E: the opportunity will be reanalysed depending on renewables integration;
- The RO-HU interconnection (new 400 kV OHL Oradea-Jozsa, new 400/220 kV AT Rosiori, new 400/220 kV AT Resita, replacing the conductors of the 220 kV axis Urechesi-Tg. Jiu Nord-Paroseni-Baru Mare-Hasdat) - resulting from long term analyses of ENTSO-E: the opportunity will be reanalysed depending on renewables integration;

Integrating the output of eastern & south-eastern parks

The Project of Common Interest (PCI) “Bulgaria–Romania Group, capacity increase”, known also as the “Black Sea corridor”, which includes the following projects of common interest:

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

This project enables integrating the output of south-eastern power parks and contributes to increasing the interconnection capacity on the border with Bulgaria.

In January 2018 NPG Co.Transelectrica SA obtained European funds under CEF mechanism (Connecting Europe Facility) for the project of common interest of the 400 kV double circuit OHL Cernavoda – Gura Ialomitei – Stalpu.

In October 2019 NPG Co.Transelectrica SA obtained European funds for the project of common interest of the 400 kV double circuit OHL (1 c.e.) Smardan-Gutinas under the Operational Programme Large Infrastructure, Priority Axis 8 - “Smart sustainable systems of electricity transmission and natural gas transport”, Specific objective 8.1 “ Increasing the capacity of the National Power System to take over the electricity generated from renewable sources”.

Other projects meant to increase the discharge capacity of eastern and south-eastern areas:

- Input / output connection of the 400 kV OHL Stupina – Varna and the 400 kV OHL Rahman – Dobrogea in the 400 kV substation Medgidia Sud;
- Replacing the conductors of the 220 kV OHL Stejaru – Gheorghieni – Fantanele;
- Converting the 220 kV OHL Brazi Vest - Teleajen-Stalpu to 400 kV (built for 400 kV), including construction of the 400 kV substation Stalpu and Teleajen;
- The 400 kV double circuit OHL Medgidia Sud – Constanta Nord;
- Converting the 400 kV OHL Isaccea – Tulcea Vest from simple to double circuit;
- The 400 kV simple circuit OHL Gadalin – Suceava;
- The 400 kV OHL Stalpu – Brasov;
- Increasing the transmission capacity of the 8 km segment of smaller cross-section of the 400 kV OHL Bucharest South - Pelicanu;
- Upgrading the transmission capacity of the 53 km segment of smaller cross-section of the 400 kV OHL Cernavoda – Pelicanu;

SEN integration of power generated in other power plants

- To provide safe discharge of output from Portile de Fier II an agreement was reached with Co. Hidroelectrica SA to discharge at 220 kV, by building the 220 kV substation Ostrovul Mare and the 220 kV double circuit OHL joint of Ostrovul Mare in the 220 kV OHL Portile de Fier - Cetate;
- Plans provide replacing the 400/400/160 MVA 400/231/22 kV AT3 from the 400/220 kV substation Portile de Fier by a 500 MVA AT;
- For the safe discharge of power from the HPP in Arges-Valcea plans are to build the 400 kV substation Arefu with a 400/220 kV 400 MVA AT and input/output integrate it to the 400 kV OHL Tantareni -Sibiu Sud;

Safe load supply in deficit areas

- Installing the second 400/110 kV transformer in substation Sibiu Sud in order to reserve the only RET injection into Sibiu area;
- Installing the second 400/220 kV, 400 MVA AT in substation Iernut to supply the consumption in N-V Romania in the absence of enough installed capacity in the power plants of that area;
- Installing a new 220/110 kV 400 MVA autotransformer in the 220/110 kV substation Fundeni;
- Installing a new 400/110 kV 250 MVA transformer in the 400/220/110 kV substation Bucharest South;
- The 400/110 kV substation Grozavesti connected by 400 kV LES to the 400 kV substations Bucharest Sud & Domnesti and two 100 MVar shunt reactors installed at 400 kV in the 400 kV substation Grozavesti;
- The 400/110 kV substation connected by the new 400 kV OHL Fundeni-Brazi Vest and input-output in the 400 kV OHL Bucharest South-Gura Ialomitei by the 400 kV double circuit OHL and installing a 100 MVar shunt reactor in the new 400 kV substation;
- Replacing the conductors of the 220 kV axis Urechesti-Tg. Jiu Nord-Paroseni- Baru Mare-Hasdat (necessary also to increase the interconnection capacity);

Interconnection with the system of Republic Moldova

The RET Development Plan in 2020-2029 includes building the 400 kV OHL Suceava-Balti for interconnection with the system of Republic Moldova.

The general cooperation framework in the electricity domain between Romania and Republic Moldova is regulated by the Memorandum of Understanding the Governments of these countries had signed in 2015.

In 2016 a Collaboration Agreement was signed between NPG Co. Transelectrica SA and IS Moldelectrica to carry out interconnection projects by means of back-to-back substations, also mentioned in the Memorandum of Understanding:

- The 400 kV OHL Isaccea (RO) – Vulcanesti (RM) (existent line), new 400 kV double circuit OHL Vulcanesti- Chisinau, back-to-back substation in Vulcanesti;
- The 400 kV simple circuit OHL Suceava (RO) – Balti (RM) and back-to-back substation in Balti;

- The 400 kV simple circuit OHL Iasi (RO) – Ungheni – Strasen (RM) and back-to-back substation in Strasen;

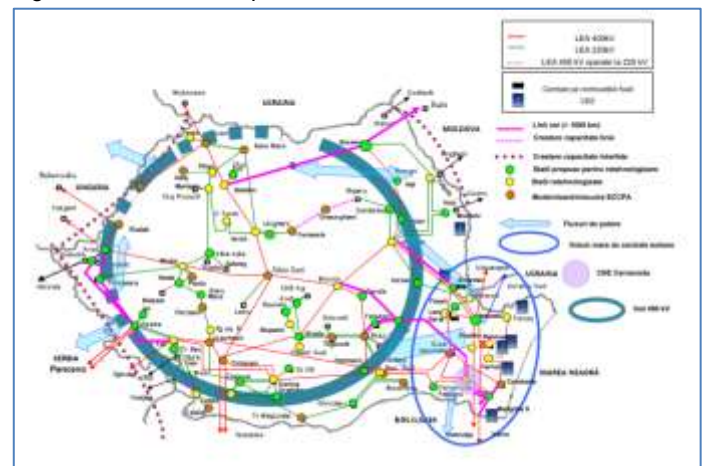
The back to back substation of Vulcanesti will be built until 2024 according to Moldelectrica's statements. Transelectrica and Moldelectrica cooperate to coordinate the necessary work with a view to enable operation of the existent 400 kV line Isaccea (RO) – Vulcanesti (RM) while building the back-to-back substation.

The 400 kV OHL Suceava-Balti could be achieved after the synchronous interconnection of power systems from Ukraine and the Republic Moldova with the European continental system.

Refurbishment and upgrade of existent substations

A significant number of existent substations are / will be included in a sustained refurbishment and upgrade programme for installations and equipment:

Figure 24: RET development needs, 2020-2029



The following projects are also included for a longer time horizon:

- Refurbishing the 110 kV substation Sacalaz (in correlation with the work to the wester axis);
- Refurbishing the 220/110 kV/MV substation Alba Iulia;
- Refurbishing the 220/110 kV substation Fantanele;

The upgrade / replacement of the command control protection systems is provided in the following electric substations: 220/110 kV Ghizdaru, Gradiste 220/110kV, Draganesti Olt 220/110 kV, Targoviste 220/110/20 kV, 220/110/10 kV Fundeni, 220/110/20 kV Bucharest South, 400 kV Gadalin, Sibiu Sud 400/110/20 kV, 400 kV Cernavoda, 400/220/110 kV Mintia, 400 kV Calea Aradului, 220/110 kV Pestis,

220/110 kV Paroseni, 400 kV Tantareni, 400/110/20 kV Oradea Sud, 400/220kV Rosiori, 220/110/20 kV Salaj, 220/110 kV Baia Mare 3, 220/110 kV Cluj Floresti.

It is also planned to install two up-to-date means to compensate reactive power in the 400/220/110/20 kV

substation Sibiu Sud and the 400/220/110/20 kV substation Bradu.

A 100 MVar shunt reactor is provided to be procured for the 400 kV substation Portile de Fier.

9.1. Investments

Investments in 2021

Table 18: Amount of investments made in 2021

No.	Expense categories	Planned* (thou RON)	Achieved (thou RON)
	Total general (A+B)	557,854	499,378
A	Company expenses	531,546	479,510
I	Further investments	479,749	438,520
II	New investments	18,706	14,224
III	Other investment expenses	33,091	26,766
B	Investments financed from connection fee	26,307	19,869

* PAI 2021 revision A11

Thus, on 31 December 2021 the achievement of the investment plan was 89.5% for total general and 90.2% in the Company expense entry.

In comparison with the 2020 achievements, total investment expenses made in 2021 grew 38%.

The investment expenses of 2021 are detailed by the main plan chapters in correlation with the main Development Plan chapters:

Company own investments: RON 480 mn

The amount of further investments is RON 438.5 mn and it represents 91% of the Company's investment expenses.

Investments financed from the connection fee

Investment expenses financed from the connection / location freeing fee increased from RON 0.05 mn (initial amount as per PAI acc. to HAGOA 2/29.04.2021) to RON 26.3 mn because of work execution requests to relocate networks or connect generators to the grid.

The 2021 investment plan was reviewed 11 times as a result of requests to introduce / remove certain investment objectives, to increase / diminish certain expenses following the execution rate of investment projects.

Difficulties met during project execution

In general difficulties were noticed when carrying out the projects as follows:

- Reduced number of companies participating to auctions for work contracts;
- Reduced number of design companies on the specific market;
- Higher prices of materials and outfits;
- Late issuance of norms necessary for investment objectives;

In the epidemiologic context generated by Covid-19 (coronavirus) spreading, a great part of general contractors under work contracts transmitted notifications about work pace deceleration or work cessation. Consequently addendums were concluded to extend the execution term.

Nevertheless, the valuable achievements of the studied interval (January-December 2021) showed this epidemiologic crisis had no negative influence on the 2021 Annual Investment Plan.

Short description of main projects initiated in 2021

Upgrading the 220 / 110 / 20 kV substation Arefu

Project purpose:

To extend the electric power system and apply the Company's tele-management strategy for electric substations, taking into account the physical wear and obsolescence of substation installations. The 220/110/20 kV substation Arefu should be upgraded using state-of-the-art technologies.

Project description

The upgrade project for Arefu substation takes into account work execution to primary and secondary circuits in the 220 kV, 110 kV and 20 kV substations.

Primary equipment above 30 years is replaced with new performing one using present-day technologies. Secondary circuits will be entirely upgraded by installing an advanced command-control-protection system designed according to the latest world requirements, also providing high reliability.

Refurbishing the 220/110 kV substation Filesti

Project purpose

To increase the operational power system safety and apply the Company's tele-management strategy for electric substations, taking into account the physical

wear and obsolescence of substation installations. The 220/110 kV substation Filesti should be refurbished using new primary equipment, encapsulated into gas insulation (sulphur hexafluoride) - indoor GIS according to present-day technologies and making secondary circuits for a connection diagram with double bus-bars.

Project description

The main refurbishment solutions for the 220/110 kV substation Filesti refer to:

- Installing advanced primary and secondary equipment with high performance/procurement cost - operation - maintenance ratio and proper reliability indicators according to high operational safety;
- Replacing the existent 220/110 kV 200 MVA AT with a new one;
- Implementing a performing unitary digital integrated redundant command-control-protection system, remotely configurable;
- Providing remote control of new installations from UNO-DEC/DET/CT (Remote control centre);
- Providing (settlement & local) metering systems and electricity quality monitoring;

Refurbishing the 400/110 kV transformer substation Pelicanu

Project purpose

To increase the operational power system safety and apply the Company's tele-management strategy for electric substations, taking into account the physical wear and obsolescence of substation installations. The 400/110 kV transformer substation Pelicanu should be refurbished using new primary equipment in AISPS - GIS variant, whereby the 400 kV substation will be constructed in AIS (air insulated) technology, and the 110 kV substation in indoor GIS (gas insulated), including application of an integrated command control system.

Project description

The following work is provided in order to refurbish substation Pelicanu under AISPS - GIS:

- Primary circuits: - installing advanced primary equipment using AIS technology in the 400 kV and GIS for the 110 kV substation; equipment of high performance/procurement cost - operation - maintenance ratio and proper reliability indicators according to high operational safety;
- Secondary circuits: - implementing a performing unitary digital integrated redundant command-control-protection system, remotely configurable;

- Telecommunications and tele-protection transmissions: - providing remote control of new installations from UNO-DEC/DET/CT (Remote control Centre);
- Auxiliary services;
- Constructions and architecture;
- Installations for constructions;

The 400 kV double circuit OHL Gutinas - Smardan

Project purpose:

The "400 kV double circuit OHL Gutinas – Smardan" project is part of the Electricity Transmission Grid (RET) development, necessary in order to increase generation capacities in south-eastern Romania. This project provides building a new 400 kV double circuit OHL between substations Gutinas and Smardan, while equipping just one circuit.

Thus, limiting the discharge of electricity generated by Wind Power Parks of Dobrogea region is prevented, as well as RET congestions. The extension of substation Gutinas and substation Smardan is also required by means of two line bays.

Project description:

The 400 kV double circuit OHL Gutinas – Smardan will have two distinct segments: an underground (cable) 400 kV electric line segment between the 400 kV substation Gutinas and terminal tower 1, about 2.5 km long and a 400 kV OHL section between the terminal tower 1 and the substation bay Smardan, about 140 km long. It will cross 3 counties: Galati, Vrancea, and Bacau.

The OHL will be equipped with 3 ALOLS 300/69 trapesoidal conductors per phase composite / glass insulator chains and double circuit DONAU towers.

Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni-Fantanele

Project purpose:

The 220 kV OHL Stejaru-Gheorgheni-Fantanele is an important electric connection towards Moldova, via the 220/110 kV transformer substation Gheorgheni.

The project aims at replacing the existent active conductor with one providing 50% higher transmission capacity, namely increasing the line transmission capacity from 300 MVA to 450 MVA in order to remove overloads.

Project description:

Work execution is provided in order to:

- Consolidate towers (as resulting from the check-up of existing towers) and installing a new tower to provide functionality;

- Consolidate the foundations of SP supports of Stejaru and Fantanele bays of the 220 kV substation Gheorgheni;
- Replacing clamps and fittings;
- Replacing the existent active conductor with one providing 50% higher transmission capacity along the entire line, including the end section (substation entries);

Table 19: Main projects which contracts were concluded for and were begun in 2021

No.	Objective	Contract	Value mill RON
1	Upgrading the 220 / 110 / 20 kV substation Arefu (<i>work completion after End agreement C964/27.11.2019 of contract C 216 /15.11.2016 with SMART SA contractor</i>);	C 25/04.02.2021	38.6
2	Consolidating servers and data storage network (private cloud)	C 21/29.01.2021	4.7
3	Refurbishing the 220/110 kV substation Filesti	C 45/23.02.2021	37.5
4	Upgrading the electricity supply of UNO-DEN offices	C 47/25.02.2021	8.8
5	Procurement and installation of 21 monitoring systems for transformer units of Company's substations	C 67/17.03.2021	10.7
6	Refurbishing the 400/110 kV transformer substation Pelicanu	C 5/19.05.2021	96.4
7	The 400 kV double circuit OHL Gutinas - Smardan	C 156/24.06.2021	247.8
8	Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni-Fantanele	C 254/23.08.2021	43.1
9	The 220 kV double circuit OHL Ostrovu Mare – RET - <i>stage II - Instalating OPGW protection conductor on the existent 220 kV OHL Portile de Fier I – Cetate circuits 1+2</i>	C 256/24.08.2021	3.7

2022 investment plan and estimations for 2023 - 2024

The main investment objectives included in PAI for 2022 and found under execution include:

- 19 investment projects - *RET refurbishment*,
- 1 investment project - *Safe supply of consumers*,
- 2 investment projects - *Integrating the output from Dobrogea and Moldova*,
- 1 investment project - *Integrating the output of other areas*,

- 8 investment projects - *Increasing the interconnection capacity*;

The Company has wide investment plan directed to upgrading and refurbishing the Electricity Transmission Grid, completing Romania's 400 kV ring and increasing interconnection capacities with neighbouring countries, both to provide operational security of the National Power System and to facilitate electricity exports.

Investment projects benefitting of finance from European funds are the following:

Finance programme	Project name	Cofinancing rate	Financing status	Financing amount Euro
CEF (Mechanism for Europe Interconnection)	The 400 kV double circuit OHL Cernavoda-Stalpu and Gura Ialomitei joint	50%	INEA / CEF / ENER / M2017 / 1509097 finance contract	27.085.000
POIM (Operational Programme Large Infrastructure)	The 400 kV double circuit OHL Gutinas -Smardan	60%	276 / 03.10.2019 finance contract	33.439.928
Modernisation Fund	The 400 kV double circuit OHL Medgidia Sud - Constanta Nord	100%	IEB approved finance under MF 2021 - 2 RO 0-009	22.992.330

At the same time in 2021 the Company enlisted in the Register of Essential Service Operators, which regulates common high security of IT networks and systems, approach transposed nation-wide by Directive (EU) 2016/1148 (NIS legislation). The Company's 2022 Investment Plan and investment expenses estimated for 2023 and 2024

(PAI 2022) were elaborated using the following issues:

- Investment priorities established in RET Development Plan, 2020 – 2029;
- Execution graphs of investments under execution;

In 2022 intentions are to procure an extension of Transelectrica's private cloud, meant to cover the

need for physical infrastructure (physical environment) and associated software (virtual environment) for new procurements or software platforms to be procured, which should be compatible in coherent mode with the existing system, independent of software applications or platforms already found in the infrastructure.

Non-current assets recorded in account books

In 2021 the value of non-current assets recorded in accounting amounted to RON 256.2 mn (RON 176.5 mn in the same period of 2020), RON 80 mn growth.

The balance of tangible assets under execution on 31 December 2021 amounted to RON 885.4 mn and is represented by projects underway, of which the most significant are provided below:

- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Gura Ialomitei – RON 294.59 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – RON 92.68 mn;
- Connecting the 400 kV OHL Isaccea - Varna and the Isaccea - Dobrogea OHL in the 400 kV substation Medgidia Sud – RON 56.71mn;
- Refurbishing the 220/110 kV substation Hasdat – RON 53.02 mn;
- Connecting to RET the 300 MW WPP Ivesti, the 88 MW WPP Falciu 1 and the 18 MW WPP Falciu 2 through the new (400)/220/110 kV substation Banca – RON 46.88 mn;
- Upgrading the 400 (220)/110/20 kV substation Munteni – RON 31.66 mn;
- Upgrading the 220/110/20 kV substation Raureni – RON 25.49 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 18.63 mn;
- Upgrading the 220/110/20 kV substation Arefu – RON 16.21 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 16.12 mn;
- 110 kV, 220 kV and 400 kV mobile bays – RON 14.30 mn;
- Refurbishing the 110 kV substation Medgidia Sud – RON 13.74 mn;
- Installing the 400 MVA, 400/231/22 kV AT2 and associated bays in substation Iernut and upgrading the command-control system of the 400/220/110/6 kV substation Iernut – RON 13.55 mn;
- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV OHL Cernavoda 2 & 3 – RON 12.81 mn;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connection of new lines – RON 12.17mn;
- Upgrading the 110 kV and 400 (220 kV) installations of substation Focsani Vest – RON 11.93 mn;

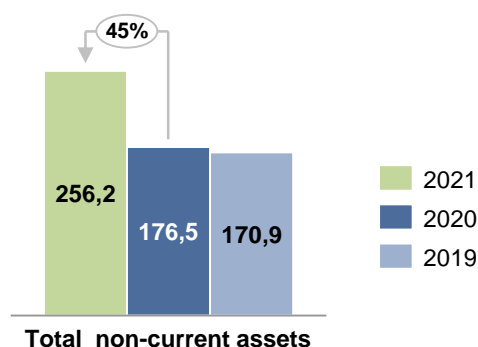
In 2021 the procurements of tangible and intangible assets amounted to RON 494.6 mn, a higher sum compared to the same period of 2020 when procurements amounted to RON 375.5 mn.

Growth was registered in 2021 in the value of tangible assets underway, mainly represented by investments into high voltage substations and lines, as follows:

- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Gura Ialomitei – RON 182.53 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – RON 31.02 mn;
- Refurbishing the 400/110/20 kV substation Domnesti – RON 23.16 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 22.82 mn;
- Upgrading the 400 (220)/110/20 kV substation Munteni – RON 21.03 mn;
- Refurbishing the 220/110 kV substation Craiova Nord – RON 20.33 mn;
- Refurbishing the 400/110/20 kV substation Smardan – RON 14.74 mn;
- Connecting the 400 kV OHL Isaccea - Varna and the Isaccea - Dobrogea OHL in the 400 kV substation Medgidia Sud, stage I - Extending the 400 kV substation Medgidia Sud – RON 14.67 mn;
- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV OHL Cernavoda 2 & 3 – RON 12.67 mn;
- Refurbishing the 220/110 kV substation Hasdat – RON 11.98 mn;
- Replacing the 400/400/160 MVA 400/231/22 kV AT 3 ATUS-SF of the 400/220 kV substation Portile de Fier – RON 11.05 mn;
- Installing the 250 MVA T3 in the 400/110 kV substation Sibiu Sud – RON 10.98 mn;
- Upgrading the 110 kV substations Bacau Sud and Roman Nord of the 400 kV axis Moldova – RON 10.82 mn;

- Refurbishing the 110 kV substation Medgidia Sud – RON 10.24 mn;
- Upgrading the 220/110/20 kV substation Raureni – RON 10.23 mn;
- Replacing autotransformers (AT) and transformers (T) in electric substations, stage 2, step 2, Lot 1 - Lot 2 – RON 10.12 mn;

Figure 25: The value of fixed assets entered in accounting (excluding VAT, RON mn)



In 2021 the greatest transfers from tangible assets in progress to tangible assets, amounting to RON 254.28 mn, are mainly represented by commissioning investments, of which the most significant are provided below:

- Refurbishing the 400/110/20 kV substation Domnesti – RON 63.52 mn;
- Refurbishing the 220/110 kV substation Craiova Nord – RON 20.16 mn;
- Upgrading the 110 kV substations Bacau Sud and Roman Nord of the 400 kV axis Moldova – RON 17.80 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 16.57 mn;
- Installing the 250 MVA T3 in the 400/110 kV substation Sibiu Sud – RON 14.94 mn;
- Extending the business continuity and post-disaster recovery services – RON 14 mn;
- Replacing the 400/400/160 MVA 400/231/22 kV AT3 ATUS-SF of the 400/220 kV substation Portile de Fier – RON 13.74mn;
- Replacing AT and T in electric substations, stage 2, step 2, Lot 1 - Lot 2 – RON 12.24 mn;
- 400 kV mobile bays to connect shunt reactors in the 400 kV substations Bradu & Sibiu Sud - RON 12.01 mn;

Table 20: Procurement of tangible and intangible assets

RON mn	2020	2019	2018
Procurements of tangible and intangible assets	375	242	171

Financial investments of the Company

Europe-wide the energy sector undergoes change with emphasis placed on the transition from the mainly national development model for the energy sector to an integrated development model coordinated at European level, which shall provide uniform development continent-wide but will also enable tailoring national specificities and targeting the legitimate interests of European states.

In this context the Company is affiliated to the following entities:

- **TSCNET**
- **JAO**
- **SEE RSC**

TSCNET (TSCNET Services GmbH)

It has been established with a view to serve the Transmission System Operators (TSO) in the eastern-central-western region of Europe (CORE region) for the coordinated implementation of European network codes. The Centre, being a Regional Security Centre- RSC, operates according to the provisions of Regulation (EU) 1485/2017 establishing a guideline on electricity system operation (SO GL - System Operation Guideline), articles 76 and 77.

Affiliation is achieved by participating to the shareholders of TSCNET by means of share purchase transaction within the company.

AGEA Decision 9 of 05 June 2018 approved the Company's affiliation to the Security Coordination Centre in CORE region, TSCNET by participating to its share capital with a 470,500 Euro contribution (1 share – 2,500 EUR). Thus, Transelectrica is one of the 15 shareholders of TSCNET Services GmbH., holding 6.67% participation of the share capital.

Out of the 15 shareholders 14 are affiliated TSO that are also centre members (and beneficiaries of its services), and the 15th shareholder is TSCNET Services GmbH itself.

The main services provided by TSCNET are:

- Elaborating the European common grid model for the capacity calculation region CORE and the operation region CENTRAL;
- Coordinated calculation of cross-border exchange capacities of CORE region;
- Coordinated calculation of operational security by applying the CSA - Coordinated Security Assessment methodology;
- Assessing the short-term adequacy of CORE region and of CENTRAL operation region;

- Coordinated operational planning of outages within CORE and CENTRAL;

Complex IT platforms (applications) were developed by the centre to carry out such services, of which the most important is platform AMICA, currently used.

Next years a complex transition is provided for centre transformation from RSC to Regional Coordination Centre (RCC), according to the obligations from Regulation (EU) 943/2019 on the internal market in electricity.

Such change involves considerable increase in the number of services (activities) the centre will perform (at least 13) and exponential development of operational collaboration and coordination with Europe's other regional coordination centres (CORESO, SELENE-CC, NORDIC, and BALTIC).

JAO (Joint Allocation Office)

Beginning with 2019 auctions allocating long term capacities are performed in coordinated manner by JAO, which was designated Operator of the Single Allocation Platform (SAP).

Transelectrica was invited by JAO to become member in its shareholder structure.

Decision 10 of AGEA / 20 August 2018 approved the Company's affiliation to the shareholders of Joint Allocation Office (JAO) by cash subscription amounting to 259,325 Euro, being allocated 50 shares.

Participating to JAO's shareholders Transelectrica joined the large family of European TSO-s that established common governance structures, thus representing Company interests and those of the Romanian power system in pan-European organisations in direct immediate mode.

JAO's shareholder structure comprises 22 TSO-s.

Besides the main long-term allocation of cross-border capacities JAO also developed other activities / instruments derived from European regulations, such as: short-term allocation of cross-border capacities; shadow allocation of capacity for coupled markets; settlement for the coupled market; documents archive and project management.

Extending thus its activity portfolio JAO provided opportunity because TSO-s can jointly benefit of IT instruments and JAO's knowledge, therefore individual TSO do no longer need developing instruments and resources for such activities; development & operation cost reductions are also provided as associated to such activities/instruments.

SEE RSC (South-Eastern Europe Regional Security Coordination Centre)

In accordance with the provisions of European legislation for electricity (EU Regulations 2017/1485, 2015/1222 and ACER decisions defining Europe's coordinated calculation regions of inter-zonal exchange capacities), in south-eastern Europe a regional centre was established to coordinate operational security for the operation of electric power systems.

By means of the Romanian - Bulgarian frontier Romania belongs to the coordinated calculation region for cross-border transfer capacities South-East Europe (SEE). In terms of such regional operational security coordination services this region will be served by the newly-established independent entity that will operate as regional centre coordinating operational security (further called SEE RSC).

The Company's affiliation to the shareholders of SEE RSC became effective as of 22.05.2020 according to its own statutory provisions (articles of association, HAGEA 6/2020 and HD 107/2020), with cash subscription amounting to 50,000 Euro, being allocated 50,000 shares.

Together with the transmission system operators (TSO) for electricity of Bulgaria, Greece and Italy, Transelectrica holds 1/4 of capital and voting rights, as voting rights distribution is equal for all associated shareholders, entity-wide.

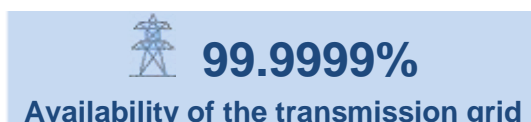
Operationalising the regional centre means stages performed at several tiers, starting from the functional capacity, in juridical terms, to establish an independent entity with own legal personality and shareholders consisting of TSO-s of the served region (stage completed according to the presentation above) and passing to the functional capacity in functional terms to draw human resources and develop an IT instrument for centre operation to execute the functions entrusted by the specific European legislation (stage partially completed, in progress) and to establish the formal contractual framework based on which service will be provided and settled.

On 25 February 2022 the Shareholders' General Extraordinary Assembly approved the Company's exit from the shareholders of the regional centre coordinating operational security of electric power systems from south-eastern Europe, Selene CC, to fully recover the capital which the Company invested to date in this company (50,000 Euro).

9.2. Quality of transmission and system services provided

In accordance with the Performance Standard for electricity transmission and system services, approved by ANRE Order 12/2016, performance indicators which are representative for RET

management and operation and for transmission service continuity are as follows:



- Transmitted electricity (GWh) and coefficient of electricity losses in the transmission grid, values provided in the section about OTC (Operational data);
- Average unavailability of installations, determined by planned or unplanned (accidental) events compared to km for lines (INDLIN) or MVA for transformers & autotransformers (INDTRA);

Table 21: Indicators for RET management / operation

Indicator	2021	2020	2019
INDLIN (h / year)			
Total	205.60	112.50	136.20
· Unplanned (accidental)	6.04	4.24	7.19
· Planned	199.56	108.26	129.01
INDTRA (h / year)			
Total	179.21	230.85	236.44
· Unplanned (accidental)	4.99	1.76	27.56
· Planned	174.22	229.09	208.88

In 2021 total average time unavailability of OHL – INDLIN of 205.6 h/interval was registered, 82.76% higher than what has been recorded in 2020 (112.5 h/interval).

The category development of average time unavailability of installations in 2021 compared to 2020 is of:

- ✓ ▲ 42.5% – unplanned
- ✓ ▲ 84.3% – planned

Among the causes leading to higher unavailability (both planned and unplanned) in 2021 against 2020 mention can be made of: higher number of incidents to OHL, bad weather, vegetation grown in the safety corridor, but also human actions followed by OHL towers falling (e.g. clamp 174 of the 400 kV OHL Rahman-Dobrogea).

In 2021 total average time unavailability of transformers- INDTRA of 179.2 h/interval was registered, 22.37% lower than what was recorded in 2020 (230.85 h/interval).

The category development of average time unavailability of transformers in 2021 against 2020 is of:

- ✓ ▲ 183.8% – unplanned
- ✓ ▼ 23.9% – planned

Although the unplanned unavailability of transformers grew in 2021, a reduction is noticed in the total transformer unavailability – INDTRA.

- Energy not supplied to consumers, ENS because of outages and the average interruption time, AIT is the time equivalent, in minutes, when electricity supply was interrupted.

Table 22: Indicators of transmission service continuity

Indicator	2021	2020	2019
ENS after incidents occurred in RET [MWh]	109.76	287.98	91.79
ENC after incidents occurred in RET [MWh]	90.50	0.00	6.53
AIT-ENS (min/year)	1.01	2.84	0.90
AIT-ENC (min/year)	0.84	0	0.06

In 2021 TMI (AIT-ENS) was of 1.01 min/year, lower than the 2020 AIT which was 2.837 min/year. It was owed to reduced electricity quantity not supplied to consumers (ENS).

In 2021 the electricity quantity not supplied (ENS) was of 109.76 MWh, 62% smaller than the quantity not supplied in 2020 which was of 287.98 MWh.

The Company measures to improve ENS and AIT, as per RET Development in 2020-2029 are:

- Reanalysing the technical design terms and installation sizes taking into account meteorological-climatic changes;

Analysis of the structural capability of RET's overhead lines by means of up-to-date computation means in order to improve SEN operation under safe steady-state conditions.

Check-ups include analysis by computation programmes aligned to the latest design concepts. Thus, the computation software enables 3-D modelling of the entire OHL structure, including land topology issues and provides the whole range of functions required to verify and analyse an overhead electric line such as:

- ✓ Structural analysis of all line elements (towers, insulator chains, conductors);

- ✓ Simulating the overhead line behaviour under various scenarios (special meteorological conditions, mechanical or electric overloads, etc.);
- ✓ Calculations of electric and magnetic fields;
- ✓ Calculations regarding the OHL's transmission capacity;
- Replacing worn-out equipment with performing one under the maintenance and investment programme;
- ✓ Establishing preventive measures necessary to increase operational security;
- ✓ Upgrading and adapting existent overhead lines to new (meteorologic, load) conditions.

9.3. Maintenance

RET maintenance activities are compliant with the *Maintenance Assurance Programme* (PAM) developed pursuant to the Regulation on the management and organisation of maintenance activities approved by Order 96/2017, with later amendments and additions, of the National Regulatory Authority for Energy (ANRE) (cancelling Order 35/2002) approving the *Regulation on preventive maintenance to RET installations and equipment* - Technical internal norm of Transelectrica with the symbol NTI-TEL-R001-2007 and the RET *Annual maintenance programmes* (PM RET).

PAM 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 RET assets. PAM comprises and maintains the entire documentation regarding maintenance activities while providing the framework to elaborate, review and update the documents pertaining to maintenance, according to needs - *all documentation regarding maintenance activities*.

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

- Maintaining a proper operational safety level of RET installations;
- Maintaining the intrinsic reliability levels of functional assemblies and component equipment;

- Increasing installations' availability;
- Optimising total costs during utilisation periods;

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

Annual maintenance programmes PM RET are grounded on the *Preventive Maintenance Regulation for RET installations and equipment* and includes all maintenance activity principles into maintenance work and services, while also providing all necessary financial resources.

Categories, levels and maintenance types practiced by Transelectrica; selection modes of maintenance

Categories of maintenance

In Transelectrica maintenance services/work are / is carried out to electric installations:

- Preventive-profilactic, to prevent defects, namely to reduce the likelihood of failure or degradation;
- Corrective, which comes after detecting the defect and includes all activities meant to recover the installations in the conditions enabling them to run in accordance with specified functions, while also targeting optimisation of objectives proposed for RET:
- Operational security,
- Availability,
- Efficiency

And compliance with the provisions of the Performance Standard.

Levels and types of maintenance activities

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

Levels 1 and 2 represent services/works falling under 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 operation should prevent an accidental unavailability.

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

- Level 1 – supervision, periodical control, monitoring, functional tests;
- Level 2 – technical reviews – RT;
- Level 3 – current repairs – RC;
- Level 4 – capital repairs – RK;

A particular type of maintenance is *rehabilitation*, defined according to ANRE Order 96/2017 as an assembly of *complex maintenance* works which, without changing the initial technology, re-establishes the technical efficient condition of installations to a level close to the beginning of their lifecycle. Rehabilitations within RET are taken into account for electric substations by means of equipment replacement, as well as 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, revisions after accidental events – technical defects and incidents) as well as major maintenance (equipment repairs and replacements following accidental events such as incidents that seriously damaged the equipment).

Corrective maintenance activities (accidental services / work) are implemented to all installations as an emergency in accordance with the contract assumed obligations of the operator / provider of maintenance works / services.

A combination of such methods will be utilised within RET, namely:

- Services/works of levels 1 and 2 constitute minor preventive maintenance (mPM) and, depending on such category, voltage and technical characteristics (technology) of functional assemblies and their components, the maintenance will be time-centred scheduled - by planning it at pre-determined time intervals relying on operational experience, while also taking into account their importance within the RET, 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;

Condition centred preventive maintenance 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 minor maintenance.

Annual maintenance programmes 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 2021 RET maintenance expenses amounted to RON 96.53 mn, sum including major & minor maintenance and other maintenance expenses.

Table 23: Types of RET maintenance (RON mn)

Maintenance	Budget 2021	Achieved 2021
Minor maintenance	30.1	29.9
Minor corrective (including equipment/materials)	44.0	41.7
Major preventive	27.8	24.9
Total	102.0	96.6

2022 maintenance plan and estimations for 2023-2024

RET Maintenance Plan of 2022 comprises the management of operational activities for electric installations and the maintenance of non-current tangible assets like electric installations and

technological buildings (except for the IT and telecommunication assets, remote metering systems and the integrated security systems) which make up the electricity transmission network (RET), while also minimising costs, providing 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 to electric substations and power transformers;
- Services / works to overhead lines, technical buildings and other power installations;
- Services / works specific for the maintenance of electricity metering equipment (achieving or remedying supply circuits, repairs to metering equipment and monitoring the electricity quality, etc).

The main concern when performing RET maintenance programmes has been and permanently is SEN's operational security by means of:

- Updating the policy, strategy and maintenance regulation of NPG Co. Transelectrica SA, their harmonisation with norms, especially those issued by ANRE;
- Providing preventive and corrective maintenance: (i) minor maintenance under the contract concluded with Subsidiary SMART; (ii) major maintenance by projects (high power transformer units, OHLs, substations and technical 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 a framework agreement regarding delivery of the primary medium and high voltage equipment;
- Optimising the costs of OHL maintenance by making multi-spectral inspections (in visible, infrared and ultraviolet spectre) and providing replacement of non-conformities;

As regards the use of IT applications/databases in operational and maintenance activities, two action lines have been initiated:

- **Establishing the architecture of the single database (BDU)**, containing data taken from existent applications (ARES, InfoLEA,

infoSTATII) which will constitute a source of information for all existing applications or to be developed;

- **Detailing requirements for maintenance in view of establishing an application;**

For the time being the BDU architecture was established and data are loaded for each electric substation, which will continue with data check-up in DEMD RET;

The **maintenance application** was initiated, providing now the following functionalities (some complete and others- partial):

- List of assets: asset data (SISC) and non-conformities registered with them;
- Planning minor maintenance;
- Providing minor maintenance (partial/limited functionalities);
- Data-support visualisation: tariffs, contracts, etc. (partial/limited functionalities);
- Finding the latest updates recorded in the application (in the context of options implemented);

In 2023 and 2024 the values of RET maintenance programmes took into account continuing major maintenance operations, especially to OHL, which are underway and the Preventive Maintenance Regulation for RET installations and equipment, as well as requests from Territorial Transmission Units.

Perspectives are to render RET maintenance efficient by means of:

- Expediting preventive maintenance in order to reduce corrective operations;
- Furthering the multispectral inspection of OHLs;
- Using non-invasive methods to ascertain the condition of electric installations;
- Carrying on the sectorial contract to provide medium and high voltage primary equipment and placing it to the Company's disposal for installation.

10. European projects, platforms, affiliations

10.1. European projects

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

Some of these projects are briefly provided below:

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

The challenges Europe is faced with in the energy sector include aspects such as: higher dependency on imports, limited diversification, high level and volatility of energy prices, increased electricity 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 resulting from the ever growing share of renewable energy as well as the need for higher transparency, better integration and interconnection on energy markets.

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

- Security of supply
- Competitiveness
- Sustainability

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

Establishing a pan-European fully operational electricity market is crucial for the achievement of objectives such as maintaining the security of electricity supply, increasing competitiveness and ensuring all European consumers' buying energy at affordable prices.

The security of electricity supply represents an essential public safety element and is consequently indissolubly correlated with the efficient operation of the internal electricity market, as well as with 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 price coupling of such markets 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 power flows (Flow-Based - FB method).

In order to carry out an electricity market that is actually integrated the harmonisation shall continue of current norms with respect to capacity allocation, congestion management and electricity trading.

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

For the time being all over Europe several initiatives have been 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 electricity market.

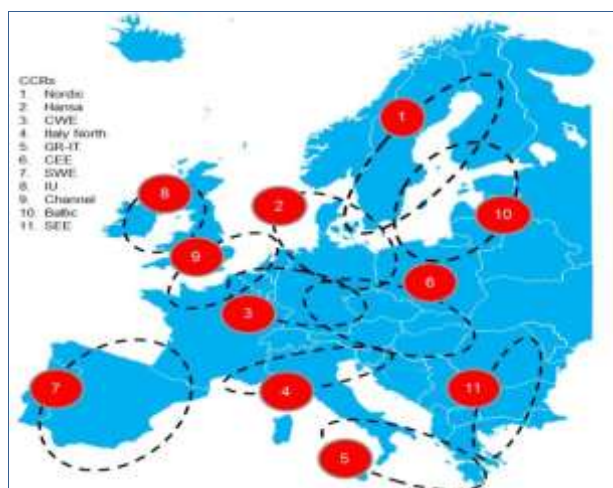
In accordance with Article 2 of *Regulation 1222/2015 establishing guidelines regarding capacity allocation and congestion management* (Definitions), such regions are defined as being "Capacity calculation

regions (CCR)", which means "geographic region in which the coordinated calculation of capacities is applied". Consequently a CCR should include a set of bidding area borders 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 of 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 bidding areas borders where the greatest inter-dependence has been noticed.

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

Figure 26: RCC configuration



ACER Decision 6/2016 approved the proposal of all Transmission and System Operators defining the capacity calculation regions. 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 process establishing methodologies to calculate capacities and later developments in the market coupling project with implicit capacity allocation.

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 within Europe.

On 31 August 2016 Transelectrica signed the Accession Agreement whereby Romania became part in 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 TSOs in the region (Romania, Bulgaria, and Greece). In July 2019 the three TSOs signed a memorandum of understanding in order to establish the organisation of the entire region with a view to meet the requirements from European regulations.

This series of regulations from the new legislative package for energy is perhaps the most complex so far and 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 on 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, the common rules on the operation of the internal electricity market, and the energy performance of buildings.

The Commission has also passed 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 on 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, being documents of European regulation nature (legislation directly applicable in all European Union countries), 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* consists in unifying the short-term (daily and intraday) electricity markets, which obligation should be met by OPEED - *Designated Electricity Operators* and by TSOs – *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 XBID project provides coupling the intraday electricity markets of the European Union. Such project provides coupling Romania's intraday electricity market. The coupling was achieved on the borders Romania - Hungary and Romania - Bulgaria on 19 November 2019.
- On 17 June 2021 the Interim Coupling (ICP) project was launched, which represents day-ahead markets coupling of the 4MMC with those of Poland, Austria and Germany.
- On 27 October 2021 the Bulgarian-Romanian border was integrated as well in the single day-ahead markets coupling (SDAC - Single Day-Ahead Coupling).
- 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 region to meet the requirements of EU Regulation 1222/2015. Project launch is provided in April 2022.

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 to the implementation of the new legislative rules: the Clean Energy Package.

Horizon 2020 is one of the most important research and innovation programmes financed by the European Commission, 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:

- Projects are addressed to the Transmission and System Operators within ENTSO-E;
- Projects should demonstrate a combination of at least two of the following issues:
 - ✓ 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 with inclusion of different storage technologies, which should be managed in centralised manner;
 - ✓ Communication technologies, real time control instruments, with a view to increase flexibility of transmission networks operation in view of integrating storage facilities, the 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, meaning 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 the pan-European architecture provided for the electricity market;
- Projects will support Horizon 2020 in the smart grid context and storage promotion;

As far as the electricity market is concerned, the main objectives resulting from European regulations are:

- ✓ Elaborating a common grid model in the entire EU, as necessary for the regional coordinated capacity calculation in all time horizons (long term, daily and intraday);
- ✓ Implementing the flow-based, FB, capacity calculation aimed at increasing interconnection capacities at least 10% compared to the NTC method on the one hand, namely social welfare growth, on the other hand, by aligning the European electricity price as a result of local electricity markets coupling;
- ✓ Establishing and coupling the regional and inter-regional daily and intraday electricity markets;
- ✓ Providing firmness of notified capacities (exchange schedules) by redispatching and countertrade mechanisms;
- ✓ Harmonising the allocation rules of long-term (annual and monthly) capacities by establishing and operating a platform (SAP – Single Allocation Platform) for the entire EU;
- ✓ Achieving a transparent non-discriminating report mechanism for interconnection capacities allocation between EU member states;
- ✓ Passing to the 15 minutes' settlement interval on the electricity markets;

Taking into account the obligations ensuing from the three EU Regulations, EU TSO-s initiated activities resulting from their application. Such activities are carried out in the capacity calculation regions (CCR) and inter-regions.

Transelectrica, being part of both CORE (by joining CWE-CEE region) and SEE regions is directly involved in the following projects / activities (achieved from the application of Regulation 943/2019 on the review of bidding areas):

- Activities aimed at elaborating documents resulted from the application of EU Regulations (executing methodologies, procedures, rules, etc.);
- Activities related to the daily markets coupling in Core region by means of power flows;
- Activities achieved as a result of initiating the daily markets coupling at inter-regional level (MRC – Multi-Regional Coupling);
- Activities related to the EU intraday markets coupling, SIDC;
- Activities related to the intermediate daily markets coupling, 4MMC-DE-AT-PL;
- Activities performed as a result of daily markets coupling from Romania and Bulgaria;

- Activities achieved as a result of passing to 15 minutes' settlement interval for electricity markets.

CROSSBOW Project

The project has been assigned under the Horizon 2020 Programme 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 largest projects financed under this axis, reaching to 22 mill. Euros for 48 months, during which the project shall reach its mentioned purpose.

The project consortium includes 24 partners (of 13 countries):

- 8 Transmission System Operators from S-E Europe
- 1 Distribution Operator
- 1 Regional Security Centre
- 2 Large producers
- 5 Universities
- 6 Industrial partners
- 1 Association

CROSSBOW proposes 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 network operational costs 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:

- Better control over balancing electricity in 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 and cost reduction;

Transelectrica is one of the largest TSOs 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 organised work packages and will attempt to provide an as large a contribution as possible in this project, which seems to be one with important results for what power systems will become in the following decade.

In financial terms Transelectrica has been allocated a total eligible financeable sum amounting to 400,969 Euros until project completion.

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.

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 reserves transaction with manual activation (mFRR) of frequency restoration, a requirement in the European Regulation 2195/2017.

The expected benefits of MARI project include:

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

Transelectrica is full member in the European MARI project as of 01 January 2018.

At present the MARI platform is in an advanced development and test stage. The interoperational testing began in June 2021.

The deadline to commission the MARI platform is on 24 July 2022.

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

PICASSO project is an initiative of Transmission and System Operators that are ENTSO-E members, launched in the context of implementing the new European legislation in this domain and it consists of 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:

- Design, implementation and operation of an aFRR platform;
- Improving the economic and technical efficiency regarding the operation of the European synchronously interconnected power system;
- Integrating the European aFRR markets;

Transelectrica has been member since 1 October 2018.

At present the PICASSO platform is in an advanced development and test stage. The interoperational testing began in October 2021. The deadline to commission the PICASSO platform is 24 July 2022.

FutureFlow Designing eTrading Solutions for Electricity Balancing and Redispatching in Europe

Transelectrica is part of the consortium dedicated to FutureFlow project coordinated by Slovenia's Transmission System Operator (ELES), under a programme financed by the European Commission to implement a competitive pan European market, while achieving the community targets to reduce emissions, Horizon 2020 – Call for competitive low-carbon energy under Transmission grid and wholesale market.

The project has 4 years' implementation period and aims at approaching issues in the context of new network codes for power systems balancing and establishing regional system service markets.

The FutureFlow project approaches the application of frequency secondary control from generation to consumption and will provide international performance to such activities specific to electric power systems. Taking into account such objectives the partners of FutureFlow project explore new solutions for system balancing and flow managing in the European network.

‘Modern’ consumers approached by FutureFlow will be able to increase or reduce their load in a matter of seconds and will thus perform control functions, which are now achieved mainly by traditional hydro and thermal power plants.

The project approaches both Transmission and System Operators and the traders on the electricity market, as well as the producers of industrial and communication components for electricity.

Mention can be made of the following project achievements:

- Studying the balancing markets of four Transmission System Operators in terms of control potential, the technical characteristics of controllable consumers, (demand response, DR) and of distributed generation, DG. Study on market adaptation to participate to secondary control of large wind power parks and on the impact of forecast errors over the electricity output from wind sources on the secondary control market;
- Elaborating the generale architecture of Future Flow (FF) platform for - automatic common activation of frequency restoration reserve (aFRR) and detecting the links and implications for redispatching. Analysis of controllable consumers in load change for industrial, commercial consumers, industrial platfors with self-generation but also renewable sources with installed capacity above 1 MW;
- Detecting reserves and participating entities, the processes to be elaborated, the necessary data to be exchanged for frequency restoration reserve (aFRR) and the redispatch capabilities;
- Detecting requirements on interactions between aggregation platforms and aFRR and analysis of cyber security concepts for data transmission;

IGCC project - International Grid Control Cooperation

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

In technical terms this project will lead to diminishing the number of orders (commands) 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 their availability period on the Balancing Market.

The IGCC initiative was launched in 2010 by the German operators 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.

The implementation framework for the European platform for imbalance netting was approved by ACER on 24 June 2020 by means of Decision 13/2020.

The IGCC platform operates with secondary control (up/down regulation) or FRRa (Frequency Restoration Reserve of automatic activation) and its main objective is to reduce contrary actions of member regulators, thus resulting optimised use of the ‘secondary control band’ system reserve, overall; actually such process is an optimising mode of frequency-exchange power secondary control.

The IGCC platform now includes a total number of 27 transmission & system operators, of whom 22 are operational members: ADMIE Greece, APG Austria, CNTEE Transelectrica Romania, Elia Belgium, Swissgrid Switzerland, CEPS Czech Republic, 50Hz Germany, Amprion Germany, TenneT DE Germany, TransnetBW Germany, Energinet Denmark, RTE France, HOPS Croatia, MAVIR Hungary, Terna Italy, CREOS Luxembourg, TenneT NL The Netherlands, PSE Poland, REN Portugal, ELES Slovenia, REE Spain, SEPS Slovakia; 2 are non-operational members: ESO-EAD Bulgaria, EMS Serbia, namely 3 observer members: NOS BiH Bosnia and Herzegovina, CGES Montenegro and MEPSO, Northern Macedonia.

Thus, on 1 December 2021 the frequency-exchange power control block RFP-TEL of Transelectrica SA was connected to the servers of TransnetBW, integrating thus the local IGCC module of Transelectrica SA to the process function INPF (Imbalance Netting Process Function) located in Wendlingen (main server), namely Esslingen (back-up server), Germany.

By this association Romania’s Transmission & System Operator CNTEE Transelectrica SA complies with the legal obligations instituted by European Regulation (EU) 2017/2195 *of the Commission of november 23, 2017 establishing a guideline on electricity balancing* (article 22).

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

NPG Co.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”.

From November 2014 to January 2016 the feasibility study was elaborated regarding the synchronous interconnection of the power systems from Ukraine and the Republic 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 while the other two ministries have been partners.

Transelectrica together with other transmission operators from different countries (EMS-Serbia, MAVIR-Hungary, PSE-Poland, ESO-EAD-Bulgaria) formed up a consortium in order to draw up this study. NPG Co.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 to be applied in the power systems from Ukraine and the Republic 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 Moldova with the Continental Europe's system, which also agreed the Catalogues of Measures and the following road-map of preliminary interconnection activities:

- Additional studies will be executed analysing the synchronous interconnection possibility with the current network;
- The necessary technical and regulatory measures will be implemented in Ukraine and the Republic Moldova;
- Operational tests will be performed for isolated operation of the systems from Ukraine and the Republic Moldova;
- Interconnected operation tests will be made with the European continental system;

Additional studies were drawn up by a consortium of Transmission System Operators, also ENTSO-E members and used measurements performed in the most important generating units from Ukraine and the Republic of Moldova in order to identify the mathematical model parameters 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 were completed in 2021. The consortium included, besides NPG Co. Transelectrica SA, EMS- Serbia, MAVIR- Hungary, PSE- Poland, SEPS- Slovakia, and 50Hertz- Germany.

The European research project Interface

The INTERFACE – 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 will be developed during 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 relaying on “Blockchain” and “Big data management”, which will provide new opportunities on the energy market with benefits such as the

integration of renewable resources, lower electricity costs, etc.

Project results will bring the following new issues:

- 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 inter-operable network (ASRIE);
- Data models: 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 has been allocated a total eligible financeable sum amounting to 198,625 Euros until project completion in 2022.

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 consortium established in order to develop this project according to the Grant Agreement 864274 and to the Consortium Agreement, being allocated an amount of 183 thousand Euros eligible expenses.

The project takes into account:

- Approaching best-in-class technologies, which shall facilitate increasing the lines' transfer capacity (e.g. Dynamyc Line Rating and Power Flow Control);
- Developing the markets and their coupling platforms in order to improve the current intra-day markets;

- ✓ Real time management of incidents
- ✓ Support for system management by providing balancing and risk lowering services in the region
- ✓ Testing the services providing flexibility with a view to avoid congestions; frequency control and flexible integration of micro-networks that generate / utilise electricity;

The project has been structured by 10 working packages as follows:

- ✓ WP1 - ethical requirements the project shall comply with;
- ✓ WP2 - project management and quality assurance;
- ✓ WP3 - changes in the national regulations, namely removing barriers to innovation and to cross-border cooperation;
- ✓ WP4 - carrying out, demonstrating and assessing the pilot project MPFC DEMO: unblocking cross-border capacity by modular control solutions of the power flow
- ✓ WP5 - carrying out, demonstrating and assessing the pilot project DLR-H DEMO: complex grid management, technology to treat problems related to the capacity of cross-border transmission lines;
- ✓ WP6 - carrying out, demonstrating and assessing the pilot project WAMS DEMO: implementation of a wide area regarding the protection, automation and control system (WAMPAC) applied to the cross-border transmission systems;
- ✓ WP7 - carrying out, demonstrating and assessing the pilot project DEMO, EUROPAN: pan-European modelling framework to improve system operation planning / forecasts and analyse it inter-TSOs;
- ✓ WP8 - carrying out, demonstrating and assessing the pilot project OPTIM-CAP DEMO: co-optimisation of the bidding algorithm for cross-border capacity;
- ✓ WP9 - cost-benefit analysis; assessment of results;
- ✓ WP10 - operation, dissemination & communication;

In accordance with the Grant Agreement there are 30 participants, Transelectrica being involved in 3 working packages: WP7, WP8 and WP10.

ELECTRON project

The ELECTRON project (“ELECTRON: rEsilient and seLf-healed EleCTRical pOwer Nanogrid”) develops a research topic regarding construction and testing of a complex platform, including risk analysis, detecting and limiting intrusion of cyber attacks to the power system, improved confidentiality of the power system components, training and certification in cybernetics, as well as limiting the effects of cyber attacks.

The ELECTRON project proposes a series of advanced technological demonstrators sustained by four main pillars:

- ✓ Risk assessment,
- ✓ Detecting and limiting the power system penetration,
- ✓ Improved power system confidentiality; certification and training in cyber security,
- ✓ Developing the service recovery capacity after attack;

In this context the project will contain a few ideas:

- ✓ Additional efficient protection both for Internet of Things (IoT) and for the legacy assets (namely both the hardware and software entities) of the Power System eco system,
- ✓ Detecting and limiting potential intrusions against devices connected to the electricity grid,
- ✓ Implementing a diagram for permanent risk assessment, thus calculating the risk of every asset involved,
- ✓ Improved communication confidentiality between the components of the advanced metering infrastructure (IAM),
- ✓ Testing the efficiency of the confidentiality preserving platform in order to prevent potential cryptanalysis attacks against IAM communications;

The project is structured by 10 work packages; the value allocated to the Company under this project amounts to 171,500 Euro.

In accordance with the "Grant Agreement" there are 34 participants, Transelectrica being involved in 9 work packages. The project implementation period is of 36 .

10.2. Platforms

FSKAR platform

From the application of Regulation (EU) 1485/2017 establishing a guideline on electricity system operation and of Regulation (EU) 2195/2017 establishing a guideline on electricity balancing, common settlement rules were elaborated and approved by Transmission System Operators of ENTSO-E for unplanned electricity exchanges.

The new set of common settlement rules for scheduled and unplanned electricity exchanges provides financial settlements between Transmission System Operators so that implicitly bilateral compensations in kind will end, which Transelectrica registered distinctly in the Revenue & Expense

Budget with the balancing responsible party (BRP) unplanned exchanges, following electricity transaction on the Day-Ahead Market.

FSKAR calculation methodology called Accounting and Financial Settlement of kΔf, ACE and Ramping period was implemented as of 1 June 2021.

Settlement Centres of Amprion and Laufenburg transmit the results to each Transmission System Operator as daily files containing the scheduled and unplanned exchanges (quantities & prices) calculated for that Transmission System Operator in each settlement interval.

The established price is the average of transaction prices on Day-Ahead Markets in all ENTSO-E member states, being in Euro/MWh.

In accordance with approval decisions, ENTSO-E members, namely transmission and system operators have developed in the Coordinated Calculation Centre Amprion a platform to establish the imbalances of Transmission System Operators, called FSKAR platform.

JAO was designated operator for monthly settlement of electricity resulting from scheduled and unplanned exchanges. The settlement is in Euros, CET time.



CMM platform

On 01.03.2021 the Contract on the common service provider for the CMM (Capacity Management Module) platform became effective.

During 2020 ENTSO-E's Market Committee approved developing an IT platform called CMM to calculate and harmonise available capacities on interconnection lines between countries member in PICASSO, IGCC, TERRE and MARI projects.

At the same time ACER Decision 02/2020 for the implementation framework of the European platform for balancing electricity exchange to restore frequency by manual activation was approved so that Transmission System Operators can implement a management function of the cross-border capacity, which should calculate in coordinated manner the

availability of such capacity and transmit values to the platforms where standard balancing products are transacted.

CMM will be developed and operated observing the principles and provisions established in the Main Contract of European balancing platforms of 1.07.2020 (hereinafter called Main agreement);

At present is in the final design stage; the development stage will begin in May this year, the commissioning deadline being 24.07.2022.

10.3. Affiliations

ENTSO-E - European Network of Transmission System Operators for Electricity

ENTSO-E aims at promoting the integration of the electricity market in the European Union, elaborating market rules and providing safe electricity supply based on technical grid and electricity market codes.

All transmission system operators cooperate community-wide by means of ENTSO for electricity in order to promote completion and operation of the internal electricity market and cross-border trade, and to provide optimum management, coordinated operation, and sound technical development of the European electricity transmission network.

The Association's responsibilities and operation (By-laws, Internal Regulation and Procedural Norms on consulting other parties) are approved by the European Commission based on ACER's endorsement.

There are Company representatives with permanent activity in RDIC - Research, Development and Innovation Committee (ENTSO-E). The role of RDIC and of its working groups is to:

- Provide proper direction of TSO's research & development interests to stakeholders;
- Facilitate the TSO's research and development activities;
- Provide comprehensive support and vision jointly constituted over research-development activities of ENTSO-E committees and of other stakeholders;
- Promote research-development concepts, methods and technologies that will compose and control power systems in the future;
- Sustain standardisation and interoperability activities;

SECI – South East Cooperation Initiative

The SECI TSP project was financed by USAID until October 2017, and from November 2017 SECI TSP became special project of ENTSO-E, operating as sub-group of the Regionale Group Continental South-East (RG CSE).

Ten countries / companies are involved in SECI TSP: Albania – OST; Bosnia & Herzegovina – NOS BiH; Slovenia – ELES; Northern Macedonia – MEPSO; Romania – Transelectrica; Serbia – EMS; Montenegro – EPCG, Greece – IPTO, Italy – TERNA and Kosovo - KOST.

CIGRE – International Council of large high voltage networks

CIGRE (Conseil International des Grands Reseaux Electriques) - is an international technical-scientific organisation focused on developing knowledge about high voltage networks and exchanging information between member countries regarding: electricity generation and transmission at high voltage, construction & operation of connection & transformer substations and its component equipment; construction, insulation and operation of high voltage lines; systems interconnection and operation & protection of interconnected systems.

CIGRE is considered the most important professional organisation of the electricity sector, its activities target 16 domains, all of which are of interest for the Company.

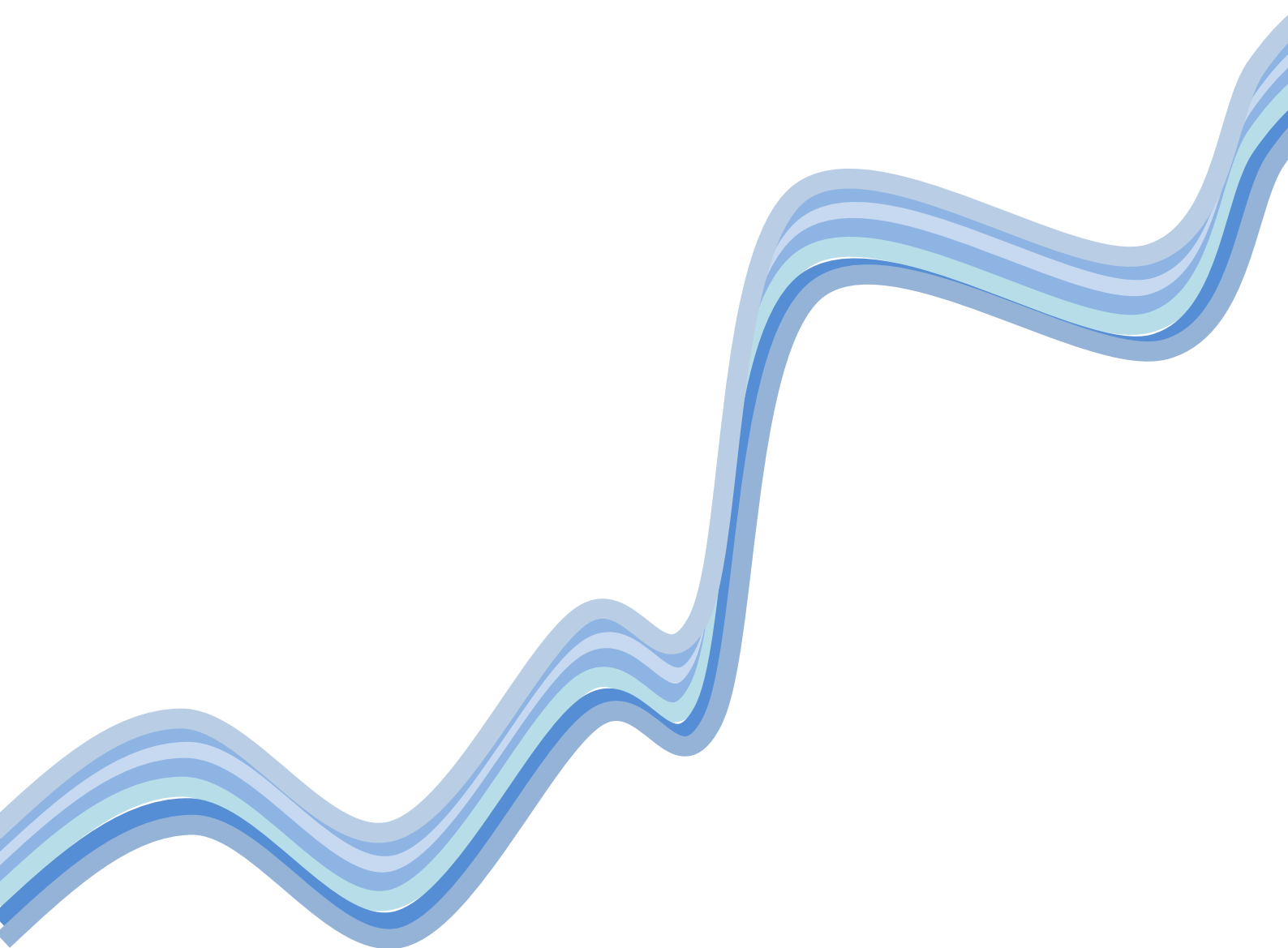
The Company is CIGRE member, and our specialists provide sustained activity in the Organisation. The Company's active participation and of its representatives provides many benefits: free access to all CIGRE publications e-cigre, access to ELECTRA magazine, young specialists' participation to the NGN (Next generation Network).

AIR - Association of Romanian Investors in Republic Moldova

AIR is non-governmental apolitical non-profit association of public utility established as union of legal persons in accordance with the Constitution and the Civil Code of Republic Moldova. The Company's participation to this Association provides the following benefits and enables:

- Facilitating the collaboration with the similar operator and with other electricity companies from Republic Moldova,

- A better capitalisation of the Company's expertise in the development, operation and maintenance of electricity transmission networks and of connex communication networks and associated process information, and in the implementation of European legislation pertaining to transmission system operators by providing lucrative activities in the energy sector from Republic Moldova,
- Possible promotion, together with Association members, of legislative initiatives to the benefit of Romanian investors;





Financial Report



11. Stand-alone financial results of 2021

In 2021 Transelectrica registered an increase of total operational revenues (59%) compared to the previous year, mainly determined by higher electricity quantity delivered to consumers, higher average transmission tariff and revenues growth on the balancing market.

Total operational expenses (amortisement included) also grew (71%) compared to the same period of last year, when they recorded decrease determined by overall activity reduction because of the Covid-19 pandemic, while electricity procurement prices increased in 2021 in the context of applicable legislative changes beginning with 01 July 2021, namely the provisions of ANRE Order 82/2021.

In 2021 the electricity consumption within SEN recorded constant increase by minimum 0.34% in December and maximum 21.65% in April; September and November 2021 were exceptes since they recorded load drops of 0.7%- September, namely 1.8%- November.

Consumption growth was mainly influenced by gradual recovery of industrial activities, by temperature values recorded in January-April 2021 compared to the same period of 2020- the weather was significantly colder, and also by hotter temperatures in the summer months of 2021.

Current prices on the wholesale electricity market are fundamentally different from the circumstances of

2020, strongly influenced by Covid-19 pandemic, but also from previous years. Such difference is striking and visible Europe-wide, not only in Romania. In this respect the wholesale electricity price development can be noticed on the European spot market.

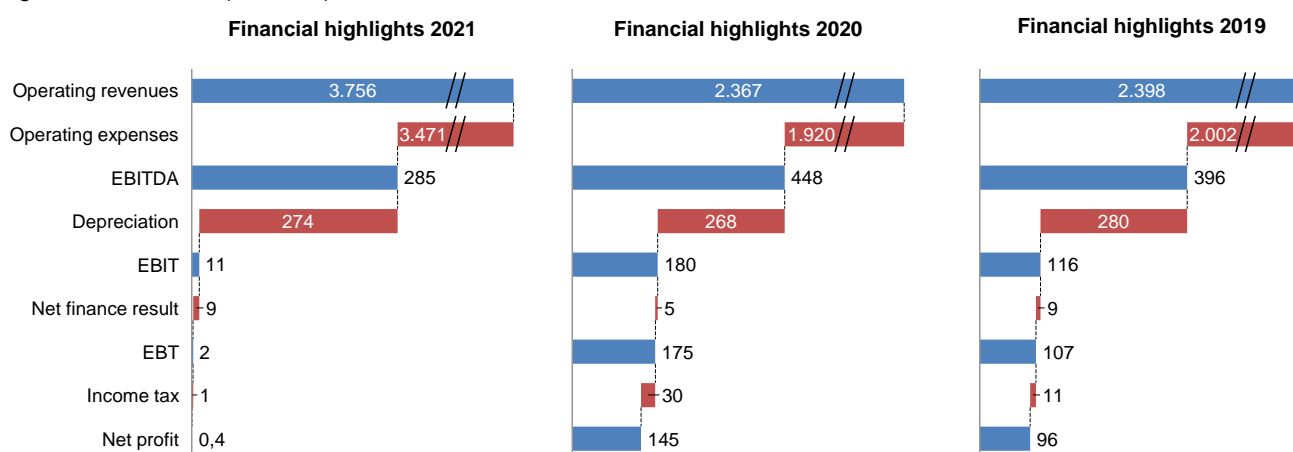
The European situation deteriorated rapidly from the beginning of the year as the energy stress was unprecedented, especially in terms of electricity and natural gas, which is fuel for electricity generation.

At present the price raise trend is maintained on the Day-Ahead Market. The average price of electricity procurement on the DAM was four times higher in 2021 compared to 2020, significantly exceeding the values recorded in the last 7 years on this market.

Under such circumstances the short-term centralised markets organised on Electricity Exchanges registered unthinkable historical prices, which are not forecasted to significantly decrease in 2022.

In 2022 estimations are that electricity market prices, the Regulation (UE) 2019/943 on the internal market in electricity, the settlement made at 15 minutes, the single settlement price on the balancing market, the European context of the electricity market, the CO₂ certificates prices and the management of Covid-19 spreading country-wide (possible economic recovery when the alert state is over) will have significant impact on the revenues / costs on the balancing market.

Figure 27: Net result (RON mn)



11.1. Stand-alone profit and loss account

Table 24: Stand-alone profit and loss account

RON mn	2021	2020	2019	21/20
Electricity volume invoiced [TWh]	56.35	53.85	55.34	▲ 5%
PROFIT ALLOWED ACTIVITIES				
Operating revenues	1,310	1,198	1,221	▲ 9%
Transmission and other revenues on the electricity market	1,252	1,035	1,082	▲ 21%
Functional system services	1	121	88	▼ (99%)
Other revenues	57	42	51	▲ 35%
Operating expenses	1,051	859	802	▲ 22%
System operating expenses	576	310	352	▲ 86%
Repairs and maintenance expenses	97	98	102	▼ (1%)
Personnel expenses	244	273	210	▼ (10%)
Other expenses	133	178	139	▼ (25%)
EBITDA	259	340	418	▼ (24%)
Depreciation	274	268	280	▲ 2%
EBIT	(16)	72	(87)	▼ n/a
ZERO-PROFIT ACTIVITIES				
Operating revenues	2,445	1,169	1,177	▲ 109%
Technological system services revenues	623	674	654	▼ (8%)
Balancing market revenues	1,823	495	523	▲ 268%
Operating expenses	2,419	1,061	1,200	▲ 128%
Technological system services expenses	610	566	676	▲ 8%
Balancing market expenses	1,810	495	523	▲ 266%
EBIT	26	108	(22)	▼ (76%)
ALL ACTIVITIES (WITH ALLOWED PROFIT AND ZERO-PROFIT)				
Operating revenues	3,756	2,367	2,398	▲ 59%
Operating expenses	3,471	1,920	2,002	▲ 81%
EBITDA	285	448	396	▼ (36%)
Depreciation	274	268	280	▲ 2%
EBIT	11	180	116	▼ (94%)
Net finance result	(9)	(5)	(9)	▼ (73%)
EBT	2	175	107	▼ (99%)
Income tax	1	30	11	▼ (95%)
Income tax	0.45	145	96	▼ n/a
Net result per share	0.01	1.98	1.31	▼ n/a

11.1.1 Profit allowed activities

Revenues of profit allowed activities are mainly represented by **transmission tariffs and other revenues on the electricity market**.

The applicable regulatory framework provides premises to obtain financial profitability of capital invested in the assets of these two activities by including tariff components meant to remunerate financiers, calculated by applying a regulated rate of return on the regulated asset base.

Segment of profit allowed activities: it registered 9% revenues increase, mainly determined by higher electricity quantity delivered to consumers when the average transmission tariff approved by ANRE increased and when the new package of European regulations was implemented, especially *Directive (EU) 2019/944* and *Regulation (EU) 2019/943*, as well as *Regulation (EU) 2017/2195* and *Regulation (EU) 2017/1485*.

In July 2020 upon ANRE's initiative harmonisation was proposed of the methodologies establishing tariffs for electricity transmission services and system services (only the functional system service component), namely the *Methodology establishing tariffs for electricity transmission services* approved by Order 171/2019 of ANRE president and the *Methodology establishing tariffs for system services* approved by Order 45/2017 of ANRE president, with later amendments and additions, with the provisions of the fore-mentioned European regulations.

Thus, the transmission tariff revenue of 2021 amounted to RON 1,152 mn, increasing 7% compared to 2020 amounting to RON 1,080 mn (calculated by integrating the functional system service component into the transmission services - the two tariffs were applied to the same electricity quantity taken out of the network).

Table 25: Revenues from profit allowed activities

RON mn	2021	2020	2019		21/20
Operational revenues	1,310	1,198	1,221	▲	9%
Transmission and other revenues on the electricity market	1,252	1,035	1,082	▲	21%
Revenues from transmission tariffs	1,152	963	986	▲	19,6%
Revenues from allocating the interconnection capacity	65	59	84	▲	10%
Revenues from reactive energy	36	13	11	▲	166%
Functional System Services	1	121	88	▼	(99%)
Revenues from functional system services tariffs	-	117	81	▼	(100%)
Revenues from unplanned shifts on DAM	1	4	6	▼	(79%)
Other revenues	57	42	51	▲	35%

Revenues from the allocation of interconnection capacities registered 10% increase compared to the same period of last year, amounting to RON 6 mn according to the utilisation of available interconnection capacity by traders on the electricity market.

Such revenues from the allocation of interconnection capacities are due to higher participants' interest to purchase interconnection capacity, as electricity has been transacted more internally. Also, the unit price of electricity grew in the entire European Union.

The mechanism allocating the interconnection capacity consists in organising annual, monthly, daily and intraday auctions. The annual, monthly and intraday ones are explicit, as only the transmission capacity is under bid, while the daily ones with Hungary are implicit - since capacity is simultaneously allocated with electricity in the coupling mechanism.

The establishment as of 19 November 2014 of the regional electricity exchange by Romania, Hungary, the Czech Republic and Slovakia assumes these four countries shall reach to a single electricity price transacted on spot markets.

Capacity allocation between Romania and Hungary, the only country of the 3 Romania has frontier with, is provided by transporters: Transelectrica and MAVIR, by common mechanism based on bilateral agreements.

Beginning with 2016 the UIOSI principle was implemented on the Bulgarian border, and beginning with 2017 on the Serbian frontier as well. In accordance with such principle participants that do not use the capacities gained at annual and monthly auctions are remunerated (by Transelectrica) for such capacity. The unused capacity is later sold under daily auctions.

The market allocating interconnection capacities is fluctuating, as prices develop depending on demand and on the market participants' need to procure interconnection capacity.

Beginning with 2019 the 2nd wave was launched under the single European intraday markets coupling (SIDC – Single Intraday Coupling). The single intraday markets coupling mechanism provides uninterrupted harmonisation of market participants' sale and purchase offers from one bidding zone with sale and purchase offers within their own zone and with any other bidding zone where cross-border capacity is available. Thus, intraday auctions are explicit only on the Serbian border, being implicit on the Bulgarian and Hungarian frontiers (under SIDC).

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

The investment plan applied by the Company aims at doubling the cross-border capacity in the next five years, which will enable developing electricity markets coupling in Europe, thus contributing to the European Union's objectives Internal electricity market and Clean energy for all Europeans.

On 17 June 2021 the Interim Coupling project was launched, representing the day-ahead markets coupling of the 4MMC countries with those of Poland, Austria and Germany.

The Romanian market is coupled in intraday regime with the European markets, while under spot (delivery in the day following transaction) with the markets of Hungary, Czech Republic and Slovakia and, more recently, with those of Austria, Poland and Hungary.

Electricity transactions on coupled markets are performed without paying capacity reservation on lines, which facilitates trade and the coupling mechanism directs power flows from the cheapest to the most expensive markets.

Revenues of OTC transactions were mainly obtained by selling excess electricity on the Intraday Market managed by OPCOM and under BRP CIGA Energy, on the Balancing Market.

As a result of new rules on the balancing market and of higher transaction volumes on the Intraday Market revenues of OTC transactions were RON 22.5 mn higher in 2021 compared to 2020 (from RON 9.3 mn in 2020 to RON 31.8 mn 2021).

Figure 28: Revenues of profit allowed activities (RON mn)

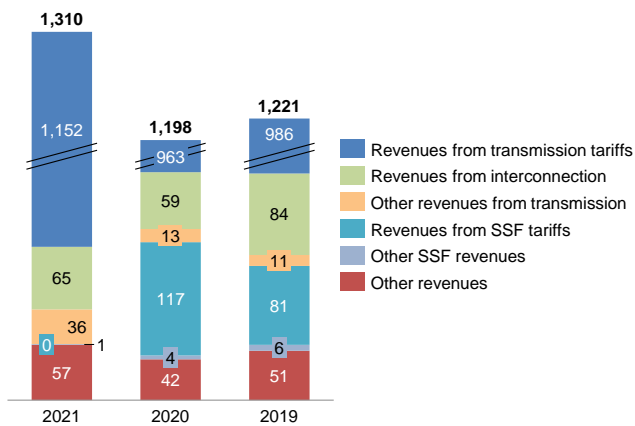


Table 26: Costs of profit allowed activities

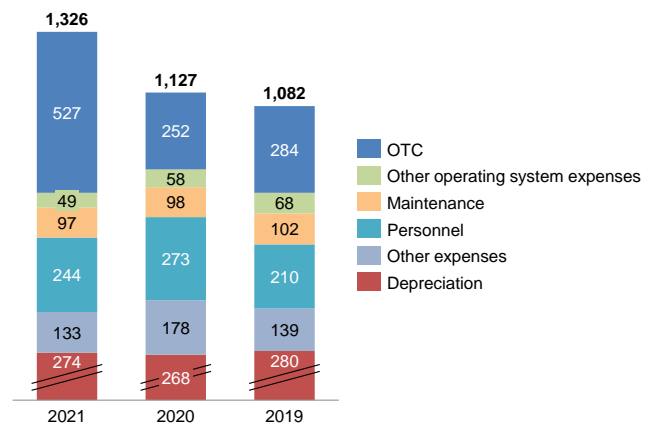
Ron mn	2021	2020	2019		21/20
Operating expenses	1.051	859	802	▲	22%
System operating expenses	576	310	352	▲	86%
Expenses on own technological consumption	527	252	284	▲	110%
Expenses on congestions	2	-	2	▲	n/a
Expenses on electricity consumption in PTG substations	25	16	20	▲	51%
Expenses regarding the functional system services	4	30	33	▼	(87%)
Expenses on Inter TSO Compensation (ITC)	19	11	13	▲	65%
OPCOM administration expenses	0,22	0,20	0,15	▲	9%
Repairs and maintenance expenses	97	98	102	▼	(1%)
Personnel expenses	244	273	210	▼	(10%)
Other Expenses	133	178	139	▼	(25%)
Depreciation	274	268	280	▲	2%
Operating expenses inclusive of depreciation	1.326	1.127	1.082	▲	18%

Operational expenses from profit allowed activities (amortisement included) made in 2021 grew 18% compared with the same period of last year (RON 1,326 mn from RON 1,127 mn).

In the context of price rises on all electricity markets and in all time horizons revenues doubled on the Intraday Market compared to the revenues recorded in the same period of last year and about 3.7 revenue increase on the balancing market.

As regards **revenues from functional system services and electricity exchanges** mention should be made the functional system service component was integrated in transmission services beginning with 01 January 2021; thus, before 1 January 2021 a cumulated tariff was calculated for transmission activities, being a virtual theoretical tariff calculated by summing up tariffs of profit allowed activities, namely transmission and functional system services (these two tariffs were applied to the same quantity of electricity taken out of the network).

Figure 29: Expenses of profit allowed activities (RON mn)



System operating costs

They registered significant growth of 86% in 2021 compared to 2020, from RON 252 mn to RON 527 mn mainly owed to higher OTC expenses.

CPT expenses

The Company covers its technological consumption (CPT) by participating on the markets managed by OPCOM in various time horizons, as follows:

- In the long run it participates on the Centralised Market of Bilateral Contracts for electricity by extended auction (PCCB–LE) and on the Centralised Market of Bilateral Contracts with continuous negotiation (PCCB–NC), based on a minimum OTC forecasted by UNO-DEN at the end of the previous year, which is about 50% of the total forecasted OTC.
- In the short run there are two markets available:
 - **Day-Ahead Market (DAM):** to cover the differences between the minimum forecasted OTC and that forecasted daily. The Company participates every day by submitting electricity purchase offers on the DAM on OPCOM's specific platform;
 - **Intraday Market (PI):** in case there are forecast changes during one day the necessary electricity can be transacted on this market as close as possible to the delivery time;

Differences between the hourly quantities actually achieved and those procured after transaction on the PCCB, DAM and PI are compensated on the **Balancing Market (PE)** during the operational day.

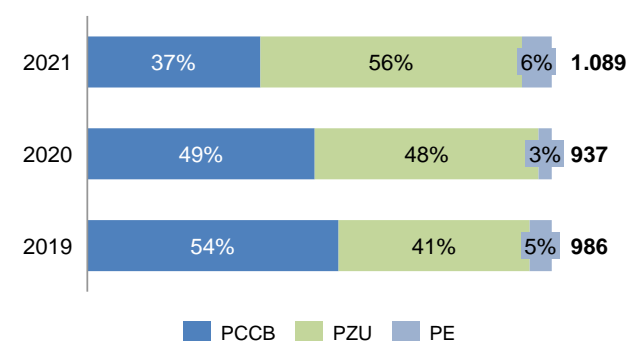
In 2021 expenses regarding one's technological consumption were 110% higher (RON 276 mn) compared to 2020 because of the following issues:

- ✓ Given its characteristics one's Technological Consumption (OTC) in the Electricity Transmission Grid (RET) is strongly dependent on meteorological conditions, on electricity generation and load nation-wide, on the distribution of electricity flows into the internal transmission network and on the interconnection lines with neighbouring power systems, its value being little controllable towards impossible to control when regional electricity markets are interconnected and coupled;
- ✓ The consumption of 2021 compared to the same period of last year was higher by about 151 GWh (16%) compared to the same period of 2020, which was strongly influenced by Covid-19 pandemic. In comparison with 2019 OTC is about 10% higher;
- ✓ The average electricity price procured on the DAM was 4 times higher in 2021 compared to the same period of 2020, significantly exceeding the values of last years;

- ✓ Market unpredictability was obvious by fast large price rises in the context of higher prices for carbon emission certificates, of insufficient electricity generating capacities to replace the output of fossil fuels, especially coal; in the context of market liberalisation, of absent competition among producers and of suppliers' competition to purchase electricity in order to execute their contracts with many clients that selected the free market;
- ✓ Application of the single imbalance settlement on the balancing market beginning 01.02.2021, and settlement made at 15 minutes have led to increases in the average electricity price procured on the Balancing Market in Q4.

During the entire period studied OTC costs on the balancing market were about 160% (RON +47.6 mn) higher than in the same period of last year.

Figure 30: Procurement mix depending on quantities purchased on markets (GWh)



Throughout 2021 the trend was continuously increasing on the Day-Ahead Market, recording much higher values than in 2020 (for instance in Q4 the net average prices on the DAM and Intraday amounted to 1,111 RON /MWh compared to 255 RON / MWh in 2020).

The same trend was also noticed in Europe, which significantly impacted the costs registered to cover OTC, taking into account on 17 June 2021 day-ahead markets were coupled under 4M MC (Czech Republic, Slovakia, Hungary and Romania) with the regional market of Austria, Germany and Poland.

Such market coupling based on NTC (net transmission capacity) is an important step towards SDAC (single day-ahead markets coupling).

The next stage will introduce the capacity calculation based on flows under Core FB MC, which is the target model for the day-ahead market coupling.

In accordance with the latest updates project parties involved in Core Flow-Based Market Coupling communicated on 19 November 2021 the delay of

Core FB MC because of external dependences, which are delaying the timely start of the first test stage for common integration and of technical problems met in the first weeks of testing.

The new launch date depended on the subsequent progress of test planning and on the alignment to external parties (for instance SDAC).

Core project parties desire sharing the registered progress.

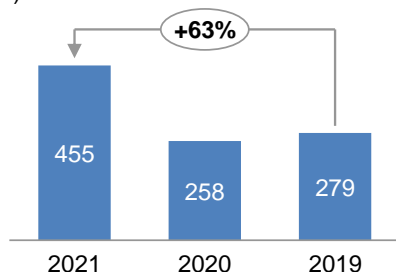
The first regional test stage - Full Integration Testing - FIT successfully ended on 13 January 2022.

FIT testing focussed on the functionality of all systems involved among them in the FB MC proved the solution can provide the FB MC.

The following nest stage - Simulation Integration Testing, SIT - began on 17 January 2022 focussing on testing the common operational procedures in order to prove the solution can facilitate the daily operational processes.

After the tests conducted in January and alignment with external parties (SDAC), project parties are able to confirm now the new launch date on 20 April 2022 (transaction day for delivery on 21 April 2022).

Figure 31: Total (net) average price of OTC on markets (RON/MWh)



The average price was calculated at net value (purchase-sale)

Congestions

Congestions (network restrictions) are requests of electricity transmission beyond the technical capacity limits of the network, corrective actions being required from the transmission system operator; they occur when, upon operation schedule or during real time operation the power circulation between two system nodes or areas leads to incompliance with the operational security parameters in the power system.

In 2021 congestion expenses amounted to RON 1.6 mn, mainly determined by:

In December 2021 power reductions were decided on network congestion at UD in Dobrogea region, in order to reduce power transit through SEN from Bulgaria to Hungary and Ukraine, against a very high output in CEE and with a view to observe the admissible value of characteristic sections 5 and 6 within SEN, with very high power circulations on the 400 kV OHL Smardan-Gutinas;

In December 2021 power reductions were decided on network congestion at UD in Dobrogea region because the 400 kV OHL Sibiu Sud-Tantareni was not available and high CEE output overlapped it and in order to reduce power transit through SEN from Bulgaria to Hungary and Ukraine, namely to avoid overloads on the south-north transmission axes and comply with N-1 security when very high power circulations on the 400 kV OHL Smardan-Gutinas and on the 400 kV OHL Sibiu Sud-Brasov.

Expenses regarding electricity consumption within RET substations registered 51% growth in January-December 2021 compared to 2020 (RON 24.5 mn in 2021 compared to RON 16.2 mn in 2020) because of higher electricity procurement prices in 2021 and of legislative changes applicable beginning with 01 July 2021, namely ANRE Order 82/2021.

Transelectrica has to procure electricity to cover the consumption of auxiliary services of high voltage substations managed by the Company, with a view to provide electricity transmission and operate the National Power System under secure conditions.

Expenses regarding functional system services and electricity exchanges

Related expenses also registered decrease from RON 30.5 mn in 2020 to RON 4 mn. Such expenses represent international uncontracted exchnages of electricity with neighbouring countries and expenses with unplanned exchanges on the day-ahead market.

Inter TSO Compensation (ITC) expenses

They represent monthly payment liabilities / collection rights for each transmission and system operator (TSO). They are established under the compensation / settlement mechanism of the effects from electricity transmission grid (RET) utilisation for electricity transits in-between TSO of the 35 countries that ahdered to such ENTSO-E mechanism.

In 2021 such expenses registered about 65% growth (from RON 11 mn in 2020 to RON 19 mn in 2021).

11.1.2 Zero-profit activities

Table 27: Synthesis of revenues from zero-profit activities

RON mn	2021	2020	2019	21/20
Operational revenues	2,445	1,169	1,177	▲ 109%
Technological system services revenues	623	674	654	▼ (8%)
Balancing market revenues	1,823	495	523	▲ 268%

In 2021 **revenues from technological system services** diminished 8% compared to 2020 (from RON 674 mn in 2020 to RON 623 mn in 2021) determined by the decrease of tariffs approved by ANRE for such services, when electricity quantities delivered to consumers increased 4.6%, namely 2.50 TWh.

In 2021 **revenues on the balancing market** increased by RON 1,328 mn compared to 2020, mainly determined by the following issues:

- Regulation
- ✓ Removing price limits when offering on the balancing market according to the Regulation on the operation and settlement of the balancing market and the Regulation scheduling dispatchable generators, dispatchable consumers and dispatchable storage installations approved by ANRE Order 61/2020;
- ✓ Removing the obligation to participate on the balancing market, according to the Regulation on the calculation and settlement of imbalances of balancing responsible parties, single balancing price and amending certain Orders of the President of the National Regulatory Authority in Energy, approved by ANRE Order 213/2020, published in the Official Gazette 1201/2020;
- ✓ The balancing market passed to 15 minutes' settlement interval;
- ✓ A single settlement price is applied on the balancing market beginning with 1 February 2021;

- ✓ Beginning with 01 June 2021 a new set of common settlement rules was applied to settle scheduled and unplanned electricity exchanges (calculation methodology FSKAR – Financial Settlement of kΔf, ACE and Ramping Period), which provides financial settlement between Transmission System Operators, thus removing compensations in kind determined according to ENTSO-E's methodology by Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland) which Transelectrica transacted on the Day-Ahead Market.

➤ Market operation

- ✓ The local and regional contracting mode on the markets before the balancing one;
- ✓ The average price development on the balancing market;
- ✓ Development of hydraulic rates;
- ✓ Development of electricity generation and load;
- ✓ Development trends of CO2 certificates;

The regulatory framework of the balancing market contains regularisation mechanisms which compensate the revenue excess or deficit compared to the expenses necessary to perform such activities. Thus, according to ANRE regulations, non-null monthly balances (revenue surpluses) resulted from such activity will be compensated by ex-post tariff correction (negative) applied by ANRE into the tariff in the years following that when such balances were recorded.

Table 28: Synthesis of expenses from zero-profit activities

RON mn	2021	2020	2019	21/20
Operating expenses	2,419	1,061	1,200	▲ 128%
Technological system services expenses	610	566	676	▲ 8%
Balancing market expenses	1,810	495	523	▲ 266%

In 2021 **expenses with technological system services** registered 8% increase compared to 2020 from RON 566 mn in 2020 to RON 610 mn in 2021.

The procurement costs of STS in 2021 was mainly influenced by the following factors:

- Higher procurement prices of technological system services on the competitive market in the studied period, for secondary reserve (RS) and

fast tertiary reserve (RTR), taking into account price rises recorded on the electricity market in 2021;

- Throughout 2021 a high concentration was recorded on the market of technological system services for secondary reserve (RS) technological system services;

In 2021 regulated contracting of technological system services was performed only for reactive power according to ANRE Decision 1078/2020, and they were provided by the Electricity Generator from Hydropower Plants Hidroelectrica SA.

Beginning with 01.02.2021 technological system services are procured under competitive regime by daily auctions according to the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019.

The Company procures technological system services from producers with a view to provide operational security and maintain it within SEN, as well as electricity quality when transmitted at parameters required by applicable norms. These services are contracted:

- Under regulated regime according to Governmental and ANRE Decision;
- By means of competitive mechanisms;

The Company reinvoices the technological system services procured from producers to ANRE-licensed electricity suppliers that finally benefit of such services.

In January-September 2022 forecasts provide a high concentration on the market of technological system services for secondary reserve technological services, and in October-December 2022 a high concentration is estimated on the market of technological system services for the Frequency

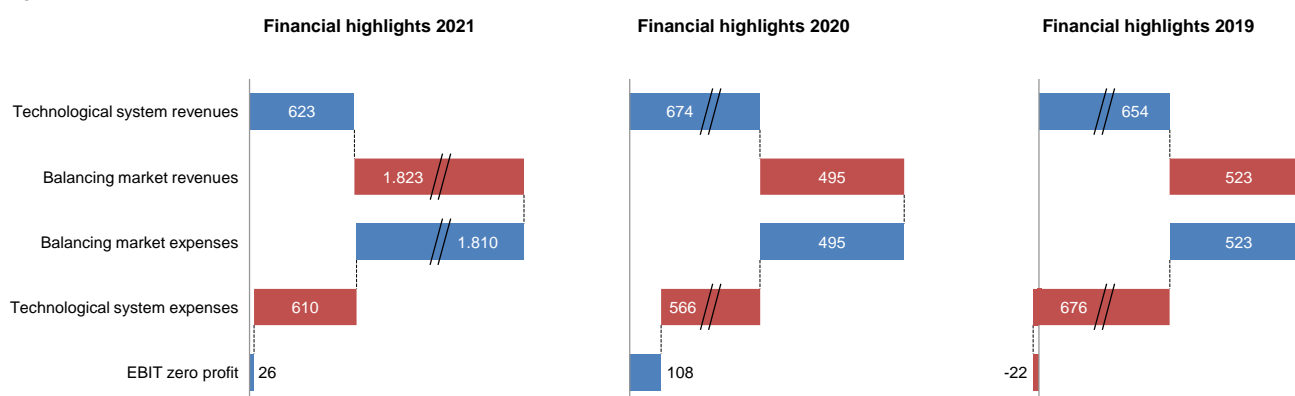
Restoration Reserve of automatic activation for upgrade (up FRRa like the secondary reserve for upgrade) and the Frequency Restoration Reserve of automatic activation for downgrade (down FRRa like the secondary reserve for downgrade).

At the same time 2022 estimations provide technological system services to be procured by daily auctions and by direction according to the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019, the development of ANRE's regulatory framework for the electricity market, the management of Covid-19 spreading country-wide vor avea will have significant impact Company-wide on the procurement costs of system services.

Balancing market expenses made in 2021 were higher by RON 1,315 mn compared to 2020. These expenses result from notifications / achievements of participants on this market.

In June - December 2021 the revenues, namely costs of unplanned / scheduled electricity exchanges were registered in 2021 under revenue items with unplanned exchanges on the DAM, namely expenses with unplanned exchanges on the DAM< which were reclassified in December 2021 because the imbalance settlement rules changed on the electricity market, and scheduled, namely unplanned exchanges were integrated in the settlement mechanism of the balancing market after 01 September 2021.

Figure 32: Results of zero-profit activities (RON mn)



11.2. Financial result

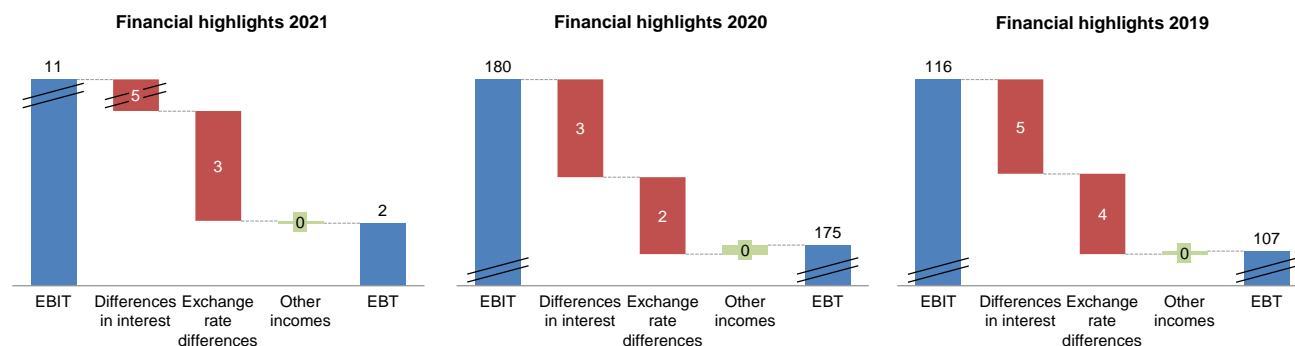
The net financial result recorded in 2021 was negative and amounted to RON 9 mn. It has been mainly influenced by the exchange rate of the

national currency against Euro, hard currency the Company has contracted bank loans in order to finance investment programmes.

Table 29: Exchange rate development

RON	2021	2020	2019	21/20
1 EUR	4,9481	4,8694	4,7793	▲ 1,6%
1 USD	4,3707	3,9660	4,2608	▲ 10%

Figure 33: Financial results (RON mn)



11.3. Net result

The net result registered reduction in the studied period, reaching to only RON 0.45 mn profit in 2021 compared to RON 145 mn recorded in 2020.

uch impact was generated by the higher electricity procurement prices, as necessary for one's technological consumption.

11.4. Balance – financial position

RON mn	2021	2020	2019	21/20
Non-current assets				
Tangible assets	3,815	3,561	3,440	▲ 7%
Assets representing rights of use under a lease - buildings	30	38	6	▼ (21%)
Intangible assets	7	7	23	▲ 2%
Financial assets	82	82	82	▼ n/a
Total non-current assets	3,933	3,687	3,551	▲ 7%
Current assets				
Inventories	40	38	38	▲ 4%
Trade and other receivables	2,996	848	706	▲ 253%
Other financial assets	-	-	85	— n/a
Profit tax recoverable	21	1	-	▲ n/a
Cash and cash equivalents	252	554	321	▼ (54%)
Total current assets	3,309	1,442	1,150	▲ 130%
TOTALE ASSETS	7,242	5,129	4,700	▲ 41%
Shareholders' equities				
Shre capital	733	733	733	▼ n/a
Reserves	988	1,047	1,117	▼ (6%)
Retained earnings	1,634	1,616	1,434	▲ 1%
Total shareholders' equity	3,355	3,395	3,284	▼ (1%)
Non-current liabilities				
Long term borrowings	79	102	123	▼ (22%)
Other loans and assimilated debts - Non-current building lease liabilities	23	31	-	▼ (25%)
Other non-current liabilities	621	544	561	▲ 14%
Total non-current liabilities	723	676	684	▲ 7%
Current liabilities				
Trade liabilities	3,034	888	556	▲ 242%
Short-term borrowings	25	25	56	▲ 1%
Other loans and assimilated debts - Current building lease liabilities	8	7	6	▲ 12%
Other current liabilities	98	137	114	▼ (29%)
Total current liabilities	3,164	1,058	732	▲ 199%
Total liabilities	3,887	1,733	1,416	▲ 124%
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	7,242	5,129	4,700	▲ 41%

Assets

Non-current assets increased 7% at the end of 2021 compared to 2020, against the background of higher tangible assets underway, mainly determined by investments made in high voltage electric substations and lines.

Assets associated to the usage right of leased assets – buildings

Such assets represent the utilisation right of spaces the Company leased in the Platinum Office Building according to the provisions of IFRS 16, Leasing Contracts.

Beginning with 01.10.2020 a new lease contract became applicable (contract C232/2020 concluded with Dagesh Rom SRL), valid for 5 years.

On 31 December 2021 the accounting value of such utilisation right for spaces the Company leased in the Platinum Office Building amounted to RON 30 mn.

Financial assets

They represent the value of Company-held shares in other companies. On 31 December 2021 they amounted to RON 81.7 mn, similar to the record made on 31 December 2020.

Current assets

They registered significant growth (130%) in 2021 compared to what was registered on 31 December 2020, mainly determined by trade receivable growth.

Trade receivables increased RON 1,345 mn (RON 849 mn on 31 December 2020 compared to RON 2,194 mn on 31 December 2021) because of greater transaction volume on the balancing market and of transaction resulted from markets coupling in Q4 2021 compared to Q4 2020, generating increase of trade receivables on balance on 31 December 2021 compared to 31 December 2020.

The main clients in the total trade receivables are represented by: OPCOM, MAVIR, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, RAAN, Energy Complex Oltenia SA, Enel Energie SA, E.ON Energie Romania SA, Joint Allocation Office SA, their share being 73.6% in the total trade receivables.

9% of the total trade receivables recorded on 31 December represent receivables to recover from the bonus type support scheme to promote high efficient cogeneration, while in 2020 they were 23%.

On 31 December 2021 the amount of receivables to recover was RON 207.8 mn, represented by invoices

issued under the bonus type support scheme to promote high efficient cogeneration, of which:

- 2011-2013 over-compensation amounting to RON 76.7 mn, namely from RAAN – RON 63.5 mn and CET Govora SA – RON 13.2 mn;
- Undue 2014 bonus amounting to RON 3.9 mn, namely from RAAN – RON 2 mn, CET Govora – RON 1.9 mn;
- Undue 2015 bonus amounting to RON 0.6 mn, namely from CET Govora – RON 0.5 mn, Interagro – RON 0.03 mn;
- Undue 2020 bonus amounting to RON 0.5 mn from Donau Chem;
- Cogeneration contribution not collected from the suppliers of electricity consumers, amounting to RON 21.1 mn, from: Transenergo Com – RON 5.9 mn, PetProd – RON 4.4 mn, Romenergy Industry – RON 2.7 mn, RAAN- RON 2.4 mn, UGM Energy – RON 1.5 mn, CET Govora – RON 0.9 mn, KDF Energy – RON 0.9 mn and others;

Until the date of this report the Company fully cashed the receivables associated to the 2020 over-compensation from support scheme activities (ron 16.5 MN) from Electrocentrale Bucharest, as well as ron 11.7 mn from the undue bonus established by ANRE Decisions in 2021, in sum of RON 12 mn, from the following generators: Bepco SRL, Energy Complex Hunedoara, Energy Complex Oltenia, CET Arad, CET Govora, Contourglobal Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electroustilaj SA, Polytechnic University Bucharest, Prefab, Soceram SA and Termoficare Oradea.

To extinguish receivables from 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 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: "in case the generator did not make the payment in full to the support scheme administrator for its payment obligations resulted in accordance with the provisions of this Regulation, the support scheme administrator pays to the producer the difference between the producer invoices and its payment obligations under the support scheme, with explicit mention of the

respective amounts on the payment document" and withheld from payment the amounts pertaining to the owed support scheme.

Other receivables

On 31 December 2021 other receivables amounting to RON 189.9 mn, growing 70% compared to 2020 include in the main:

- Sundry debtors (RON 96.8 mn), of which:
 - Payment delay penalties calculated for defaulting clients, amounting to RON 88.2 mn (of which RON 35.4 mn are penalties under the support scheme);

The greatest payment delay penalties were recorded by: RAAN (RON 16.9 mn), CET Govora (RON 9.6 mn), Electrocentrale Bucharest (RON 9.4 mn), Eco Energy SRL (RON 8.9 mn), Petprod SRL (RON 8.9 mn), Romelectro (RON 8.9 mn), Total Electric Oltenia (RON 3.3 mn), and OPCOM (RON 2 mn).

Impairment allowances were registered for penalties calculated for late payment in operational activities.
- Compensations owed by suppliers for their not delivering electricity (Arelco Power RON 0.98 mn) and Enol Group (RON 2.54 mn). Impairment allowances were registered for compensations owed by suppliers from operational activities;
- Receivable to be recovered from OPCOM, representing VAT associated to the in kind contribution to the subsidiary's share capital, amounting to RON 4.52 mn;
- Deferred expenses amounting to RON 5.8 mn, mainly represented by: OTC procurement expenses (RON 4.7 mn), rent and office maintenance (RON 0.7 mn), RCA, CASCO policies and others;
- Other non-current receivables of RON 4.3 mn, of which RON 4.2 mn represent securities for temporary land occupation, calculated and withheld according to article 39 para (1), para (2) and para (5) din Law 46/2008 on the Forestry Code, in view of performing the investment for the 400 kV OHL Resita – Pancevo (Serbia);
- Other social receivables of RON 2.9 mn representing medical leaves the employer paid to employees, which will be recovered from the National Health Insurance House according to applicable legislation;

Down payments to suppliers paid on 31 December 2021 are represented by debtor suppliers for services provided, amounting to RON 701 mn, which are mainly amounts under the price coupling mechanism (*ICP – Interim Coupling Project*, *SIDC* -

Single Intraday Coupling și *SDAC* - *Single Day-ahead Coupling*) (RON 632.7 mn for ICP & SDAC and RON 67 mn for SIDC).

VAT to recover - the amount not recovered until the date of this report is RON 122.1 mn.

The policy of Transelectrica provides registration of allowances for value losses amounting to 100% for clients under disputes, under insolvency and bankruptcy and to 100% of trade receivables and other receivables not cashed within more than 180 days, except for outstanding receivables generated by the support scheme. The Company also makes case by case analysis of trade receivables and other uncollected receivables.

The highest impairment allowances on 31 December 2021, calculated for trade receivables and their penalties were registered for CET Govora (RON 24.9 mn), Eco Energy SRL (RON 24.7 mn), Petprod SRL (RON 23.5 mn), Arelco Power (RON 14.8 mn), Total Electric Oltenia SA (RON 14.2 mn), Romenergy Industry (RON 13.5 mn), Romelectro SA (RON 12.9 mn) GETICA 95 (RON 12.5 mn), Elsaco Energy (RON 9.3 mn), and RAAN (RON 8.5 mn).

Shareholders' equities and liabilities

Non-current liabilities increased 7% at the end of 2021 compared to 2020, because the amount of non-current deferred revenues increased (from RON 352 mn on 31 December 2020 to RON 443 MN on 31 December 2021), mainly represented by European funds.

Current liabilities also increased from ron 1,058 mn on 31 December 2020 to RON 3,164 mn on 31 December 2021 mainly against the background of higher receivables and other liabilities (RON 3,034 mn on 31 December 2021).

Out of the total trade receivables and other liabilities a significant impact was provided by the higher value of **suppliers on the electricity market** amounting to RON 1,893 mn in 2021 against RON 468 mn in 2020.

- *Higher liability balance from operational activities* had significant, mainly determined by paying in quarter 1 2022 the payment liabilities on balance on 31 December 2021, mainly resulting from electricity markets coupling;
- *Higher liability balance from the balancing market* which was determined by higher transaction volum on the balancing market in December 2021 compared to December 2020;

- *Higher liabilities related to the support scheme to suppliers (producers)* which was determined by increased monthly bonus for high efficiency cogeneration in quarter 1 2021, compared to quarter 4 2020;

Electricity market suppliers are represented by: Hidroelectrica SA, MAVIR, OPCOM, IBEX, Co. Energy Complex Oltenia SA, Electrocentrale Bucharest SA, OMV Petrom SA, CIGA Energy SA, BEPCO SRL, Electrica Furnizare SA, their share being about 89% in the total electricity suppliers.

On 31 December 2021 payment liabilities were recorded to suppliers (producers) in sum of RON 35.6 mn (RAAN – RON 32.2 mn & CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, ante-overcompensation for 2014 and 2015, bonus unpaid in 2015.

These amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld based on article 17 para 5 of Order 116/2013 of ANRE president, because suppliers (producers) register payment liabilities to the Company under the bonus type support scheme.

A significant influence came from “**other liabilities**”, which increased from RON 305.5 mn in 2020 to RON 965.8 mn in 2021 (the main share is of client creditors).

Such liabilities are structured as follows:

- *Sundry creditors* amounting to RON 145.7 mn are mainly represented by the net position of the support scheme for high efficient cogeneration, a liability position amounting to RON 138.7 mn. The net position of the support scheme is the difference between:
 - *The contribution collected from the suppliers of electricity consumers, the over-compensation of electricity and heat generated under high efficiency cogeneration, the undue bonus to be collected from producers according to ANRE decision, on the one hand, and*
 - *The cogeneration bonus, the ex-ante over-compensation and unpaid bonus to be paid to electricity generators under high efficiency cogeneration, beneficiaries of the support scheme, on the other hand;*

Sundry creditors also include the study contracts for RET connection, amounting to RON 3.7 mn, studies made for the synchronous interconnection of the power systems from Ukraine and Republic Moldova to the European continental system, amounting to RON 0.9 mn, royalty quarter 4 2021 in sum of RON

1.2 mn and others.

- *Client creditors* on 31 December 2021 amounted to RON 752 mn, of which RON 751.6 mn represent sums collected beforehand from OPCOM (RON 545.9 mn), MAVIR (RON 202.5mn), and IBEX (RON 3.3 mn) under transactions associated to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling) and SDAC (Single Day-ahead Coupling).
- *Liability for assets related to the usage rights of leased assets - buildings*, according to the provisions of IFRS 16, Leasing Contracts and amounting to RON 31 mn (non-current part – RON 22.8 mn, current part – RON 8.3 mn).
- *Other liabilities* amounting to RON 36.5 mn are mainly represented by payment securities of contracts on the electricity market concluded by CNTEE Transelectrica SA, amounting to RON 21.9 mn, non-requestable VAT in the reported period, amounting to RON 14.4 mn,
- *Dividends owed to Company shareholders* on 31 December 2021 and unpaid, of RON 0.3 mn, but being at the shareholders' disposal by means of the payment agent;

Provisions decreased at the end of 2021 compared to the end of 2020 from RON 91.6 mn on 31 December 2020 to RON 51.7 mn on 31 December 2021, mainly determined by:

- Diminished provisions constituted for disputes which on 31 December 2021 amounted to RON 31.2 mn compared to RON 50.4 mn recorded at the end of 2020,
- Diminished provisions for mandate contracts which on 31 December 2021 provided RON 20.5 mn balance (of which RON 19.1 mn are provisions constituted for the variable component of OAVT packages allocated and not capitalised during mandates executed in 2013-2017) compared to RON 33.2 mn in 2020.

Interest bearing liabilities

On 31 December 2021 non-current loans diminished compared to 31 December 2020 mainly because of repayments made according to existent loan agreements.

Shareholders' equities

They diminished, mainly because dividends distribution to shareholders amounting to RON 63.77 mn was registered throughout 2021. Thus, shareholders' equities at the end of 2021 amounted to RON 3,355 mn compared to RON 3,395 mn in 2020.

Table 30: Cash Flow

RON mn	2021	2020	2019	21/20
Operational activities				
Cash flows before changes to working capital	247	494	373	▼ (247)
Changes to working capital	(25)	177	(97)	▼ (202)
Paid interests and taxes	(28)	(54)	(24)	▲ 27
Net cash from the operational activities	195	617	251	▼ (422)
Investment activity				
Acquisition of tangible and intangible assets	(495)	(375)	(242)	▼ (119)
Proceeds from investment activity	96	7	5	▲ 89
Other financial assets	-	85	(85)	▼ (85)
Cash used in the investment activities	(399)	(283)	(322)	▼ (116)
Financing activity				
Net (repayments)/collections from borrowings	(24)	(54)	(23)	▲ 31
Building lease payments	(11)	(10)	-	▼ (0)
Dividends paid	(64)	(36)	(67)	▼ (28)
Cash used in the financing activities	(98)	(100)	(90)	▲ 2
Net increase/decrease in cash and cash equivalents	(302)	233	(161)	▼ (535)
Cash and cash equivalents as at January 1st	554	321	482	▲ 233
Cash and cash equivalents at the end of the period	252	554	321	▼ (302)

Table 31: Profitability, liquidity, risk and activity ratios

Ratio	Formula	2021	2020	2019
Profitability ratios				
EBITDA in total sales	$\frac{\text{EBITDA}}{\text{Turnover}}$	7%	19%	17%
EBITDA in shareholders' equity	$\frac{\text{EBITDA}}{\text{Shareholders' equity}}$	8%	13%	12%
Gross profit rate	$\frac{\text{Gross profit}}{\text{Turnover}}$	0.1%	8%	5%
Rate of return on capital	$\frac{\text{Net profit}}{\text{Shareholders' equity}}$	-	4%	3%
Liquidity ratios				
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.05	1.36	1.57
Quick ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	1.03	1.33	1.52
Risk ratios				
Indebtness ratio	$\frac{\text{Debt capital}}{\text{Shareholders' equity}}$	3.1%	3.7%	5.4%
Indebtness ratio	$\frac{\text{Debt capital}}{\text{Committed capital}}$	3.0%	3.6%	5.2%
Interest coverage rate %	$\frac{\text{EBIT}}{\text{Interest expenses}}$	1.38	18.45	11.35
Activity ratios				
Clients' turnover	$\frac{\text{Average client balance} * \text{x no. days}}{\text{Turnover}}$	122.21	83.51	98.45
Non-current assets turnover	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.94	0.63	0.66

* The clients contributing to the turnover (energy, balancing, other clients, and clients with invoices to issue) were taken into consideration. The values corresponding to doubtful clients, the cogeneration scheme and the overcompensation were not included in the average balance.

In February 2022, Romelectro, one of the Company's important partners in terms of investment works, went into insolvency at its request. The Company's management analyzes the situation and the impact that this aspect has, both from a legal and economic point of view, so as to identify the optimal solutions for the continuation of investments and their

completion according to the investment plan. The risks of securing the financial resources needed for investments are also analyzed, given that certain investments are financed from various sources. As of December 31, 2021, the value of ongoing investments in relation to Romelectro is RON 457.7 mn.

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 tariffs¹ and for which a full set of parameters is preset during the respective time horizon in view of the actual calculation of tariffs.

Tariff parameter setting for multiannual intervals provide high predictability and visibility to investments, to the 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 maintenance costs, one's 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;
- Electricity quantity that can be invoiced;

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 in case of imported electricity. TL is not applied to exported electricity.

Tariffs valid in 2021

Transmission tariff (transmission service + functional system service)

With a view to implement the new package of European regulations, especially *Directive (EU) 2019/944* and *Regulation (EU) 2019/943*, as well as *Regulation (EU) 2017/2195* and *Regulation (EU) 2017/1485*, in July 2020 upon ANRE's initiative a proposal was issued to harmonise tariff-setting methodologies for electricity transmission and system service tariffs (only the component of functional system service), namely the *Methodology establishing electricity transmission tariffs* approved by Order 171/2019 of ANRE president and the *Methodology establishing system service tariffs* approved by Order 45/2017 of ANRE president (only the component of functional system service), with later amendments and additions, with the provisions of fore-mentioned European regulations.

In this respect beginning with 01 January 2021 by ANRE Order 153/2020 the *Transmission Methodology* establishes the determination of

¹ The methodology applied at present has been approved under ANRE Order 171/2019, with later amendments and additions.

regulated revenues and the calculation of regulated tariffs for electricity transmission, also containing the component of functional system service. Such uniformisation being enabled because the principles establishing revenues and tariffs are similar.

Taking into account the above and for better understanding the data to be provided further, in the period before 1 January 2021 a cumulated tariff was

calculated for transmission, being a virtual theoretical tariff calculated by summing up tariffs of profit allowed activities, namely transmission and functional system services (these two tariffs were applied to the same quantity of electricity taken out of the network).

ANRE-approved tariffs applicable in 2021 are provided in the table below:

Table 32: Transmission tariff

Index	Tariff	m.u.	Tariff applied 1 Jul – 31 Dec 2020	Tariff applied 1 Jan – 31 Dec 2021	Difference (%)
A	Electricity transmission	RON/MWh	17.97	20.55	-
B	Functional system service	RON/MWh	2.49		-
A+B	Cumulated (A+B)	RON/MWh	20.46	20.55	0.0044

The new tariffs approved were calculated in accordance with applicable methodologies

Thus the factors of significant contribution to changing the tariffs provided in the table above, applied as of 01.01.2021, as per ANRE Order 214/09.12.2020, are detailed as follows:

- 1) Linearisation difference for the first year of the 4th regulatory period (2020-2024) amounting to 17,009,824 RON;

The revenue difference mentioned above was determined as difference between the cumulated revenue from the two regulated activities, resulted after resumption of linearisation procedure and the sum between the linearised revenue established for 2020 strictly for transmission services and the regulated revenue approved for functional system services.

- 2) Correction for contribution to ANRE budget amounting to 19,326,090 RON;

During re-linearisation taking into calculation even 2020, expenses related to the contribution to ANRE were reduced to 0.2% of the turnover, compared to the first linearisation when they were calculated at 2% as per the provisions of ANRE Order applicable then.

- 3) The difference between percentage values of inflation rates in 2020 and 2021 notified by the National Forecast Commission in the 2019 Autumn forecast vs. 2020 Autumn forecast:

CNP - Autumn forecast 2019		CNP - Autumn forecast 2020	
2020	2021	2020	2021
3%	2.8%	2.2%	2.5%

Tariff of system services (former technological system services)

In accordance with the provisions of article 47 from the *Methodology establishing tariffs for system services*, approved by Order 45/2017 of the president of the National Regulatory Authority in the Energy, with later amendments and addition and after analysis of expenses and revenues related to system services, transmitted by NPG Co. Transelectrica SA according to the provisions of the Monitoring Guidebook of TSO activities and the results of auctions posted on website www.transelectrica.ro, ANRE ascertained conditions were fulfilled to review the system tariff approved for 1 July 2020 – 30 June 2021. Thus, according to article 45 of the fore-mentioned Methodology: "System tariff can be reviewed at least every 3 months in case differences are found above 5% between the TSO's justified revenues and costs of such service in the studied period".

Table 33: Tariff of system services

Index	Tariff	m.u.	Tariff applied 1 Jul 2020 - 28 Feb 2021	Tariff applied 1 Mar – 31 Dec 2021	Difference (%)
B	System services	RON/MWh	11.96	10.82	-9.53%

Taking into account the above the factors that contributed significantly to changing the tariffs provided in the table above applicable as of 01.03.2021, according to ANRE Order 9/24.02.2021, are detailed as follows:

- 1) The correction resulted by summing up corrections from 1 July 2019 – 30 June 2020 and from semester II 2020, January-February 2021, amounts to -93,041,919 RON. Mention should be made that, upon request of NPG Co. Transelectrica SA, the correction was spread-out into two equal instalments in order to avoid a significant negative impact of its full payment.

The second correction instalment will be included in the system service tariff of 2022. Such correction contributed to -6.7% tariff reduction.

- 2) 3% increase in the electricity quantity invoiced compared to the forecast used in the calculation of last year's tariff determined -2.8% decrease in the approved tariff.

13. Disputes

The most important disputes impacting the Company are provided below:

- **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 NPG Co.Transelectrica SA to pay the amount of 1,090,831.70 RON, 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 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 RON. The sentence was appealed.

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.

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 RON.

Transelectrica SA was recoded with 11,264,777 RON 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 RON, but 78,096,208.76 RON 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 RON 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 admitted the exception of decline. It partly admits the main issue and associated contestation. It compelled the defendant to pay to the claimant the amount of 16,950,117.14 RON accrued receivable during the procedure, judging to record it in the creditors' table constituted against debtor RAAN by this sum. The other associated demands were denied. In accordance with article 453 para 2 from the Civil Procedural Code it compelled the defendant to pay 1000 RON law court expenses to the claimant. Appeal right was granted. It was pronounced at public hearing. Document: Ruling 163/20.06.2019.

On the 06.11.2019 hearing date the appeal was rejected as groundless; final decision. Ruling 846/06.11.2019.

Transelectrica filed a review request for contradictory decisions registered under file **1711/54/2019** hearing term on 26.03.2020 with the Appeal Court Craiova, which will refer the file to the High Court of Cassation and Justice for competent settlement.

On 21.05.2020 the case was taken out of the docket with the following settlement: the exception of Appeal Court Craiova's material incompetence was admitted and the case was referred to ICCJ, Administrative and Fiscal Disputes Section; Ruling 140/21.05.2020.

On the 03.02.2021 hearing term ICCJ admitted the exception of tardive review request and did no longer pronounce on its inadmissibility.

Under RAAN's bankruptcy file registered under number **9089/101/2013**, Mehedinti Tribunal deferred the case on 08.10.2020 and 04.02.2021 terms. Settlement in brief: a term was granted to continue liquidation procedures, to represent the debtor's interests in the disputes on the dockets of law courts; to consolidate the creditors' list; to continue public auctions capitalising the debtor's assets.

*The following term was established on **02.06.2022**.*

Between RAAN and Transelectrica there are other 4 files under various court terms.

• COURT OF AUDIT

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 was partly admitted. It partly cancelled 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 rejected the remainder of the claimant's request as groundless. It approved the electricity technical expertise report drafted by Toaxen Vasile as expert;

compelled the defendant to pay 121,375 RON law suit expenses to the claimant (partially expert fees and judiciary stamp tax). Appeal right was granted within 15 days from notification; Document- Ruling 2771/13.06.2018.

At the public hearing of 21.10.2020 the appeals filed by the claimant and the defendant against sentence nr. 2771 of 13 June 2018 by CAB, Section VIII Administrative & fiscal disputes were denied as groundless; final.

Following an audit performed in 2017, 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 Company filed 8 contestations against the measures decided by Romania's Court of Audit (CCR) under Decision 8/27.06.2017, requesting their cancellation as well as cancelling Conclusion 77/03.08.2017, registered under number 29117/08.08.2017 in the Company's Registration Office, namely the Audit Report 19211/26.05.2017. Contestations are under settlement on the docket of the Appeal Court Bucharest (**2 files: 6576/2/2017** on cancelling the findings of items 7.1, 7.2. and 8, and the measure decided in item II.10, term on 20.01.2021, settlement: the inadmissibility exceptions claimed in the contestation were denied; the request was denied as groundless and **file 6581/2/2017** on cancelling the findings of item 6 and the measure decided in item II.9, **hearing term on 04.12.2022**) and on the docket of the High Court for Cassation and Justice (**file 6578/2/2017** on cancelling the findings of item 9 and the measure decided in item II.11, **hearing term on 08.06.2022**).

Five files were settled for final by the Appeal Court Bucharest's denying the cancellation request and appeals denied by the High Court of Cassation and Justice (**file 6574/2/2017** on cancelling the findings of item 5.2 and the measure decided in item II.8, **file 6577/2/2017** on cancelling the findings of item 13 and the measure decided in item II.13, turned into **file 1614/1/2020**, **file 6580/2/2017** on cancelling the findings of item 10 and the measure decided in item II.12, **file 6582/2/2017** on cancelling the findings of item 11 and the measure decided in item I.5 and **file 6583/2/2017** on cancelling the findings of item 5.1 and the measure decided in items II.7 and II.8).

In January-July 2020 Romania's Court of Audit performed control in all Territorial Transmission Units of NPG Co. Transelectrica, and from 25.05 to 27.08.2020 such verification continued in the Company's executive offices. CCR's control

pertained to the *“situation, development and administration mode of the state’s public and private patrimonial assets, as well as the legality of obtained revenues and of expenses made in 2017-2019” in NPG Co.Transelectrica SA*”.

The above-mentioned control on such topic began on 25.05.2020 in the Company’s executive offices was suspended by CCR because another control was initiated on the *“management of public resources during the emergency period”*. It started on 02.06.2020 and ended on 26.06.2020.

The Audit Report elaborated by CCR auditors about the *“control on the management of public resources during the emergency period”*, registered in the Company under no. 24225/26.06.2020, have ascertained no deficiencies, consequently no decision was issued with measures.

When the audit ended on the administration of the state’s public and private patrimonial assets and the legality of obtained revenues and expenses made in 2017-2019, completed on 06.10.2020, Audit Report 40507/06.10.2020 was issued and on 09.11.2020 Romania’s Court of Audit by Department IV issued Decision 15 with 10 measures, deadline on 31.05.2021, which term was extended by CCR to 31.12.2021 upon Company’s request.

The Company filed objections and submitted Contestation 50090/26.11.2020 registered under no. 139775/26.11.2020 by the Court of Audit, requesting cancellation of such measures. CCR auditors examined and reviewed the Company’s Contestation by Conclusion 2/10.03.2021, and admitted only one measure of the 10 decided.

Transelectrica SA fought against the deeds issued by the Court of Audit and constituted file 2153/2/2021 on the docket of the Appeal Court Bucharest.

On the 10.12.2021 term the Company’s suing was denied as groundless. It denied the suspension request as groundless; appeal right within 15 days from notification, and appeal right within 5 days from notification as regards the suspension request; such appeal to be submitted to the Appeal Court Bucharest.

ANRE

NPG Co.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 requested 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 ANRE calculation of the regulated rate of return (RRR²) 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 25.09.2018 term the settlement in brief decided to resort again to the expert letter, in view of 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 was postponed in order to enable the parties to acknowledge the content of the expertise report and a new hearing term was set on 10.09.2019.

On 06.10.2020 the request was denied, with the following settlement in brief: the exception of inadmissibility was denied as groundless. The file case was denied as groundless. Appeal right was granted within 15 days from notification; pronounced by placing the settlement to the parties’ disposal by means of the court clerk; Ruling 362/2020.

On the 11.01.2021 term the request was admitted to complete the device. It decided completing the

²RRR- 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: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

device of civil ruling 362/06.10.2020 with the settlement pronounced on the accessory intervention request, meaning: the accessory intervention request was admitted filed by intervenient ALRO SA in support of defendant ANRE. Appeal right was granted within 15 days from notification, to be referred to the Appeal Court Bucharest.

This dispute did not impact the relationship with ANRE or the Company's financial results.

Transelectrica filed appeal to be judged on 11.05.2022.

• OPCOM

On 24.11.2014 subsidiary the Romanian Gas and Electricity Market Operator OPCOM SA summoned NPG Co.Transelectrica SA in order to compel it paying the amount of 582,086 Euro (2,585,162 RON), 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 RON as legal interest related to the period 11.06.2014 – 24.11.2014, plus legal expenses amounting to 37,828 RON.

The action filed by OPCOM SA was 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 compelled the defendant to pay the amount of 37,828 RON as legal

expenses to the claimant. Appeal right was 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 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: Ruling1517/2016 of 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: It admitted 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 cancelled the appealed decision and sent 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 RON as law suit expenses to the respondent in appeal-claimant. Appeal right was granted within 30 days from notification.

On 27.11.2018 NPG Co.Transelectrica SA filed appeal, which is under filtering with the ICCJ.

ICCJ settlement of 30.06.2020 was thus: the parties will be notified the report on the principle admissibility of the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil; mention should be made they are entitled to submit an opinion on the report within 10 days from notification.

On the 10.11.2020 term the ICCJ settlement was thus: in principle it admitted the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest.

On the 16.03.2021 term the court panel denied as groundless the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil; final.

The Company paid 2,845,587 (582,086.31 Euro) to subsidiary OPCOM SA, which represents the amount claimant OPCOM SA paid instead of the defendant

(Company) of the total 1,031,000 Euro fine, applied on 05.03.2014 by Decision of the European Commission.

The object of file **22567/3/2019** is compelling defendant OPCOM SA to pay 4,517,460 RON pertaining to invoice TEL 16 AAA 19533/29.07.2016, representing VAT amount corresponding to the contribution of NPG Co.Transelectrica SA to the share capital of OPCOM SA, issued under Loan Contract 7181RO/2003, a commitment to finance the investment project "Electricity Market Project", compelling OPCOM SA to pay 1,293,778.27 RON 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.

It suspended case judgment until final settlement of file 31001/3/2017, pertaining to cancellation of AGA Opcom decision (where Transelectrica is not a party and on 01.02.2021 the filed appeals were denied, under final ruling).

TMB settlement: the prescription exception was admitted. The case was denied as written-off; appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced on 03.12.2021 by placing the settlement to the parties' disposal by the court clerk.

• CONAID COMPANY SRL

In 2013 Conaid Company SRL sued NPG Co. 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 RON 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. On the date of these financial statements the amounts claimed by Conaid Company SRL were considered contingent liabilities, since it is unlikely to settle this liability by taking out resources including economic benefits, and the liability amount cannot be assessed with sufficient credibility. 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: "It 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 admitted the exception of inadmissibility and denied the request as inadmissible. It also denied the intervention request in the claimant's interest. Appeal right was 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 RON, 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 the 15.10.2019 term it denied as groundless the exceptions of absence of active procedural quality and absence of interest. It joined 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 was granted on 26.11.2019 to continue with case research, summoning the parties. Appeal right was granted with the first case. It was pronounced by placing the settlement to the parties’ disposal by means of the court’s clerk office.

*The new hearing term was set on **12.04.2022** – in order to issue letter to the expert.*

FF WIND ENERGY INTERNATIONAL SRL

File **47332/3/2017** on the docket of Bucharest Tribunal, Section VI Civil, whereby Company FF Wind Energy International SRL requested in contradiction with NPG Co. 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 RON 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.

On the 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 were 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 screening with the High Court of Cassation and Justice.

On the 12.05.2020 hearing term the parties were notified the report on the principle admissibility of the appeal filed by claimant FF Wind Energy International SRL by its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest, Section VI Civil, mentioning they are entitled to submit an opinion on the report within 10 days from notification.

On the 13.10.2020 hearing term the settlement was thus: filter – the appeal request was admitted in principle with the following details- the exception of appeal nullity was denied, which was claimed by the intimated-defendant Transelectrica SA in the contestation. It admitted in principle the appeal filed by claimant FF Wind Energy International SRL through its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest.

On the 14.09.2021 hearing term the appeal filed by FF Wind Energy International SRL was denied as groundless; **final**

• 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 liabilities 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 RON, ANAF – DGAMC established additional fiscal liabilities payable by the Company, amounting to

35,105,092 RON, as well as accessory fiscal ones (interest/delay indexations and penalties), amounting to 63,908,307 RON.

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, which had sent a tax inspection report on 20 September 2011 estimating the amount of collected VAT for a number of 123 unused invoices identified as missing.

The Company contested Taxation decision F-MC 439/30.06.2017 within legal terms, according to OG 92/2003 of the Fiscal Procedural Code.

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: It admitted the exception of the material incompetence of the Appeal Court Bucharest, SCAF. It declined the case settlement competence in favour of Law Court of Bucharest District 1. No appeal was granted. Such was ruled in open court on 08.02.2018. Document: Ruling 478/2018 of 08.02.2018.

After declining the competence, the casefile 8993/299/2018 was 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 rejected, as groundless, the contestation filed by NPG Co. Transelectrica SA; the decision was received on 16.03.2018, after filing the application for summons which was 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, 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 was the case file 1802/2/2018 through which the Company contested the fiscal administrative document – Decision F-MC 439/30.06.2017.

On the 06.11.2018 term the court admitted the administration of the expertise evidence, in the accounting - fiscal specific domain.

On CAB term on 21.07.2020 pronouncement was deferred; on 30.07.2020 the case was placed back on the docket, for additional explanations.

On the 20.10.2020 term the request was partly admitted with the following settlement in brief: the litispended requests were partly admitted.

Ruling 122/13.03.2018 was partly cancelled, on settling the contestation filed against Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and the Tax audit report F-MC 222 concluded on 30.06.2017, which was used for the taxation decision, meaning:

- It removed the paying liability of the income tax amounting to 18,522,280 RON, VAT in sum of 5,694,636 RON and fiscal accessories pertaining to such main fiscal debts in quantum of 48,436,653 RON, fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the claimant's books;
- It removed the non-deductible nature of 27,001,727 RON when calculating the taxable income, sum representing technological system services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit and compelling the payment of main fiscal arrears and accessories on this amount;
- It removed the non-deductible nature of 343,629.91 RON when calculating the taxable

income, sum representing “weed-removing services” and payment obligation for the main fiscal arrears and accessories pertaining to such sum;

- It removed the non-deductible nature of 230,685.49 RON when calculating the taxable income, sum representing expenses for promotional and protocol objects and payment obligation for the main fiscal arrears and accessories pertaining to such sum;
- It removed the non-deductible nature of VAT in quantum of 46,417.1 RON pertaining to 343,629.91 RON, representing “weed-removal services” and payment obligations of the main fiscal arrears and accessories of this amount;
- It removed the non-deductible nature of VAT in quantum of 37,693.88 RON pertaining to 230,685.49 RON representing expenses for promotional and protocol products and payment obligation for the main fiscal arrears and accessories of such amount;
- It removed the mention about obliging the Transmission Branch Sibiu of NPG Co. Transelectrica SA to register 576,846.80 RON as taxable revenue on 30.06.2010 at the latest, date when the audited unit was accepted to be recorded in the creditors’ table with such sum; it maintained the mention about the taxable revenue nature of 576,846.80 RON when calculating the profit according to the provisions of article 19 para 1 of Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with item 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003, income tax chapter, namely chapter VII on the function of accounts from Order 3055 of 29 October 2009 approving the accounting regulations compliant with European directives and compelling the payment of main fiscal arrears and accessories of such sum;
- It removed the Minutes ascertaining the “determination of the deductible value added tax lower than that recorded by the claimant, thus resulting a difference of 13,141 RON” (annex 15) and compelling the payment of main fiscal arrears and accessories of this amount;
- it removed the payment obligation for delay penalties of penalising juridical regime, calculated for more than 6 months from the inception date of the fiscal audit, regarding the main fiscal liabilities maintained by judgment in

this ruling, as established by the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division;

It maintained the other provisions of Taxation Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, the Taxation decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers. It denied the other litispended requests as groundless.

It denied as groundless the request to grant court expenses as judiciary stamp tax. It compelled the defendants to jointly pay to the claimant the law court expenses amounting to 4000 RON, representing fee for the accounting-fiscal expertise, in proportion to request admission. Appeal right was granted within 15 days from notification, to be submitted to the Appeal Court Bucharest; Ruling 382/20.10.2020.

• 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 RON, and such trade receivable was admitted and 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 the 27.01.2020 term the verification date is set on 11.05.2020 to continue the bankruptcy procedure by capitalising the assets and recovering the arrears. The judiciary liquidator will execute and submit to the file: - every 15th day of the month the monthly activity reports of the previous month, as provided in para 1 din article 59 Law 85/2014; - for the verification term, 5 days before it the 120 days' synthetic report, provided in the final part of para 3 from article 59 Law 85/2014.

On the 22.06.2020 term the case was deferred. Settlement in brief: approval was given to the report on the funds obtained by liquidating the debtor's assets and the 03.06.2020 distribution plan.

On the 18.01.2021 term the case was deferred. Settlement in brief: Report 1334 was approved on the funds obtained by liquidating the debtor's assets and Plan 1335 of funds distribution.

*A term was set on **16.05.2022** to continue the bankruptcy procedure by capitalising the assets and recovering receivables.*

• RESITA CITY

File **2494/115/2018***, registered on the docket of Caras Severin Tribunal pertained to suing whereby claimant Resita City requested that the defendant NPG Co.Transelectrica SA should be compelled to pay the following amounts:

- 2,129,765.86 RON representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 RON representing land rent for 2016;
- 2,129,765.86 RON representing land rent for 2018;
- Legal penalty interest from due date until actual payment;

Settlement in brief: It admitted the exception of territorial incompetence for Caras Severin Tribunal. It declined the settlement competence of the request

filed by claimant Resita City through the mayor in contradiction with defendant NPG Co.Transelectrica SA in favour of Bucharest Tribunal. No appeal according to article 132 para 3 Civil Procedural Code. It was pronounced at public hearing; document: Ruling 313/11.03.2019.

On 25.10.2019 term the territorial incompetence of Bucharest Tribunal was admitted. It declined the case settlement competence in favour of Caras-Severin Tribunal. It ascertained the occurrence of the negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal. It suspended the case and referred the file to the High Court of Cassation and Justice, in view of settling the negative competence conflict. No appeal right was granted.

Pronouncement to be made by placing the settlement to the parties' disposal by the court clerk. Ruling 2376/25.10.2019.

On the 16.07.2020 term the High Court of Cassation and Justice by ruling 1578 established the case settlement competence in favour of Caras Severin Tribunal, Section I civil; final.

File **2494/115/2018****, term: 16.11.2020 with Caras Severin Tribunal; Settlement in brief: the case deferral request was admitted, filed by claimant Resita City by its Mayor, in contradiction with defendant Transelectrica SA, având pertaining to claims based on article 413 para (1) pt. 1 Civil Procedural Code; appeal right as long as the file judgment suspension lasts to the superior court. Document: Conclusion – Suspension;

At the same time the Company is involved in disputes with former Directorate and Supervisory Board members, and for such disputes the Company updated the provisions representing OAVT amounts (virtual shares option).



Report

Corporative governance and social responsibility



14. Corporative governance

Regulation of corporative governance

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 synthetically gather in just one document the main rules and regulations existent and already applied by the Company. The central elements of such Corporate Governance Regulation are the investors' access 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 the Company's behaviour is also 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 Corporative Governance Code.

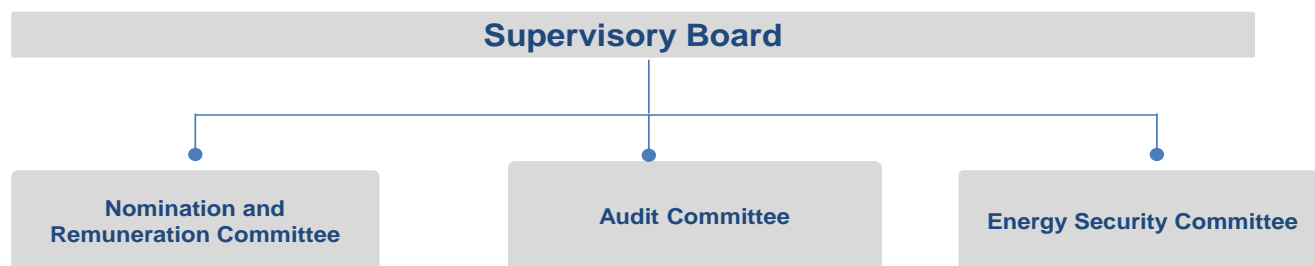
Other applicable documents

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, republished;
- ASF Regulation 5/2018 regarding the issuers of financial instruments and market operations, with later amendments and additions;
- Code of the Bucharest Stock Exchange, Corporate Governance Code of BVB;
- Corporate Governance Code and the set of Anticorruption Principles elaborated by AmCham Romania, which are international reference standards in view of instituting 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 nr.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 21.12.2020 under Decision 12/21.12.2020 of the Shareholders' General Extraordinary Assembly (Articles of Association);
- Regulation on the Supervisory Board's organisation and operation;
- Internal Directorate rules;
- 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 34: Supervisory Board structure on 31 December 2021



Supervisory Board

(hereinafter called 'CS')

On 31.12.2021 the Supervisory Board's membership was the following:

- Marius-Vasile Morariu – Chairman
- Mihaela Popescu – Member
- Adina-Loredana Dogaru-Tulica – Member
- Claudiu-Constantin Nastasa – Member
- Victor-Florin Dumitru – Member
- Adrian-Nicolae Blajan - Member
- Virgil-Dumitru Orlandea – 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 2021 CS met every time Company interests required debates on issues found within its competence.

Electing the Supervisory Board members by cumulative vote

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 by cumulative vote.

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 cumulative vote method 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 Supervisory Board.

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 2021 CS members have not been elected by cumulative vote.

Supervisory Board remuneration

In 01 January 2021 – 23 June 2021 Supervisory Board members took gross fixed monthly indemnification according to the mandate contract approved by AGA Decision 11/20 December 2020, amounting to 15,532 RON, and an annual variable component for their compliance with performance indicators assumed in the Management Plan.

As regards the annual variable component, on 10 December 2020 the Company's 2020-2024 Administration Plan was published. In accordance with the mandate contract form approved by the Shareholders' General Assembly:

- The annual variable component of indicators mentioned in the Management Plan associated to each mandate year is in quantum which should not exceed 12 fixed indemnifications, being owed by the Company in case such performance indicators used in the determining year were achieved at values assumed in the Management Plan;
- In case of a grantee whose mandate contract ends before term (regardless of cause), in the time period from the beginning of the respective calendar year and the end date of the mandate contract, the annual variable component of the remuneration pertaining to the performance indicators mentioned in the Management Plan will be granted by fractions in proportion to the number of days of the respective year when the mandate contract was valid, based on which such is granted;
- Since the grantee was appointed on 17 November 2020, in the time period from the appointment date and the end of such calendar year the annual variable component of the remuneration pertaining to the performance indicators mentioned in the Administration Plan will be granted by fractions, in proportion to the number of days of the respective year when the mandate contract was valid, based on which such is granted;
- The annual variable component will be paid within 15 days from the AGA approval date of the annual audited stand-alone financial statements;

- Performance indicators, objectives and criteria mentioned in the Administration Plan can be reviewed and properly changed in case force major events occurred or if significant changes were made in the legislative framework or were decided by regulatory authorities like for instance without limitation ANRE;

The Company's law suit to ascertain nullity of HAGA 9/2020 and of Supervisory Board's Decision 73/2020 which the investors and shareholders were informed about in the current report of 25.02.2022 can have impact over the above presentation.

From 23 June 2021 to 31 December 2021 Supervisory Board members had gross fixed monthly indemnification amounting to 13,976 RON gross/month, according to AGA Decision 4/22 June 2021.

The mechanism granting the gross fixed monthly indemnification in 01 January 2021 – 31 December 2021 was the following:

- The Supervisory Board chairman and CS members 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;
- Supervisory Board 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;
- Supervisory Board 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;

Supervisory Board's attributions

The Supervisory Board has mainly the following 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 administration,
- 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,
- Checking the Company's financial statements,
- Verifying the Directorate report,
- Proposing to the general assembly the appointment and recalling of the financial auditor, as well as the minimum term of the audit contract,
- Approving the Company's transactions with affiliated parties in the cases and terms of legal provisions;

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, areal 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 RON,
- 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 31.12.2021 three consultative committees were constituted within the Supervisory Board:

- *Audit committee;*
- *Nomination and remuneration committee;*
- *Energy security committee;*

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 Supervisory Board committees

Decisions of consultative committees are taken by vote majority.

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.

The main attributions of Supervisory Board committees, depending on domain, are:

Nomination and remuneration committee

- Formulating proposals for member positions in the Supervisory Board and the Directorate,
- Elaborating and making proposals to the Supervisory Board about selecting Supervisory Board members, Directorate members for the Company and 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;

Audit committee

This committee assist the CS with fulfilling its responsibilities with respect to 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 statements,
- 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 applicable, the Company's risk management systems,
- 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 from the former are compliant with the audit plan approved for the Company,

- Proposing to the Board the control, check and reporting modalities necessary for the exercise of essential control attributions over the manner in which the Directorate manage 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;

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);

Activity of CS committees in 2021

In 2021 the *activities of the Energy security* focused on the identified issues / risks with respect to energy security; proposals and solution modes of detected issues / risks and remunerative insufficiency as a security issue for the Company; the organisational structure and activity of Critical Infrastructure Department and Classified Information Department.

Technical requirements for power units and plant connection to SEN were analysed; they debated the preDefendation of installations and networks for the 2020-2021 winter, and an activity plan was submitted to increase cross-border capacity.

The measures taken by the Company for SEN security during the pandemic were also debated.

Activities of the *Nomination and remuneration committee* in 2021 analysed on the Company's organisational structure, and the personnel's remuneration policy.

At the same time the selection procedure for Directorate members was approved in accordance

with the provisions of OUG 109/2011 on the corporative governance of public enterprises.

The Audit committee performed the following activities in 2021:

- Verifying the Company's 2021 annual Investment Plan and the investment expenses of 2022 and 2023; checking the 2021 Revenue and expense budget and the estimations for 2022-2023;
- They also debated the accomplishment of the 2020 Audit mission plan, the implementation stage of recommendations resulting from the audit missions of 2020 and acknowledged the Plan of internal public audit missions for 2021;
- The 2020 Audit Committee's Report was elaborated within the Supervisory Board of NPG Co. Transelectrica SA (TEL) about the internal control systems and management of significant risks within the Company; the Company's 2021 stand-alone / consolidated financial statements were verified and the financial auditor's Report;
- The stand-alone simplified financial statements as of and for the 3 months' period ending on 31 March 2021, the simplified stand-alone / consolidated financial statements for the 6 months' period ending on 30 June 2021, and for the 9 months' period ended on 30 September 2021.

Directorate

On 31.12.2021 the Directorate membership was the following:

- Gabriel Andronache – Chairman
- Stefanita MUNTEANU – Member
- Catalin-Constantin NADOLU – Member
- Marius-Viorel STANCIU – Member
- Florin-Cristian TATARU – Member

Directorate organisation

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), 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 responsibilities incumbent to them, or respectively are on its behalf according to the applicable law and the Articles of Association.

Membrii Directoratului sunt numiți și revocați de către CS. Numărul membrilor va fi determinat de CS, cu condiția ca acel număr să nu fie mai mic de trei și mai mare de șapte, numărul acestora fiind întotdeauna impar. Un member al Directoratului va fi numit Președinte al Directoratului (denumit alternativ și Director General Executiv sau Chief Executive Officer – „CEO” – al Companyi).

Directorate remuneration

From 01 January 2021 to 24 June 2021 Directorate members had gross fixed monthly indemnification according to their mandate contract approved by CS Decision 74/2020. The Supervisory Board (appointed by AGA under Decision 9/2020) established for Directorate members gross fixed monthly indemnification amounting to 46,597 RON gross/month, and an annual variable component for their compliance with performance indicators assumed in the Management Plan.

As regards the annual variable component, on 10 December 2020 the Company's 2020-2024 Administration Plan was published. In accordance with the mandate contract form approved by the Supervisory Board:

- The annual variable component for the indicators mentioned in the Management Plan, associated to each mandate year, is in quantum not exceeding 12 fixed indemnities and is owed to the grantee only when the actual achievement of such performance indicators in the year the determination is made of is accomplished at the values assumed under the Management Plan,
- In case of a grantee whose mandate contract ends before term (regardless of cause), in the time period from the beginning of the respective calendar year and the end date of the mandate

Directoratului attributions and duties

The Directorate performs all actions necessary and useful for provision 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 exercise its attributions under Supervisory Board control and has the duty 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;

contract, the annual variable component of the remuneration pertaining to the performance indicators mentioned in the Management Plan will be granted by fractions in proportion to the number of days of the respective year when the mandate contract was valid, based on which such is granted,

- Since the grantee was appointed on 17 November 2020, in the time period from the appointment date and the end of such calendar year the annual variable component of the remuneration pertaining to the performance indicators mentioned in the Management Plan will be granted by fractions, in proportion to the number of days of the respective year when the mandate contract was valid, based on which such is granted,
- Such annual variable components will be paid within 15 days from the AGA approval date of the annual audited stand-alone financial statements,
- Performance indicators, objectives and criteria mentioned in the Administration Plan can be reviewed and properly changed in case force major events occurred or if significant changes were made in the legislative framework or were decided by regulatory authorities like for instance without limitation ANRE;

The Company's law suit to ascertain nullity of HAGA 9/2020 and of Supervisory Board's Decision 73/2020 which the investors and shareholders were informed about in the current report of 25.02.2022 can have impact over the above presentation.

From 25 June 2021 to 31 December 2021 Directorate members had gross fixed monthly indemnification amounting to 46,597 RON gross / month.

- 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 manages 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 & 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 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, setting the tasks and responsibility of Company employees according to the Company's personnel policy,
 - Negotiating the Collective labour contract 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, in sum above 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, below 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' general ordinary assembly that will decide according to legal terms.

Shareholders' General Assembly

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 rights 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 Supervisory Board members,
- Appointing and dismissing the financial auditor and setting the minimum audit contract term,
- 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 the following issues:

- Changing the Company's juridical form,
- Changing the Company's headquarters,
- Changing the Company's business,
- Increasing the Company's share capital,

- Reducing the Company's share capital or replenishing it by issuing new shares,
- Merging with other companies,
- Company split-up,
- Anticipated Company dissolution,
- Share conversion from one category to another,
- Converting nominative shares into bearer ones or the bearer shares into nominative ones,
- Bonds conversion from one category to another or into shares,
- Bond issuance,
- 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 making all kinds of loans or loan-type bonds in capacity of creditor,
- Establishing / participating to establishing entities with distinct legal personality of patrimonial or non-patrimonial purpose, and 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 above or equal to 50,000,000 Euros,
- Establishing the minimum insured amount and the maximum insurance premium for the professional liability insurance of Supervisory Board and Directorate members;

The Company performs all due diligence to facilitate shareholders' participation to 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 who wants 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 vote possibilities:

- a) By representation under power of attorney;
- b) By correspondence;
- c) Remotely;

Shareholders 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.

Transelectrica has its own internal managerial control system which enables the Company to provide reasonable management of financial resources in order to achieve general and specific objectives, and to use such under legal, regular, effective, efficient and economic conditions.

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 internal managerial control includes self-control mechanisms and its effectiveness increases based on risk assessment.

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; monitoring, coordinating and guiding

methodologically the implementation & 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.

The internal managerial control operates with various procedures, means, actions, provisions regarding all issues relate to Transelectrica's activities. The managerial team establishes and implements them to enable good control over the Company's overall operations, as well as over each activity / operation individually.

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 01.07.2021, approved by Directorate Decision 75/01.07.2021, 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, and Teletrans SA). Subsidiaries Formenerg SA and Icemenerg Service SA have 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 this activity

- Law 672/2002 on the public internal audit, with later additions;

- 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 sets the position of the internal audit structure in the public entity, defines the activity 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 the public internal audit activities

Annual planning uses the "Multiannual public internal audit plan, 2017 - 2021", based on analysis of associated risks and requests from Directorate members.

Taking into account that risks associated to activities are generated by the economic and social environment activities are performed in there is need to periodically reevaluate risks in order to supervise their dynamics.

To provide founded risk analysis and reduce the subjectivity of such the utilisation of well defined risk analysis criteria is considered necessary, while also explaining the actual execution of risk analysis and establishing the risk score.

Risk analysis criteria used in the annual and multi-annual planning are as follows:

- Likelihood of risk occurrence;
- Seriousness of event consequences (impact degree);

Public internal audit activities

In 2021 Company-wide 25 public internal audit missions were carried out.

They targeted the following domains:

- Financial-accounting, six missions performed in the territorial transmission units;
- Specific functions;

No counselling or ad-hoc audit missions took place throughout the year.

In 2021 audit activities held were followed by a report submitted to the superior hierarchical body (Secretariat General of Government).

Taking into account the Methodological norms on the exercise of the Company's public internal audit, there is periodical analysis of the implementation results, progress in 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 2021 a number of 154 recommendations were formulated, of which:

- 63 recommendations implemented on the set term;
- 7 recommendations applied after the set term;
- 35 partially implemented recommendations (under implementation);
- 20 recommendations not implemented but their set implementation term has not been exceeded;
- 29 recommendations 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 on 10.12.2020.

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 its counselling provider missions adds value to activities and supports the management to preserve an effective public internal control and to accomplish established objectives.

The public internal audit's vision takes into account:

- Providing continuous uniform training at qualitative standards as necessary to obtain certificates ascertaining the national licensing of internal auditors,
- There is need for permanent methodological collaboration and guidance between the public internal audit structure of the superior hierarchical body (Secretariat General of the Government) and the Company's Public Internal Audit.

Statement of compliance with the Corporate Governance Code of the BVB

Code provisions	Compliant	Partially compliant (reason of non-conformity)
Section A –[Supervisory Board] responsibilities		
A.1. TEL should have an internal CS regulation including the CS terms of reference / responsibilities and its key TEL management functions, applying among others, the General Principles of Section A.	CS of TEL performs based on applicable legislation, the Articles of association, CS Regulation of organisation and operation 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.	<p>Such aspects have been stipulated in detail also in the Regulation of organisation and operation of CS;</p> <p>CS members are appointed by AGOA observing the provisions applicable to companies admitted for transaction and are selected as per the provisions of Governmental Emergency Ordinance 109/2011 on the corporative governance of public enterprises.³</p> <p>All seven CS members have filled in and submitted the independence statements. Moreover candidates to hold a place in 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;</p> <p>All seven CS members have filled in and submitted the independence statements.</p> <p>Details - in the Annual Report, Corporate Governance section</p>	
A.3. CS should include at least five members.	<p>CS comprises seven members</p> <p>Details - in the Annual Report, Corporate Governance section</p>	
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.	<p>All seven CS members have filled in and submitted the independence statements.</p> <p>The recruitment process regulated by OUG 109/2011 provides the candidates' obligation to submit an affidavit with respect to their independent status (attached to the participation documents);</p>	
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.	<p>Details - in the Statements of Interests posted on the Company's website, section Human Resources;</p> <p>https://www.transelectrica.ro/web/tel/declaratii-de-avere;</p>	
A.6. Any CS member should provide the CS with information about any relation with a shareholder holding directly or indirectly shares representing over 5% of all voting rights. Such obligation refers to any kind of relation that might impact the member's position with respect to issues decided by the CS.	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 in the Articles of Association in the application of article 34 from Law 123/2012;	

³ See explanations of A.4

	Code provisions	Compliant	Partially compliant (reason of non-conformity)
A.7.	TEL shall designate a CS secretary responsible to support Board activities.	The membership of CS Secretariat was designated by CS Decision 87/2017 and the person who performed secretariat activities in 2021 was Irina RACANEL.	
A.8.	The statement regarding corporative 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 2021 Transelectrica had no policy to assess CS members' activities
A.9.	The statement regarding corporative 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 2021 the Supervisory Board gathered in 29 meetings where all or most members attended or, as applicable, were represented. There have been 5 meetings of the Audit Committee and 7 of the Nomination and Remuneration Committee. There have also been 3 meetings of the Energy Security Committee. Activity details - in the Annual Report, Corporate Governance section	
A.10.	The corporative governance statement should include information about the actual number of independent members in the CS.	All seven CS members have filled in and submitted the independence statements.	
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 formulate proposals for Directorate and CS member positions, elaborate and propose to the CS the selection procedure for CS members, Directorate members and other managerial positions; formulating proposals to remunerate 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	
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 assist 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. All seven CS members have filled in and submitted the independence statements. 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. Florin Victor DUMITRIU, has submitted his independent statement.	
B.3.	Among its responsibilities the audit committee should make an annual valuation of the internal audit system.	Details in the Audit Committee's Annual Report - AGOA Material, reunion approving the Annual Financial Statements, published in AGA section, Company web page	

Code provisions	Compliant	Partially compliant (reason of non-conformity)
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; promptness and effectiveness of executive management in solving deficiencies or weaknesses identified after internal control, and submitting relevant reports to the Board's attention.	Details in the Audit Committee's Report, AGA section on the Company's web page 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 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 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 regulations, as well as according to 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 CS' Audit Committee about internal control and significant risk management systems in 2021 (Material for the annual reunion of AGOA/28.04.2022 with agenda item to approve the annual Financial Statements)	
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 CS' Audit Committee about internal control and significant risk management systems in 2021 (Material for the annual reunion of AGOA/28.04.2022 with agenda item to approve 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 CS' Audit Committee about internal control and significant risk management systems in 2021 (Material for the annual reunion of AGOA/28.04.2022 with agenda item to approve the annual Financial Statements)	
B.9. No shareholder can be granted preferential treatment compared to other shareholders in terms of transactions & agreements the company concluded with its shareholders and affiliates.	The Company provides equal treatment to all holders of securities of the same type and category and it places all necessary information at their disposal, 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.	CS agreement is required to approve certain kinds of operations as per the provisions of article 21 para (3) in the Articles of Association. At the same time, in view of complying with the reporting obligations as per article 144 let. B para (4) of ASF Regulation 5/2018 on the issuers of financial instruments and market operations, corroborated with the provisions of article 82 / Law 24/2017 on the issuers of financial instruments and market operations, the financial auditor of TEL makes half-yearly 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.	In addition, CS takes into account elaborating in 2022 a distinct document regarding the <i>POLICY ON SIGNIFICANT TRANSACTIONS WITH AFFILIATED PARTIES</i>
B.11. Internal audits should be performed by a structurally separate division (internal audit	The Company's public internal audit activities are performed by means of its own audit structure, thus	

Code provisions		Compliant	Partially compliant (reason of non-conformity)
	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 ⁴ there are such entities within TEL, namely Public Internal Audit, Integrated Management Department, Control Division	
B.1 2.	In view of accomplishing the main functions of the internal audit department it should report to the CS in functional terms 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 CS' Audit Committee about internal control and significant risk management systems in 2021 (Material for the annual reunion of AGOA/28.04.2022 with agenda item to approve the annual Financial Statements)	
Section C – Fair reward 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.	According to applicable regulations the Company informs annually the Shareholders' General Assembly through the Report of the Nomination and Remuneration Committee. Details - in the Annual Report, Corporate Governance section, including the Company's website where the mandate contract is published, section AGA / Corporate Governance;	
Section D – Value added by investor 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). Data and information can be consulted at https://www.transelectrica.ro/web/tel/relatii-investitori ,	
D.1.1	The main corporate regulations: Articles of association, the procedures for shareholders' general assemblies;	TEL site, https://www.transelectrica.ro/regulament-de-guvernanta-corporativa , can be consulted and AGA Procedure is provided in each Convocator / convocator addition, section Investor Relations / AGA	
D.1.2	The professional CV of all TEL's managerial body members, other professional commitments of CS members, including executive and non-executive positions in administration boards of companies or non-profit institutions;	Public documents on TEL site, 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, half-yearly and annual) reports – at least those provided in item D.8 – including the current reports with detailed information on the incompliance with this Code;	Relevant documents can be consulted on TEL's website, section Investor Relations, tab Current reporting and Periodical reporting, 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	Documents can be consulted on TEL's website, section Investor Relations / AGA, link: https://www.transelectrica.ro/web/tel/aga ,	

Code provisions		Compliant	Partially compliant (reason of non-conformity)
	candidates for Board election, and their professional CV; shareholders' questions about 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 right, 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 TEL's website, 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 relevant information upon request;	relatii.investitori@transelectrica.ro , Shareholders: Mihaela GRAMA - contact number: +40.21.303.59.48 Investors Relations: Adrian SUTA - contact number: +40.21.303.56.67, public data on TEL's website, link: https://www.transelectrica.ro/web/tel/contact-ri ,	
D.1.7	TEL presentations (e.g. for investors, presentations of quarterly results etc.), (quarterly, half-yearly, annual) financial statements, audit and annual reports.	Documents can be consulted on TEL's website, 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 TEL's internet page.	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 with annual distribution of dividends In 2021 TEL distributed dividends at 0.87 RON/share (total dividend), gross dividend at 0.59 RON/share from the profit recorded on 31.12.2020 and retained earnings existent in balance on 31.12.2020, gross dividend at 0.28 RON/share.	
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 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, half-yearly 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 Energy.	.
D.4.	AGA rules 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;	

Code provisions	Compliant	Partially compliant (reason of non-conformity)
D.5. External auditors will be present at the shareholders' general assembly when their reports are submitted to such assemblies.		
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 reunion of 28 April 2022 – Audit Committee's Report of the CS on the internal control systems and significant risks management in 2021	
D.7. Any specialist, consultant, expert or financial analyst can participate to the shareholders' assembly based on preliminary 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 one year to the next.	Relevant documents can be consulted on TEL's website, section Investor Relations / Periodical reporting, 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.	According to TEL's annual Financial Communication Calendar, approved and transmitted to capital market institutions, BVB and ASF, the Company planned in 2021 four meetings with financial analysts, placement consultants, brokers and investors to submit its 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.	The document can be consulted on TEL's website, section About us / Social corporative responsibility, link: https://www.transelectrica.ro/web/tel/responsabilitate-sociala-corporativa Information about this section can be accessed consulting the documents of the annual periodical reporting of 2021.	

15. Social Corporative Responsibility

Social corporative responsibility policy

Every modern organisation is assessed beyond its economic performance, managerial quality and communication policy in terms of its 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.

Social responsibility to community is equally important as business success, this being the reason why in 2021 the Company took into account to correlate its Social Corporative Responsibility policy with the social issues of the community it acts in, getting involved in solving social problems and sustaining higher access to education for 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 35: CSR policy – dialogue with stakeholders

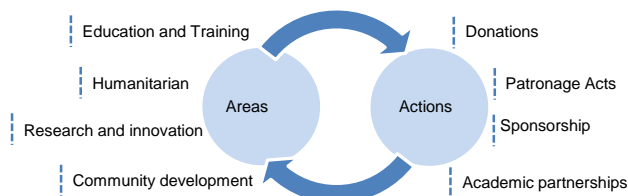


CSR domains and actions

Social responsibility is a management process whereby Transelectrica wants to contribute to developing a sustainable performant Romanian society. Our social corporative responsibility vision promotes national values such as innovation, team

spirit, respect of diversity and commitment. They are the groundbase of our performance.

By its corporate social responsibility policy the Company focusses on the following domains and actions included in a long term strategy:



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 Romanian society. We are active in the university environment by partnerships with students' associations, but also under 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: Sponsoring 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 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, which is a prerequisite of

sustainable development. Requirements and exigencies of the European Union need a new approach for global environmental problems in terms of their effects and pressure over the environment 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.

Social responsibility to employees

The Company's objective as regards 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 Company effort 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.

Eligibility criteria for projects

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, except for the educational ones (school, kindergarten, university, etc.), museums, hospitals and other cultural and health institutions seated in Romania;
- Natural or legal persons subject to a conflict of interests;
- Organisations / institutions aiming at obtaining profit;
- Natural or legal persons that have been declared in a previous sponsorship situation;
- Beneficiaries that are in the condition of pending judiciary reorganisation, dissolving, liquidation or suspended activity;
- Beneficiaries / organisations that received final sentences for offences;
- Beneficiaries / organisations that have been declared as trespassing a previous financing and / or donation contract and / or sponsorship with Transelectrica;
- Affiliated persons 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;

Sponsorship policy

The sponsorship criteria established by the Company are:

- Transparency: sponsorship should be transparent, its beneficiary should be known, and the purpose of utilisation should be revealed and verifiable;
- Purpose: the donated sum 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;
- Strategical 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;

The 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;
- In general the Company should monitor the following:
 - The compliance with the written contract and Company policies;
 - Reaching the objectives of the sponsorship or donation;
 - Good management, accounts kept;
 - Submitting reports;
 - Benefits for the Company and the 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;
- Results to be obtained by such support granting;
- Benefits resulting from the support received;

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 in, 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.

Main CSR projects in 2021

In 2021 we chose to further get involved in domains such as: education and training, humanitarian and environmental actions, and responsibility to employees.

The amount provided and approved in the Revenue and Expense Budget towards sponsorship actions, corporative social responsibility in 2021 was 1,700,000 RON.

In 2021 related expenses were distributed to:

- Medical and health: 838,863 RON
- Education, training, social and sport: 680,000 RON
- Other activities: 181,137 RON

The Company decided granting financial aids amounting to 347,763 RON to 18 persons diagnosed with various medical afflictions, in order to cover their treatment expenses.

Still in the medical domain other 11 sponsorships were granted, cumulating a total of 491,100 RON. Mention can be made of:

- MARINUS GALBENUs Association - to procure therapeutical equipment for home, needed by children with cancer or other serious illnesses;
- Association Give Life - to support the #NoiFacemUnSpital project, National Children's Hospital for Cancer, Serious Illnesses and Traumas;
- University Emergency Hospital Elias - to support the refurbishment of the ORL surgical room;
- Children's Hospital Foundation Brasov - to procure the extraction kit of respiratory & digestive foreign bodies for ORL Pediatrics;
- County Emergency Hospital Giurgiu to procure medical equipment necessary for COVID 19 patients treatment;

- Infectious Disease & HIV/AIDS Society, to renovate pavilion 5 of the Infectious Disease Institute Matei Bals and endowing it with medical equipment and fire fighting outfits to provide new beds for SARS CoV 2 patients with respiratory affliction;
- Clean Hospitals' Association to complete the budget necessary for A day of good deeds project, which provides hygienic materials to children with cancer and cytostatic treatment to pediatric cancer sections;
- County Emergency Clinic Hospital Ilfov to procure sanitary materials / protection equipment (FFP2 & FFP3 masks, overalls, etc.) and medical appliances for Sars-Cov-2 patients (ventilators, oxygen masks, intubation probes, vital function monitors, etc.), and to arrange separate special spaces for COVID-19 patients, seriously afflicted;

In 2021 Transelectrica 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.

To support education and encourage young people address a career in the energy sector Transelectrica awarded monthly study grants to 9 students, totally allocating 126,490 RON in 2021, and such grant programme is going to continue in 2022 as well.

Education and training

In education, training, social and sport Transelectrica got involved in many projects, such as those carried out by the following associations and foundations:

Association Me and the World

Transelectrica sponsored the Association Me and the World to procure presents offered to the winners of the national contest "Let's go green from within".

The sponsorship contract amounted to: 30,000 RON

Humanitarian Association Tadeus

Transelectrica sponsored the Humanitarian Association Tadeus to complete its budget necessary

to procure 350 satchels endowed with school supplies for rural pupils and those of Bucharest City.

The sponsorship contract amounted to: 30,000 RON

Polytechnic Timisoara Foundation

Transelectrica sponsored the Polytechnic Timisoara Foundation in order to grant awards to its best students of the Electro Technique and Electro Magnetic Faculty on the occasion of 2021-2022 university year and to complete the budget of the Experimentarium in Electricity and Energy conference.

The sponsorship contract amounted to: 4,500 RON and 98,000 RON

Bronx People Association

Transelectrica sponsored the Bronx People Association to develop the MARIA BRONX family centre by installing photovoltaic panels.

The sponsorship contract amounted to: 67,568 RON

In 2021 the total value of sponsorship contracts in education, training, social and sport amounted to 583,068 RON.

Consequently Transelectrica, part of public life, has certain duties to society.

Community involvement is necessary not only in order to acquire business success, but to obtain the respect of communities we are active in as well, thus contributing to the development of a sustainable performant Romanian society.

In 2022 Transelectrica will apply the CSR policy in order to reach the established targets, sustaining disfavoured categories and promising young people, while also taking into account the quality of education and environmental impact.

Another priority in 2022 is the support to young generations by getting involved in professional development and giving grants both to students and to pupils with outstanding results in educational establishments of energy profile; and by equipping the research labs of specific schools or faculties.

Environmental responsibility

Environmental protection is an important objective for the Company, in view of the Company's long-lasting and sustainable development. Thus, the environmental protection policy is an integral part of the general policy, with objectives such as:



maintaining a performant environmental management system, pollution prevention and reduction, compliance with legal national and European requirements and sustainable development.

In 2021 environmental objectives aimed at maintaining a performing environmental management system, preventing and reducing pollution so that the electricity transmission grid's environmental impact 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 2021 no particular issues of environmental protection were notified.

Describing RET's environmental impact

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 un-tight equipment, wrong operation, failures or when executing construction and maintenance work.

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 impacts, environmental aspects related to construction and to operation-maintenance are divided into:

➤ **Physical** which get visible 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 (by building overhead obstacles located on the flight corridor);
- Waste generation (porcelain, glass, concrete, metals, used oil, packages, rubble, etc.);
- Impacting the population and fauna with the 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 substation locations;
- 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 conductors' touching 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 luminous effects of corona processes;
- Disturbances of radio and television systems produced by the electromagnetic field;
- Electromagnetic field's influences over telecommunication installations or other electric networks upon their crossing or near them;
- Effects of the electromagnetic field over living beings;

➤ **Chemical** of which mention can be made:

- Soil and/or water pollution by accidental fuel and oil spills or of other chemical substances;
- Air pollution by means of:

- Flue gas emissions (SO_x, CO_x, NO_x, COV, suspended powders) from heating installations or transportation means;
- Sulphur hexafluoride emissions (SF₆) – accidental leaks during gas handling or because of un-tight equipment;
- Powdery emissions because of construction-installation works;
- Emissions of volatile organic compounds from paints and diluters, etc.
- Ozone and nitrogen oxides – high voltage corona effects;
- Sulphur acid vapours – from accumulator batteries;

- **Social-economic** such as disturbance of social activities, including population move-out;
- **Visuale & psychic** ones by landscape impacts and fear caused by the proximity and the visual and acoustic effects of RET;

In terms of environmental impacts in 2021:

- There were no accidental pollutions of significant environmental impact;
- There were no environmental complaints;
- The generated waste was disposed of / capitalised 96.34%, the other waste being stored;

Impact indicators

Table 34: Surface taken up by electric lines and substations

Entity	Without safety are [m ²]		With safety area [m ²]	
	Substations	OHL	Substations	OHL
Total 2021	3,988,066	2,893,289	7,137,572	551,176,743
Total 2020	3,980,544	2,992,588	7,123,765	560,996,126

Pollution sources for soil, underground and terrestrial water

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 un-tight/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 outfits and transportation means during construction and maintenance activities (the oil leaked in the environment was retained by biodegradable absorbent 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 un-tight equipment or improper gas handling.

Flue gas can occur (SO_x, CO_x, NO_x, COV, suspended powders, etc.) in case of fire or explosions.

High voltage OHL generate atmospheric pollution by ozone and nitrogen oxides 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 waste 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 in 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 separators then discharged in the urban drainage network or it is emptied and carried to a station treating urban waste water or it is discharged on ground or into terrestrial water, while observing the maximum admissible limits of pollutants discharged in the environment.

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.

Generated waste was disposed of / capitalised by means of licensed companies.

Table 35: Waste management

Year	Generated waste (t)	Capitalised waste (t)	Disposed of waste (t)	Stored waste (t)	Waste management indicator: disposed of, capitalised / generated waste
2021	10,519.6	854.7	9,280.2	384.6	96.3%
2020	2,691.2	277.5	1,764.7	649.0	76%

Electromagnetic field generated by RET 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 (radiointerference).

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, providing also 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 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 to 33 dB in fair weather.

Impact on fauna

This impact is significant especially as regards birds, since they can collide or get electrocuted by 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 can 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 the:

- *Execution of work to:*
 - Construct or maintain drainage networks of domestic waste water and/or rainwater;
 - Install water / oil separators to the tanks of oil-containing equipment and on storage platforms;
 - Build concreted platforms for temporary equipment and waste storage;
 - Maintain oil- or SF6-containing equipment in order to prevent leaks;
 - Paint the overhead line towers (OHL) using landscape proper colours;
 - Clear up / maintain the safety corridors of OHLs;
 - Remake / develop the lands in order to get them in the initial state when work has finished;
- *Service procurement regarding:*
 - Monitoring waste water quality in Company substations and offices; proposing solutions to reduce pollution as per the terms of environmental and water management permits;
 - Waste gathering, sort-out, transportation and capitalisation / disposal;
 - *Elaboration of environmental management plans for maintenance, refurbishment / upgrade projects*



5.5 mill RON

Environmental protection expenses

Total environmental protection expenses, including environmental costs of operational, maintenance and investment works amounted to 5.5 mill RON (about 1.1 mill Euro).

Compliance with legal requirements

The Company-managed objectives (270 of such: transformer and connection substations, overhead lines, offices etc., licensed or under licensing) operate as per legal environmental protection requirements and the licensing degree was 99.3% (20 permits). Maintenance and investment works executed in 2021 were according to legal and regulatory requirements (environmental permits and/or agreements, water management permits, as applicable).

Generated waste was managed in accordance with legal requirements and disposed of / capitalised using licensed companies, thus taxes of 35 RON were paid to the Environmental fund for emissions from stationary sources. The measures indicated by the regulatory and control authorities of environmental protection and water management domains were fully complied with, the Company monitoring environmental factors (air, water, soil, noise, electromagnetic field, waste) all through 2021 according to requirements from regulatory documents on environment and water management.

All environmental information was accurately reported in due time as per legal and regulatory requirements and the provisions resulting from controls made by regulatory and control authorities.

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 into 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, by information, training and motivation;

Activities proposed in 2022

Among the main services and work to prevent and/or limit environmental impacts proposed for 2022 mention can be made of:

- Cleaning and periodical technical checking of petroleum product separators existent in electric substations;
- Services to re-update technical documentations required to renew water management permits for the objectives of Transelectrica SA;
- Maintenance and repairs to biologic treatment stations of domestic waste water;
- Waste collection, transport and capitalisation / disposal of, as resulting from work (DEEE, insulator waste, etc.);
- Restoring the natural landscape impacted by work executed in Company objectives;
- Work to maintain the OHL safety corridors;
- Maintenance and repairs to prevent SF₆ losses;
- Construction or maintenance of drainage networks of domestic waste water and/or rainwater;
- Studies and research to monitor the waste water quality in Company substations and offices;



Annexes

Annex 1 - Articles of association amended in 2021

There have been no articles of association amended in 2021.

Annex 2 - Appointment / recall deeds issued in 2021

Directorate

- In accordance with CS Decision 13/21.04.2021
 - Supervisory Board members designated Mr. Ovidiu ANGHEL as provisional Directorate member, with mandate term of four months beginning with 21.04.2021 for 4 months.
- In accordance with CS Decision 25/25.06.2021
 - Supervisory Board members decided, beginning with 25 June 2021 to recall the mandates of the following Directorate members: Catalin NITU, Ovidiu ANGHEL, Andreea-Mihaela MIU, Corneliu-Bogdan MARCU and Marius Viorel STANCIU.
- In accordance with CS Decision 26/25.06.2021
 - Supervisory Board members designated the following persons: Bogdan TONCESCU, Ionut-Bogdan GRECIA, Adrian MORARU, Catalin-Constantin NADOLU and Marius Viorel STANCIU as provisional Directorate members for four months beginning with 25 June 2021 with possible mandate extension for two more months, for solid reasons, which period will not exceed the completion date of the selection procedure for Directorate members in the Company according to the provisions of OUG 109/2011.
 - Mr. Bogdan TONCESCU is elected Directorate Chairman.
- In accordance with CS Decision 36/21.10.2021
 - Supervisory Board members decided unanimously to extend by two more months as of 25 October 2021 until 24 December 2021 the mandates of provisional Directorate members: Bogdan TONCESCU, Ionut-Bogdan GRECIA, Adrian MORARU, Catalin-Constantin NADOLU and Marius Viorel STANCIU.
 - Mr. Bogdan TONCESCU was elected Directorate Chairman.
- In accordance with CS Decision 49/22.12.2021
 - Designated Mr. Gabriel ANDRONACHE as provisional Directorate member beginning with 25.12.2021 for 4 months.
 - Mr. Gabriel ANDRONACHE was elected Directorate chairman.
- In accordance with CS Decision 50/22.12.2021
 - Supervisory Board members designated Mr. Catalin-Constantin NADOLU as provisional Directorate member beginning with 25.12.2021 for 4 months.
- In accordance with CS Decision 51/22.12.2021
 - Designated Mr. Marius Viorel STANCIU as provisional Directorate member from 25.12.2021 onward for 4 months.
- In accordance with CS Decision 52/22.12.2021
 - Supervisory Board members designated Mr. Florin-Cristian TATARU as provisional Directorate member beginning with 25.12.2021 for 4 months.
- In accordance with CS Decision 53/22.12.2021
 - Designated Mr. Stefanita MUNTEANU as provisional Directorate member beginning with 25.12.2021 for 4 months.

Supervisory Board

- In accordance with AGOA Decision 4/22.06.2021
 - AGOA decided recalling the mandates of the following Supervisory Board members: Adrian GOICEA, Luiza POPESCU, Jean-Valentin COMANESCU, Oleg BURLACU, Mircea Cristian STAIU, Mihaela POPESCU, Ciprian Constantin DUMITRU and designated as provisional Supervisory Board members the following persons: Adina-Loredana DOGARU-TULICA, Mihaela POPESCU, Marius Vasile MORARIU, Claudiu Constantin NASTASA, and Adrian Nicolae BLAJAN, with mandate of 4 months from 23 June 2021 until 22 October 2021.
- In accordance with CS Decision 22/23.06.2021
 - Mr. Marius Vasile MORARIU is elected Supervisory Board Chairman.

- In accordance with CS Decision 27/25.06.2021
 - Mr. Victor Florin DUMITRIU was appointed provisional Supervisory Board member with mandate until 22 October 2021, but no later than the appointment date of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with AGOA Decision 5/31.08.2021
 - AGOA decided appointing Mr. Victor Florin DUMITRIU as provisional Supervisory Board member with mandate until 22 October 2021.
- In accordance with AGOA Decision 6 / 21 October 2021
 - The mandates of the following persons: Marius Vasile MORARIU, Mihaela POPESCU, Adina-Loredana DOGARU-TULICA, Claudiu Constantin NASTASA, Victor Florin DUMITRIU, and Adrian Nicolae BLAJAN as provisional Supervisory Board members for two months as of 22 October 2021.
- In accordance with CS Decision 37/21.10.2021
 - Mr. Virgil Dumitru ORLANDEA was appointed provisional Supervisory Board member, with mandate until 21 December 2021, but no later than the appointment date of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with AGOA Decision 8 /14 December 2021
 - The following persons: Adina-Loredana DOGARU-TULICA, Mihaela POPESCU, Marius Vasile MORARIU, Claudiu Constantin NASTASA, Adrian Nicolae BLAJAN, Victor Florin DUMITRIU, and Virgil Dumitru ORLANDEA were approved as provisional Supervisory Board members for four months beginning with 22 December 2021.
- In accordance with CS Decision 46/22.12.2021
 - Mr. Marius Vasile MORARIU was elected Supervisory Board Chairman.

Annex 3 - Important contracts the Company concluded in 2021

REPORT according to HAGEA 4/29.04.2015 on contracts signed in 2021 for the purchase of goods, services and works, whose value is greater than 500,000 Euro / purchase (for the purchase of goods and works) and 100,000 Euro / purchase, respectively (for services).

No.	Contract number	Contractual object	Term months	Value		Contract type	Legal base	Procurement procedure
				Mill RON	Mill Euro			
0	1	2	3	4	5	6	7	8
1	C 25/2021	Upgrading the 220/110/20 kV sustation Arefu	30	38,634	-	Work	Law 99/2016 + HG 394/2016	Open bid
2	C 45/2021	Refurbishing the 220/110 kV substation Filesti	31	37,512	-	Work	Law 99/2016 + HG 394/2016	Open bid
3	C 67/2021	Procuring & installing 21 monitoring systems for transformer units of Transelectrica substations	42	10,658	-	Work	Law 99/2016 + HG 394/2016	Open bid
4	C 47/2021	Upgrading the electricity supply of UNO-DEN offices	12	8,751	-	Work	Law 99/2016 + HG 394/2016	Open bid
5	C 27/2021	Motor car fuel for the car park, diesel units and other tools & equipment of Transelectrica	24	5,347	-	Supply	Law 99/2016 + HG 394/2016	Open bid
6	C 21/2021	Consolidating the servers and the data storage grid (private cloud)	7	4,671	-	Supply	Law 99/2016 + HG 394/2016	Open bid
7	C 22/2021	Multispectral aerial inspection of overhead lines (OHL) 110-220-400-750 kV	36	2,887	-	Services	Law 99/2016 + HG 394/2016	Open bid
8	PT 04/1175/2021	Specific guard and intervention services in particular circumstances in the objectives of UTT Pitesti	9	2,292	-	Services	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation
9	CT 808/2021	Mowing and vegetation removal in substations of UTT Constanta, lot 1 - CE Constanta zone, lot 2 - CE Tulcea zone & lot 3 - CE Galati zone	24	564	-	Services	Law 99/2016 + HG 394/2016	Open bid
10	C 89/2018 AA3	Addendum 3 to contract C89/2018 "Sub-rental services of office spaces in OPCOM SA"	36	-	111	Services	Law 99/2016 + HG 394/2016	One's own procedure
11	C 156/2021	The 400 KV double circuit OHL Gutinas-Smardan	24	247,805	-	Work	Law 99/2016 + HG 394/2016	Open bid
12	C 5/2021	Refurbishing the 400/110 kV transformer substation Pelicanu	35	96,388	-	Work		Open bid
13	C 113/2021	Maintaining the local metering system in substations of NPG Co. TRANSELECTRICA SA	36	4,270	-	Services	Law 99/2016 + HG 394/2016	Open bid
14	BC 2/2021	Upgrade to diminish galloping to the 400 kV OHL in Baragan - Fetesti area; diminish galloping to the 400 kV OHL Bucharest Sud - Gura Ialomitei & 400 kV OHL Cernavoda - Gura Ialomitei (circuit 2)	5	3,745	-	Work	Law 99/2016 + HG 394/2016	Open bid
15	C 86/2021	Revolving bank credit line	12	2,580	-	Services	Law 99/2016 + HG 394/2016	Open bid

No.	Contract number	Contractual object	Term months	Value		Contract type	Legal base	Procurement procedure
				Mill RON	Mill Euro			
0	1	2	3	4	5	6	7	8
16	C 266/2021	Strategic services / lucrări in the installations managed by NPG Co. Transelectrica SA	36	227,340.89	-	Services	Law 99/2016 + HG 394/2016	Competitive negotiation
17	C 254/2021	Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni-Fantanele	36	43,097.41	-	Work	Law 99/2016 + HG 394/2016	Open bid
18	CR 256/2021	The 220 kV double circuit OHL Ostrovu Mare – RET, stage II, installing OPGW protection conductor to the existent 220 kV OHL Portile de Fier I – Cetate circuit 1+2	24	3,687.87	-	Work	Law 99/2016 + HG 394/2016	Open bid
19	C 244/2021	Replace hardware components, update & develop specific aps of the balancing market platform II DAMAS, component - procuring migration services & upgrade of applications specific to the balancing market for the IT platform DAMAS	36	-	2,202.54	Work	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation to a competitive procedure of offers
20	C 245/2021	Mobile phone and mobile internet services to provide continuity of voice-data communications for the Company	36	1,814.24	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
21	CJ 199/2021	Specific guard & intervention services to the objectives of UTT Cluj	6	1,083.53	-	Services	Law 99/2016 + HG 394/2016	One's own procedure
22	BC 318/2021	Mowing and vegetation removal to prevent fires in substations managed by UTT Bucharest	24	553.93	-	Services	Law 99/2016 + HG 394/2016	Open bid
23	PT 28/7927/2021	Maintenance services of passage corridors of 220-400 kV OHL in areas with many trees	8	531.10	-	Services	Law 99/2016 + HG 394/2016	Open bid
24	CR 289/2021	Cleaning services in the offices and substations of UTT Craiova (lot 1)	24	4,821.30	-	Services	Law 99/2016 + HG 394/2016	Open bid
25	CR 470/2021	Specific guard, monitoring & intervention services to the objectives of UTT Craiova	36	8,313.17	-	Services	Law 99/2016 + HG 394/2016	Open bid
26	C 348/2021	Spare parts needed for maintenance of SERGI explosion & fire prevention installations	36	5,145.98	-	Supply	Law 99/2016 + HG 394/2016	Negotiation with no preliminary invitation
27	TM 11/2021	Specific guard, monitoring & intervention services to the objectives of UTT Timisoara	6	1,914.18	-	Services	Law 99/2016 + HG 394/2016	One's own procedure
28	C 467/2021	Financial audit services for 2021 - 2023	36	1,100	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
29	C 362/2021	Subsequent contract 1 to framework agreement C 245/2021 " Mobile phone and mobile internet services to provide continuity of voice-data communications for the Company"	15	-	149.58	Services	Law 99/2016 + HG 394/2016	Re-offering

Annex 4 - List of Transelectrica subsidiaries

- Maintenance Service Company of the Electricity Transmission Grid SMART SA, J40/ 8613/ 2001, Bucharest City, Boulevard General Gheorghe Magheru 33, Bucharest 1, code 010325, www.smart-sa.ro;
- Company Electricity Market Operator OPCOM SA, J40/ 7542/ 2000, Bucharest City, Boulevard Hristo Botev 16-18, Bucharest 3, code 030236, www.opcom.ro;
- Company of Telecommunication and Information Technology in Electricity Transmission Networks TELETRANS SA, J40/ 12511/ 2002, Bucharest City, Boulevard Hristo Botev 16-18, Bucharest 3, code 030236, www.teletrans.ro;
- Company FORMENERG SA, J40/ 2265/ 2002, Bucharest City, Boulevard Gheorghe Sincai 3, Bucharest 4, code 040311, www.formenerg.ro;
- Subsidiary Company ICEMENERG SERVICE SA, J40/ 11414/ 2003, Bucharest City, Boulevard Energeticienilor 8, Bucharest 3, code 032092, www.icemenerg-service.ro

List of persons affiliated to the trading company

Company subsidiaries are:

- SMART
- OPCOM
- TELETRANS
- FORMENERG
- ICEMENERG-SERVICE

Annex 5 - Significant transactions

All contracts concluded with affiliated persons amounting above 50,000 Euro were reported under Current Reports, according to legal provisions.

- On 23 august 2021 the Company informed the shareholders and investors about the Supervisory Board's approval of a transaction with an affiliated party with amount above 5% of the company's net assets. The transaction was concluded with subsidiary Smart SA under contract C266/2021 pertaining to "Strategic services / work in the installations managed by Transelectrica", execution term- 36 months.
- On 10 September 2021 completed the current report disseminated on 23 August 2021: the Company informed the shareholders and investors about the significant transaction with an affiliated party with amount above 5% of the company's net assets, namely contract C64/2021 concluded with Smart SA on the Execution & completion of "Shunt reactor installed in the 400 kV substation Sibiu Sud (execution)".

Annex 6 - Disputes

On 31.12.2021 the Company was involved in the following disputes amounting to more than 100,000 Euro (494,810 RON at BNR's exchange rate):

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
1	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 RON	CAB settlement in brief: It denied as groundless the main and the incident appeals; appeal right granted within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section V; Ruling 1560/2019 09.10.2019
2	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 RON	Term to continue the procedure: 30.03.2022
3	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 RON	Transelectrica SA was recorded in the creditors' list of debtor RAAN with 11,264,777.30 RON, in the category of liabilities resulting from continued debtor activities, the sum requested by our company being 89,360,986.06 RON, the amount of 78,096,208.76 RON was not written in the preliminary liability table because "it was not found as liability in the accounting books of RAAN. Moreover, requesting this sum of 78,096,208.76 RON 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. 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 (disinvestment) / 14.02.2019 Term to continue the procedure: 02.06.2022
4	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 RON	Term 11.05.2022
5	873/1259/2008	Arges Tribunal	Creditor: DGFP, Transelectrica Debtor: Co. Termoficare 2000 Pitesti SA	Insolvency procedure Transelectrica filed request to be recorded in creditors' list to recover the debt	Recorded in the creditors' table with 3,903,604.27 RON	Term to continue the procedure- 1.03.2022. We have been recorded in the creditors' table.
6	4328/110/2013	Bacau Tribunal	CET SA Bacau – debtor under insolvency Transelectrica SA - creditor	Insolvency procedure	Request to be recorded in the creditors' table with 1,484,636.78 RON	It deferred the case. Settlement in brief: to continue the procedure; term: 11.07.2019 Settlement type: case deferred ; settlement in brief: to continue the procedure Document: Hearing conclusion / 11.07.2019 TERM : 14.04.2022
7	29322/3/2014	Bucharest Tribunal	SC ENNET GRUP SRL– debtor under insolvency NPG Co. Transelectrica SA - creditor	Insolvency procedure	Request to be recorded in the creditors' table with 3,277,527.03 RON	Term to continue the procedure: 14.02.2022
8	1867/90/2010	Tribunal Valcea	SC Total Electric Oltenia SA	Insolvency procedure joint-stock companies,	Recorded in the	Settlement type: It deferred the case Settlement in brief: - To continue the procedure in view of capitalising the

[illegible]

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						It denied Transelectrica's appeal as groundless; final
14	1284/101/2015 24206/3/2015	Mehedinti Tribunal Bucharest Tribunal Appeal Court Bucharest ICCJ	Claimant: RAAN Defendant: Transelectrica	Claims	16,896,664.09 RON, representing the cogeneration bonus for September 2014 – February 2015 and 909,016.08 RON, the amount of delay penalties	Settlement type: It declines settling the case Settlement in brief: It admitted the exception of territorial incompetency. It declined ruling competency in favour of Bucharest Tribunal, Section VI Civil; no appeal. It was pronounced at public hearing. Document: Ruling 41/2015 22.05.2015 Settlement in brief: It admitted the request as supplemented. It compelled the defendant to pay 17,805,680.17 RON to the claimant, as amount of the bonus and penalties. It denied 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. It was pronounced at public hearing on 03.11.2015. Document: Ruling 6075/2015 03.11.2015 Filed appeal Settlement in brief: It denied as groundless the appeal filed by the appellant defendant TRANSELECTRICA against civil sentence 6075/03.11.2015 pronounced by Bucharest Tribunal, Section VI Civil in file 24206/3/2015 in contradiction with the intimated claimant RAAN by judiciary liquidator EURO INSOL SPRL. It denied as groundless the appellant defendant's request pertaining to be paid law suit expenses for the appeal. Appeal right was granted within 30 days from notification, to be submitted to Appeal Court Bucharest, Section V Civil. It was pronounced at public hearing. Document: Ruling 1206/24.09.2020. The amount was enforced. Transelectrica filed appeal. It denied the appeal as groundless of recurrent-defendant National Power Grid Company Transelectrica SA against civil ruling 1206/2020 of 24 September 2020, pronounced by the Appeal Court Bucharest, Section V civil; final. Decision 2684/09.12.2021
15	7566/101/2014 26024/3/2015	Mehedinti Tribunal Appeal Court Craiova Bucharest Tribunal CAB ICCJ	Claimant: RAAN Defendant: Transelectrica	Claims for 10,048,628.86 RON	10,048,628.86 RON	Settlement in brief: It admitted the case; appeal right granted within 30 days from notification. It was pronounced at public hearing. Document: Ruling 16/2015 04.02.2015 Filed appeal Settlement type: It decided re-judgment in the first court or in the competent court Settlement in brief: It admitted the appeal, cancelling the sentence and referring the case for settlement to Bucharest Tribunal, Section VI Civil; final. Document: Ruling 509/30.06.2015 TB settlement in brief: It denied the suing as groundless; appeal within 30 days from notification. It was pronounced by placing the hearing at the parties' disposal by the court clerk. Document: Ruling 166/ 04.02.2020 RAAN filed appeal. Settlement in brief: It denied the appeal as groundless; final. It was pronounced at public hearing. Document: Ruling 1839/09.12.2020 RAAN filed appeal, hearing term on 1.03.2022 ICCJ settlement of 01.03.2022: It admitted the appeal filed by RAAN and resent the case to CAB for re-judgment
16	37352/3/2021	Bucharest Tribunal	C: Transelectrica D: Next Energy Partners	Claims	8,395,132.23 RON + legal interest	Under preliminary procedure
17	4569/107/2015	Alba Tribunal	C: Transelectrica D: ROMENERGY INDUSTRY SRL	Claims	11,881,453.01 RON	It established the term on 16.05.2022 to continue the bankruptcy procedure by capitalising the assets 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

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						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 85/2014. Document: Hearing conclusion / 31.01.2022
18	627/107/2016	Alba Tribunal	C: Transelectrica D: ROMENERGY INDUSTRY SRL	Claims	1,748,339.29 RON	Settlement in brief: it suspended the case as per article 75 of Law 85/2014. Doc: Conclusion - Suspension / 21.09.2016
19	7226/3/2016	Bucharest Tribunal	Defendant: Energy Holding Claimant: Transelectrica	Claims	1,073,561.72 RON	It partly admitted the restricted and amended summons. It compelled the defendant to pay the claimant 1,050,000 RON as price of provided services according to fiscal invoice 6080 of 23.11.2015 and 14,129.79 RON as delay penalties. It compelled the defendant to pay the claimant 14,916.48 RON, 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. Settlement in brief: It admitted the appeal and partly cancelled the sentence appealed against. It ended the judiciary action pertaining to the payment of 7,573.96 RON representing delay penalties related to invoice 3590/27.02.2016, and 1,857.97 RON representing delay penalties related to invoice 17773/17.02.2016. Appeal right was granted within 30 from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil pending nullity sanction. It was pronounced at public hearing. Document: Ruling 1367/2018 26.06.2018
20	3694/3/2016	Bucharest Tribunal	Claimant: RAAN Defendant: Transelectrica	Claims	15,698,721.88 RON	Hearing term: 08.11.2021: Admite cererea de suspendare a judecării. În temeiul article 413 para 1 pct. 1 Cod procedură civilă, suspendă judecarea apelului până la soluționarea definitivă a Dosarelor nr. 26024/3/2015 și nr. 28458/3/2017. Cu drept de recurs pe tot parcursul suspendării. Cererea de recurs se depune la Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Conclusion - Suspension
21	9089/101/2013/ a140	Mehedinti Tribunal CA CRAIOVA ICCJ	Claimant: Transelectrica Defendant: RAAN	Claims	86,513,430.37 RON	Settlement in brief: It admitted the decline exception; partly admitted the main subject and attached contestation; it compelled the defendant to pay to the claimant 16,950,117.14 RON receivable occurring during the procedure, deciding to register it in the creditors' table constituted against debtor RAAN with this amount. It denied the other attached requests; according to article 453 para 2 C. pr. civ. it compelled the defendant to pay the claimant 1000 RON as law suit expenses; appeal right was granted. Document: Ruling 163/20.06.2019 CA Craiova: It denied the appeal as groundless; final.
22	1396/90/2016	Valcea Tribunal	Transelectrica – creditor CET Govora - debtor	Request to be recorded in the creditors' preliminary table	28,200,440.31 RON	NPG Co.Transelectrica SA was registered in the preliminary table with total liability of 28,200,440.31 RON, as per our company's request. Mention should be made the liability of 21,962,243.71 RON, 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. Settlement in brief: It confirmed the change in the reorganisation plan submitted to the file on 23 December 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 was granted. Document: Ruling 225/02.03.2020 Term to continue the procedure: 14.03.2022
23	1196/93/2016	Ilfov Tribunal	Transelectrica – claimant UGM Energy Trading -	Claims	3,422,293.07 RON	Hearing term: 20.09.2016 In accordance with article 75 para 1 of Law 85 din 2014 on insolvency it ascertained the lawful suspension of judgment had occurred.

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
			defendant			
24	1705/93/2016/A 2	Ilfov Tribunal	UGM Energy Trading SRL – debtor under insolvency	Claims	3,515,687.51 RON	The liability was admitted in quantum of 3,515,687.51 RON, 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 RON and 41,331.59 RON claimed by our Company as judiciary stamp fees were denied. Contestation to table was filed within legal term. Settlement in brief: It denied the contestation as groundless; appeal right within 7 days from notification, to be submitted to Ilfov Tribunal. It was pronounced at public hearing on 23.02.2017. Document: Ruling 511/23.02.2017 The tribunal decided on 03.08.2017 to open the bankruptcy procedure. Term to continue the procedure 09.06.2022
25	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 RON	Settlement in brief: It set the term on 31.01.2022 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 85/2014 Document: Hearing conclusion, 05.10.2020
26	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 RON (of which amount 1,739,926.66 RON which is not compensated)	Settlement in brief: It admitted the debtor's request SC ELECTROCENTRALE BUCHAREST SA In accordance with article 71 para 1 of Law 85/2014 on the procedures to prevent insolvency and on insolvency it opened the general procedure against debtor SC ELECTROCENTRALE BUCHAREST SA. It was pronounced by placing the settlement at the parties' disposal by the court clerk. Document: Intermediate ruling 2058/2020 09.07.2020 Term to continue the procedure: 26.05.2022
27	40958/3/2016	Bucharest Tribunal	Claimant: Transelectrica Defendant: SMART S.A.	Claims	2,797,095.21 RON, with VAT + 1,211,694.26 RON accessories	It admitted the exception of prescription for action right invoked by the defendant. It denied the action as written-off. It denied as groundless the claimant's request to compel the defendant to pay law suit expenses. Appeal right was granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced by placing the settlement at the parties' disposal by the court clerk. Document: Ruling 2667/2021 29.10.2021
28	3256/85/2016	Sibiu Tribunal	Claimant: Transelectrica Defendant GOG METAL SRL and ELECTRO Construct System SRL	Claims	756,770 RON	Settlement in brief: It admitted the suspension of request filed by claimant NATIONAL POWER GRID COMPANY TRANSELECTRICA SA by answering the claims. It decided 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. It was pronounced at public hearing on 02.03.2017. Document: Conclusion - Suspension / 02.03.2017 Request was filed to be placed back on the docket; hearing term: 03.03.2022
29	7282/3/2017	Bucharest Tribunal	C: Transelectrica & others D: Arelco Energy SRL	Bankruptcy procedure	1,878,467.85 RON receivable to recover	Trade receivable was admitted in the preliminary receivables' table. Settlement in brief: to continue the procedure a report to be executed about procedure closure in order to submit the answer of DITL Bucharest 1-6, OCPI & the Motor Car Registration Service; Document: Hearing conclusion 15.02.2022
30	4452/3/2017	Bucharest Tribunal	C: Transelectrica & others D: Arelco Power SRL	Bankruptcy procedure	20,996,030.49 RON	Receivable of 20,041,519.94 RON was admitted, mentioning that 954,510.55 RON were extinguished by compensation. Initially the sum requested and admitted amounted to 21,025,161 RON Term to continue the procedure:

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						18.03.2022
31	1372/3/2017		C : Transelectrica D : Transenergo Com	Insolvency procedure	6,850,000.98 RON	The requested receivable was admitted with the following remarks: sum of 1,983.36 RON (compensated) is taken out of the total amount; 69,808.42 RON, of which 48,642.11 RON receivable settled by TEL by executing the security and 21,166.31 RON, receivable deemed current, the value of invoice issued after the insolvency opening date. Term to continue the procedure: 30.03.2022 Settlement in brief: In accordance with article 139 of Law 85/2014, it confirmed the reorganisation plan of debtor SC TRANENERGO COM SA, proposed by the special administrator. Appeal right within 7 from ruling notification in the Bulletin of Insolvency Procedures, to be submitted to Bucharest Tribunal, Section VII Civil. It was pronounced at public hearing. Document: Intermediate ruling 469/2021 03.02.2021
32	345/40/2017	Botosani Tribunal	C: Transelectrica D: Elsaco Energy SRL	Claims	9,198,673.80 RON	In accordance with article 75 of Law 85/2014 corroborated with article 412 NCPC, it suspended judging the case. Appeal right granted during entire suspension. It was pronounced at public hearing. Document: Conclusion - Suspension 26.09.2017
33	10085/3/2017	Bucharest Tribunal	C: Electromontaj SA D: SMART SA Transelectrica SA	Claims	121,099.16 Euro, absence of use for intervention towers 100.000 Euro, which could have been obtained from tower operation	Term: 18.03.2022
34	3052/99/2017	Iasi Tribunal	Debtor: Fidelis Energy SRL	Insolvency procedure	2,219,985 RON, invoices + 200 RON, judiciary stamp tax	The trade receivable was registered at 2,219,985 RON in the preliminary table; 200 RON, the judiciary stamp tax was not registered. Term to continue the procedure: 05.05.2022
35	14733/3/2017	Bucharest Tribunal Appeal Court Bucharest	Debtor: Energy Holding SRL	Insolvency procedure	1,199,910.16 RON, invoices & judiciary stamp tax, chartered accountant fee	We were recorded in the PT with 1,179,545.28 RON for invoices; 20,364.88 RON 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. Appeal term 22.03.2018 It denied the appeal as groundless; final
36	2236/118/2017 and 2236/118/2017/a11 – contestation of payment request	Constanta Tribunal CA CT	Debtor: Elcomex IEA SA C: Transelectrica	Insolvency procedure	31,189,486.75 RON	The receivable was recorded in the creditors' list. Contestation of the payment request Hearing term: 15.06.2018 Settlement in brief: It denied as groundless the contestation against the measure of the judiciary administrator to deny the payment request of contestor National Power Grid Company 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 days from notification, by publication in the BPI, to be submitted to Constanta Tribunal, Section II Civil. It was pronounced at public hearing. Document: Ruling 987/15.06.2018 Hearing term: 28/10/2018 Settlement in brief: According to article 45 para 1 let. r corroborated with article 58 let. m of Law 85/2014, it confirmed 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

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						published in BPI 2757/08.02.2019. It confirmed the reorganisation plan proposed by debtor Elcomex IEA SA by its special administrator, Plesca Ioan. 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 disposed for the judiciary administrator to submit monthly activity reports, as well as the reports executed according to article 144 of Law 85/2014. It set the term on 06.09.2019, 8:30 h, judge panel F10, administrative measures; enforceable. Appeal right granted within 7 days from publication through the BPI. It was pronounced at public hearing. Document: Intermediate ruling 739/19.04.2019 Term to continue the procedure: 06.04.2022
37	2428/2/2014	CAB	C: CET Govora D: ANRE Intervenients: Local Council Valcea, Transelectrica	Cancelling ANRE decision 738/2014 overcompensation	53 million RON, 2011 - 2013 over-compensation	Hearing term: 21.03.2022
38	16216/3/2017	Bucharest Tribunal CAB	C: Teletrans D: Transelectrica	Law suit to ascertain contractual obligations have been fulfilled, and claims		Term: It deferred pronouncement to 22.04.2019 Settlement type: It denied the request Settlement in brief: It admitted the exception of the material right being written-off for suit on invoices of February-March 2014. It denied the request pertaining to invoices 115/01.03.2015 and 123/01.03.2017 as written-off. It denied the remaining suit as groundless; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: Ruling 1064/22.04.2019 Teletrans filed appeal It declined the case back to Section VI Civil, ascertaining a negative conflict of competence and referred the case to ICCJ Settlement in brief: It admitted the exception of appeal inadmissibility. It denied the appeal as inadmissible. As of the notification date of this decision, compared to the provisions of article 457 para 3 Civil Procedural Code, the term begins to elapse for the exercise of appeal attack; final. Document: Ruling 1214/2021 06.09.2021 Teletrans filed appeal, which is under screening with the ICCJ.
39	28458/3/2017	Bucharest Tribunal / CAB / ICCJ	C: RAAN D: Transelectrica	Claims – regulating the Jan-Dec 2016 bonus, ANRE Decision 347/2017	2,106,843.49 RON	Settlement in brief: It denied the request as groundless. Appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 1.07.2020. Document: Ruling 875/2020 01.07.2020 RAAN filed appeal. It admitted the appeal. It fully changed the sentence appealed against, meaning: It admitted the suing; it compelled the defendant to pay 2,106,843.49 RON to the claimant. Appeal right granted within 30 days from notification, to be submitted to CAB, Section VI. It was pronounced at public hearing. Document: Ruling 825/2021 12.05.2021 Transelectrica filed appeal. Hearing term 03.03.2022
40	7141/2/2017	CAB	C: Transelectrica I: ANAF	Cancelling the 13540/22.08.2017 enforcement title	918,231.80 RON	Settlement in brief: It admitted the exception of material incompetence of the Appeal Court Bucharest – SCAF. It declined the material competence of case settlement to the court of Bucharest 1; no appel. It was pronounced at public hearing. Document: Ruling 478/2018 08.02.2018
41	28460/3/2017	TMB	C: RAAN D: Transelectrica	Law suit for claims	12,346,063.10 RON (bonus Nov	Settlement in brief: It denied as groundless the summons filed by claimant Independent Authority of Nuclear Activities in contradiction with defendant

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
					15 – Apr 16; regularisation 2015 bonus; delay penalties)	National Power Grid Company Transelectrica SA. It denied as groundless the parties' request to be granted law suit expenses. Appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced on 24 June 2020 and placed at the parties' disposal by the court clerk. Document: Ruling 777/2020 24.06.2020 RAAN filed appeal. Hearing term: 27.09.2021 In accordance with article 413 para 1 pt. 1 NCPC it suspended appeal judgment until final settlement of files 28458/3/2017 & 26024/3/2015. Appeal right during the entire suspension. Document: Conclusion - Suspension 27.09.2021
42	33009/3/2017	Bucharest Tribunal	D: Photovoltaic Green Project C: Transelectrica s.a.	Insolvency procedure	Request to be recorded in the creditors' table with 693,073.51 RON	Transelectrica a fost inscrisa in Tabelul preliminar de creante cu suma totala in suma de 693.073,51 RON 11.03.2019 - Settlement in brief: În baza article139 al.1 din Law85/2014 privind procedura insolvenței, confirmă planul de reorganizare a debitorului PHOTOVOLTAIC GREEN PROJECT SRL. Termen : 02.05.2022
43	28430/3/2019	Bucharest Tribunal	C: Romsilva SA D: Transelectrica	Claims	2,433,608.52 RON, 2019 rent, temporary land occupation + penalties	Settlement in brief: In accordance with article 413 para (1) pt. 1 C. proc.civ., it suspended case settlement until final settlement of file 3155/115/2018 on the docket of the High Court of Cassation and Justice. Appeal right granted during entire suspension. It was pronounced at public hearing on 19.05.2020. Pronouncement will be made by placing the settlement at the parties' disposal by the court clerk. Document: Conclusion - Suspension 19.05.2020 Hearing term: It deferred pronouncement on 01.03.2022
44	32612/3/2017	Bucharest Tribunal	Biol Energy	Insolvency procedure	Request to be recorded in the creditors' table with 566,511.73 RON	The receivable was registered in the preliminary receivable table. Term to continue the procedure: 26.05.2022
45	4328/110/2013	Bacau Tribunal	C : Transelectrica D : CET Bacau	Bankruptcy procedure	Request to be recorded in the creditors' table with 1,484,636.78 RON	Have been recorded in the creditors' table with 1,484,636.78 RON. Term to continue the procedure: 14.04.2022
46	48509/3/2017	TMB	C: Transelectrica D: SMART	Law suit for claims	7,652,449 RON + interest	Term to be back on the docket 15.03.2022
47	47332/3/2017	TMB CAB IC CJ	C: FF Wind Energy International D: Transelectrica	Cancelling termination statement / law suit for claims	32,777,167.35 RON, prejudice RET connection contract termination 85/2011; 45,000,000 Euro (company devaluation)	FF WIND ENERGY INTERNATIONAL SRL filed appeal Settlement in brief: It denied the appeal as groundless; appeal within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil, pending nullity. It was pronounced at public hearing. Document: Ruling 1191/23.07.2019 FF Wind filed appeal, which was denied as groundless on the hearing term 14.09.2021; final.
48	8993/299/2018	Law Court of Bucharest 1	Contester: Transelectrica Intimated: ANAF - DJAMC	Contestation to executing ENFORCEMENT FILE 13328043/61/90/1/2017/267761 – 30.08.2017/267764 – 31.08.2017	47,092,295 RON + 44,730,885 RON	Hearing term: 17.04.2018 Settlement in brief: It admitted the trial suspension request filed by the contester. According to article 413 para (1) pt. 1 of the Civil procedural code it suspended 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

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
				SUSPENDING THE ENFORCEMENT		
49	1802/2/2018	CAB	C: Transelectrica I: ANAF – DGAMC and the General Directorate to Settle Contestations	Contestation of fiscal administrative decision f-mc 439/30.06.2017		<p>It partly admitted the litispended requests; Ruling 122/13.03.2018 was partly cancelled, on settling the contestation filed against Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and the Tax audit report F-MC 222 concluded on 30.06.2017, which was used for the taxation decision, meaning:</p> <ul style="list-style-type: none"> - it removed the paying liability of the income tax amounting to 18,522,280 RON, VAT in sum of 5,694,636 RON and fiscal accessories pertaining to such main fiscal debts in quantum of 48,436,653 RON, fiscal liabilities established for the 349 fiscal invoices of special regime found missing from the claimant's books; - it removed the non-deductible nature of 27,001,727 RON when calculating the the taxable income, sum representing technological system services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit and compelling the payment of main fiscal arrears and accessories on this amount; - it removed the non-deductible nature of 343,629.91 RON when calculating the taxable income, amount representing "weed removal services" and the payment obligation of main fiscal arrears and accessories pertaining to such sum; - it removed the non-deductible nature of 230,685.49 RON when calculating the taxable income, sum representing expenses for promotional and protocol objects and payment obligation for the main fiscal arrears and accessories pertaining to such sum; - it removed the non-deductible nature of VAT in quantum of 46,417.1 RON pertaining to 343,629.91 RON, representing "weed-removal services" and payment obligations of the main fiscal arrears and accessories of this amount; - it removed the non-deductible nature of VAT in quantum of 37,693.88 RON pertaining to 230,685.49 RON representing expenses for promotional and protocol products and payment obligation for the main fiscal arrears and accessories of such amount; - it removed the mention about obliging the Transmission Branch Sibiu of NPG Co.Transelectrica SA to register 576,846.80 RON as taxable revenue on 30.06.2010 at the latest, date when the audited unit was accepted to be recorded in the creditors' table with such sum; it maintained the mention about the taxable revenue nature of 576,846.80 RON when calculating the profit according to the provisions of article 19 para 1 of Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with item 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003, income tax chapter, namely chapter VII on the function of accounts from Order 3055 of 29 October 2009 approving the accounting regulations compliant with European directives and compelling the payment of main fiscal arrears and accessories of such sum; - it removed the Minutes ascertaining the "determination of the deductible value added tax lower than that recorded by the claimant, thus resulting a difference of 13,141 RON" (annex 15) and compelling the payment of main fiscal arrears and accessories of this amount; - it removed the payment obligation for delay penalties of penalising juridical

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						<p>regime, calculated for more than 6 months from the inception date of the fiscal audit, regarding the main fiscal liabilities maintained by judgment in this ruling, as established by the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division. It maintained the other provisions of Taxation Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, the Taxation decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers.</p> <p>It denied the other litispended requests as groundless. It denied as groundless the request to grant court expenses as judiciary stamp tax. It compelled the defendants to jointly pay to the claimant the law court expenses amounting to 4000 RON, representing fee for the accounting-fiscal expertise, in proportion to request admission. Appeal right was granted within 15 days from notification, to be submitted to the Appeal Court Bucharest; Ruling 382/2020 20.10.2020</p>
50	30570/3/2017	Bucharest Tribunal CAB	C: Teau Toni Ion D: Transelectrica	Claims	3,814,768 RON as net value of variable component in mandate contracts C356/18.12.2013 & C419/13.11.2014, and legal penalty interest	<p>TMB settlement in brief: It admitted the summons filed by claimant TEAU ION TONI in contradiction with defendant NATIONAL POWER GRID COMPANY TRANSELECTRICA SA. It compelled the defendant to pay the claimant 3,814,768 RON 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 compelled the defendant to pay the claimant 86,279.25 RON as law suit expenses. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was 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</p> <p>CAB settlement in brief: It denied the appeal as groundless. It compelled the appellant defendant to pay the respondent claimant 23,174.25 RON as law suit expenses for appeal. Appeal right granted within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil. Pronounced and placed at the parties' disposal by the court clerk. Document: Ruling 1958/21.11.2019</p> <p>We filed appeal, with term on 30.03.2022</p>
51	20764/3/2017*	Bucharest Tribunal	C: Bugica Radu D: Transelectrica	Claims	2,175,209 RON + 190,671 RON, value of variable component OAVT remuneration, 108,462.55 RON legal interest	<p>Settlement in brief: It admitted the request. It compelled the defendant to pay the claimant: - 2,175,209 RON representing gross value of variable component of remuneration; - 190,671 RON 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 RON 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 RON, from 21.07.2017 until actual payment. It compelled the defendant to issue and communicate the 2015 and 2016 OAVT certificates, indicating in them the</p>

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
		CAB ICCJ				correct number of 90,000 OAVT-s owed to the claimant. It compelled the defendant to pay the claimant 44,408.76 RON 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. It was pronounced at public hearing. Document: Ruling 2160/2018 04.07.2018 TERM : 08.11.2019 CAB settlement in brief: It denied the appeal as groundless. It compelled the appellant to pay the respondent 8,447 RON as law suit expenses for appeal. Appeal right within 30 days from notification, to be submitted to the Appeal Court Bucharest. It was pronounced on 06.12.2019. Settlement placed at the parties' disposal by the court clerk. Document: Ruling 2099/2019 06.12.2019 Appeal term 13.04.2021. It denied the appeal as groundless; final
52	43557/3/2017	Bucharest Tribunal CAB	C: Vaduva Constantin D: Transelectrica	Claims	2,175,210 RON, value of variable component OAVT remuneration, legal interest	Settlement in brief: It admitted the request summons filed by claimant Vaduva Constantin in contradiction with defendant National Power Grid Company Transelectrica SA. It compelled the defendant to pay the claimant 2,171,210 RON as net value of the variable component of remuneration, 773,687.71 RON 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 compelled the defendant to pay the claimant 39,859.10 RON as law suit expenses, of which 36,659.10 RON representing stamp tax and 3,500 RON representing reduced lawyer's fee. It denied 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. It was 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 It denied as groundless the appeal filed by appellant-claimant Vaduva Constantin against civil sentence 3287/ 31.10.2018 pronounced by Bucharest Tribunal, Section VI Civil in file 43557/ 3/ 2017, in contradiction with respondent-defendant National Power Grid Company Transelectrica SA. It denied as groundless the exception of absence of representative quality of appellant-defendant National Power Grid Company Transelectrica SA claimed by the intimated-claimant Vaduva Constantin. It admitted the exception of tardive appeal filing by the appellant-defendant National Power Grid Company Transelectrica SA, claimed by the intimated-claimant Vaduva Constantin. It denied the appeal filed by the appellant-defendant National Power Grid Company Transelectrica SA against civil sentence 3287/ 31.10.2018 pronounced by Bucharest Tribunal, Section VI Civil in file 43557/ 3/ 2017, in contradiction with intimated-claimant Vaduva Constantin, as being filed late. It denied as groundless the request of appellant-claimant Vaduva Constantin to compel the intimated-responder National Power Grid Company Transelectrica SA to pay the law court expenses of its own appeal. It denied as groundless the request of appellant-defendant National Power Grid Company Transelectrica SA to compel the intimated-claimant Vaduva Constantin to pay the law court expenses of his own appeal. It compelled the appellant-defendant National Power Grid Company Transelectrica SA to pay the intimated-claimant Vaduva Constantin 2,000 RON as law court expenses in the appeal filed by the appellant-defendant. Appeal right within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						public hearing. Document: Ruling 253/01.04.2020 We filed appeal, with hearing term on 27.05.2021. The appeal was denied as groundless
53	42104/3/2017	Bucharest Tribunal CAB ICCJ	C: Visan Gheorghe D: Transelectrica	Claims	683,138 RON + 19,881.80 RON	Settlement in brief: It admitted the suit. It compelled the defendant to pay the claimant: - 683,138 RON, representing the amount of options for virtual Transelectrica shares, updated by inflation rate, beginning with 03.11.2017 until payment date; - 19,881.80 RON as legal interest calculated to the owed amounts as variable remuneration until 03.11.2017 and further until actual full payment; - 68,134 RON representing amount of options for virtual Transelectrica shares, with capitalisation date on 15.11.2017, updated by inflation rate from 27.02.2018 until payment date; - 784.01 RON representing legal interest calculated to the owed sum as variable remuneration beginning with 05.06.2011 and further until payment date. It compelled the defendant to pay the claimant 17,390.56 RON as law suit expenses. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: Ruling 3124/17.10.2018 Transelectrica filed appeal - 16/04/2019 Settlement in brief: It denied the appeal as groundless. Appeal right within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 1436/25.09.2019. Transelectrica filed appeal, with hearing term on 17.02.2021. Settlement of ICCJ: It denied the appeal as groundless; final
54	42676/3/2017	Bucharest Tribunal CAB ICCJ	C: Diaconu Ciprian D: Transelectrica	Claims	1,137,762 RON + 36,806.38 RON	Settlement in brief: It admitted the request. It compelled the defendant to pay the claimant 1,137,762 RON representing the amount of options for virtual Transelectrica shares owed as variable remuneration updated by inflation until actual payment date. It compelled the defendant to pay the claimant 36,806.38 RON as legal penalising interest to the main owed amount, calculated until 17 September 2019 and further until actual payment date. It compelled the defendant to pay the claimant 22,164.62 RON as law suit expenses. Appeal right granted within 30 days from notification. It was pronounced at public hearing. Document: Ruling 3657/06.12.2018 We filed appeal. Mr. Diaconu requested to have a material error solved, term on 07.05.2020 Both parties filed appeal. It denied the appeals as groundless; appeal within 30 days from notification. Document: Ruling 1833/09.12.2020 Transelectrica filed appeal, under screening
55	5354/3/2017*	Bucharest Tribunal CAB ICCJ	C: Artopolescu Petrisor D: Transelectrica	Claims	1,887,648 RON + legal interest	TMB settlement in brief: It admitted the request. It compelled the defendant to pay 1,887,648 RON representing the amount for 90,000 OAVT packages and associated legal interest, further, until actual payment date. It compelled the defendant to pay the claimant law suit expenses in quantum of 22,881.48 RON. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: Ruling 4449/2017 05.12.2017 CAB settlement in brief: It found the filed appeal as null; remedy right within 30 days from notification, to be submitted to the law court of ruling attacked. It was pronounced at public hearing. Document: Ruling 1108/16.05.2018 TEL filed suspension request for sentence application and remedy. The suspension request was denied by ICCJ

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						<p>Settlement details: It admitted the appeal filed by the recurrent-defendant National Power Grid Company TRANSELECTRICA SA against civil ruling 1108 of 16 May 2018 pronounced by the Appeal Court Bucharest, Section VI Civil. It cancelled the ruling appealed against and referred the case to a new judgment of the same appeal court; final.</p> <p>It admitted the appeal. It partly changed the civil ruling appealed against, meaning: It compelled the defendant to pay to the claimant an annual variable component for 15.11.2013-15.11.2014 at double gross fixed annual remuneration as well as payment of legal interest calculated frp, 15.11.2013 until actual payment date; appeal right granted within 30 days from notification. It was pronounced at public hearing. Document: Ruling 1268/30.06.2021</p> <p>We filed appeal, which is under screening</p>
56	43480/3/2017	Bucharest Tribunal CAB ICCJ	C: Chimirel Catalin Lucian D: Transelectrica	Claims	150,813 + 44,529.09 RON	<p>TMB settlement: It denied the request as groundless. Chimirel filed appeal.</p> <p>CAB settlement in brief: It admitted the appeal; changed entirely the civil sentence appealed against, meaning that: it admitted the request summons. It compelled the defendant to pay the claimant 150,813 RON representing performance bonus; 44,529.09 RON 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 compelled the defendant to pay the claimant 11,102.68 RON as law suit expenses. It compelled the respondent to pay the appellant 3,032 RON as law suit expenses. Appeal right within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 1437/2019 25.09.2019</p> <p>Appeal term: 13.04.2021. It denied the appeal as groundless; final</p>
57	20117/3/2018	Bucharest Tribunal	C: Pogonaru Andrei Mihai D: Transelectrica	Claims - OAVT	2,435,333.04 RON, debt and interest	<p>Settlement in brief: It partly admitted the summons as specified. It compelled the defendant to pay the claimant 1,437,343 RON representing gross value of options for virtual Transelectrica shares owed as variable remuneration in November 2013-November 2014; 184,562.29 RON representing legal interest calculated by 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 RON from 14.06.2018 until actual payment date. It compelled the defendant to pay the claimant 91,080.45 RON representing gross value of options for virtual Transelectrica shares owed as variable remuneration in November 2014-January 2015; 6,543.28 RON 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 RON from 14.06.2018 until actual payment date. It denied the remaining parts of the summons as groundless. It compelled the defendant to pay the claimant 31,133.43 RON as law suit expenses, of which 26,133.43 RON representing stamp tax for the admitted claims and 5,000 RON representing reduced lawyer's fee. It denied 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. It was pronounced at public hearing. Document: Ruling 3743/2018 12.12.2018</p> <p>Transelectrica filed appeal.</p> <p>It denied the defendant's appeal as groundless. It admitted the claimant's appeal. It partly changed the civil sentence appealed against, meaning: It compelled the defendant to pay 1,437,343 RON, net value of the variable component for November 2013-November 2014 and 91,080.45 RON, the</p>

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						variable component for November 2014-January 2015. It compelled the defendant to pay law suit expenses, representing lawyer fee of 10,683.34 RON, for first issue. It kept the other sentence items. It compelled the appellant-defendant pay the appeal expenses, such as: 10,520.48 RON, judiciary stamp tax and 8,619.05 RON, lawyer fee. Appeal in 30 days from notification, to be sent to Appeal Court Bucharest, Section VI Civil. Pronounced at public hearing. Document: Ruling 1576/17.11.2020 We filed appeal
58	7539/3/2017	Bucharest Tribunal	D: KDF Energy C: Transelectrica	Insolvency procedure	Request to be recorded in the creditors' table with 1,040,138.18 RON	The receivable recorded in TP amounts to 1,036,124. 40 RON, and 4,013 were cashed. In accordance with article 139 of Law 85/2014 on procedures to prevent insolvency and on insolvency, it confirmed the Reorganisation Plan of debtor company KDF Energy SRL, proposed by the judiciary administrator, submitted on 20.07.2021 and approved by the Creditors' Assembly according to minutes of 17.08.2021, published in BPI 13763/18.08.2021. It reminded the special administrator and the judiciary administrator to execute reports on the financial situation & expenses observing the provisions of article 144 of Law 85/2014. Appeal right granted within 7 days from decision communication by BPI, to be submitted to Bucharest Tribunal, Section VII Civil. It was pronounced by placing the settlement to the parties' disposal by means of the court's clerk office. Document: Intermediate Ruling 6302/10.12.2021 Term to continue the procedure: 22.03.2022
59	34248/3/2018	Bucharest Tribunal CAB	C: Radu Cernov	Claims OAVT	2,185,278.91 RON, principal + interest	Term : 24.04.2019 Settlement type: It denied the request Settlement in brief: It denied the summons as groundless; appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: Ruling 1164/06.05.2019 Claimant Cernov filed appeal. Settlement in brief It admitted the appeal. It fully changed the sentence appealed against, meaning: It admitted the request. It compelled the defendant to pay the claimant 2,185,278.91 RON representing net value of variable remuneration component (OAVT value) owed according to mandate contract C418/13.11.2014, which will be added legal interest calculated from the due date of each instalment until actual payment day. It compelled the defendant to pay the claimant law suit expenses in quantum of 46,448. 68 RON representing stamp fee, for first suit and appeal. Appeal right within 30 days from notification. It was pronounced at public hearing. Document: Ruling 345/25.05.2020 Transelectrica filed appeal, and the case will be referred to CAB for rejudgment.
60	38852/3/2018	Bucharest Tribunal CAB ICCJ	C: Pirvulescu Cristian Daniel D: Transelectrica	Claims OAVT	2,122,360.28 RON	It denied as being filed late the exception of claimant's decline from the right to request updating the principal amount by the inflation rate. It admitted the request. It compelled the defendant to pay the claimant, withholding the owed taxes and charges, 343,897,008 RON representing the amount of OAVT updated by the inflation rate plus legal penalising interest to it, calculated from 14.12.2015 until payment date of the full 343,897,008 RON amount. It compelled the defendant to pay the claimant, withholding the owed taxes and charges, 284,495,304 RON representing the amount of OAVT updated by the inflation plus legal penalising interest to it, calculated from 15.12.2016 until full payment of 284,495,304 RON. It compelled the defendant to pay the claimant, withholding the owed taxes and charges, 1,493,967 RON representing the

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						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 RON. It compelled the defendant to pay the claimant 34,203 RON as law suit expenses. Appeal right granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: Ruling 3539/28.11.2019 Transelectrica filed appeal. Hearing term: 03.03.2021 CAB settlement: It denied the appeal as groundless. We filed appeal, which is under screening with the ICCJ
61	30324/299/2018	Law Court of Bucharest 1 Bucharest Tribunal CAB	C: Artopolescu Petrisor D: Transelectrica	Claims OAVT	65,937 RON	Settlement type: It declined settling the case Settlement in brief: It admitted the exception of law court's material incompetence claimed by the defendant. It declined the competence to settle the case to Bucharest Tribunal, Section VI Commercial; no appeal. It was pronounced on 03.04.2019 by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 1809/ 03.04.2019 Settlement in brief: It admitted the suit. It compelled the defendant to pay the claimant 65,937 RON 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 calculated from 15.11.2015 until actual payment date. It compelled the defendant to pay law suit expenses in quantum of 5,917.26 RON. Appeal right granted within 30 days from notification. It was pronounced by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 3304/12.11.2019 TEL filed appeal, term on: 04.03.2021 CAB settlement: It denied the appeal as groundless. We filed appeal
62	34310/3/2018	Bucharest Tribunal CAB ICCJ	C: Smeeianu Ion D: Transelectrica	Claims OAVT	391.387,38 RON + interest	Settlement type: It admitted the request Settlement in brief: It admitted the request; compelled the defendant to pay the claimant 391,387.38 RON 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. It was pronounced on 08.07.2019 by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 2018/08.07.2019 Transelectrica filed appeal. Settlement in brief: It denied the appeal as groundless. It denied as groundless the appellant-defendant's request to compel the intimated-claimant to pay law suit expenses. Appeal right within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 469/11.06.2020 We filed appeal, which is under screening.
63	3153/115/2018 3153/115/2018**	Caras Severin Tribunal CA Timisoara ICCJ	C: Transelectrica D: Locality Ciudanovita	Claims	527,336.7RON + legal interest	It admitted the non-legality exception invoked by appellant NPG Co. Transelectrica SA. It ascertained non-legality of article 1 para 12 of HG 841 / 07.10.2015 as regards land submission conditioned against "payment of growth loss determined by wood operation before its technical operationability and expenses to re-plant forest vegetation and maintain it until its massive growth". It admitted the appeal filed by appellant-claimant NPG Co. Transelectrica SA, on its behalf and in the name of its Transmission Branch Timisoara in contradiction with the intimated-defendant Locality Ciudanovita by its mayor against civil

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						sentence 998/26.06.2019, pronounced by Caras-Severin Tribunal under file 3153/115/2018**. It fully changed the sentence appealed against, meaning: It admitted the suit filed by claimant NPG Co.Transelectrica SA, on its behalf and in the name of its Transmission Branch Timisoara in contradiction with the intimated-defendant Locality Ciudanovita by its Mayor. It compelled the defendant to return 527,336.7 RON to the claimant and pay also the related legal interest to such sum from payment date to the claimant until restitution by defendant. It compelled the intimated-defendant to pay 20,615.85 RON to the appellant-claimant, as law suit expenses; appeal right granted within 30 days from decision notification, to be submitted pending nullity to the Appeal Court Timisoara. It was pronounced at public hearing. Document: Ruling 176/30.09.2021
64	3156/115/2018	Caras Severin Tribunal Appeal Court Timisoara	C: Transelectrica D: Locality Goruia	Claims	522,678.76 RON + legal interest	Settlement type: It denied the request Settlement in brief: It denied 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-SeverinTribunal. It was pronounced at public hearing. Document: Ruling 448/15.04.2019 Term: 24.10.2019 It denied 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 Appeal Court Timisoara. It was pronounced at public hearing. Document: Ruling 263/12.12.2019 Transelectrica filed appeal It admitted the appeal filed by the claimant National Power Grid Company Transelectrica SA against ruling 263 of 12 December 2019 by the Appeal Court Timisoara, Section I civil. It cancelled the ruling appealed against and sent the case to the same instance for rejudgment; final. It admitted the non-legality exception invoked by appellant NPG Co.Transelectrica SA. It ascertained non-legality of article 1 para 12 of HG 841 / 07.10.2015 as regards land submission conditioned against "payment of growth loss determined by wood operation before its technical operationability and expenses to re-plant forest vegetation and maintain it until its massive growth". It admitted the appeal filed by appellant-claimant NPG Co.Transelectrica SA, on its behalf and in the name of its Transmission Branch Timidoara in contradiction with the intimated-defendant Locality Goruia by its Mayor against civil sentence 448/15.04.2019, pronounced by Caras-Severin Tribunal under file 3156/115/2018. It fully changed the sentence appealed against, meaning: It admitted the suit filed by claimant NPG Co.Transelectrica SA, on its behalf and in the name of its Transmission Branch Timisoara in contradiction with the intimated-defendant Locality Goruia by its Mayor. It compelled the defendant to return 522,678.76 RON to the claimant and pay also the related legal interest to such sum from payment date to the claimant until restitution by defendant. It compelled the intimated-defendant to pay 20,442.54 RON to the appellant-claimant, as law suit expenses; appeal right granted within 30 days from

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						decision notification, to be submitted pending nullity to the Appeal Court Timisoara. It was pronounced at public hearing. Document: Ruling 175/30.09.2021
65	3157/115/2018 3157/115/2018* 3157/115/2018* * CA TM	Caras Severin Tribunal Appeal Court Timisoara ICCJ CA TM	C: Transelectrica D: Comuna Ezeris	Claims	1,860,506.85 RON + legal interest	Settlement in brief: It denied the suit filed by claimant National Power Grid Company Transelectrica SA in contradiction with defendant Locality Ezeris. Appeal right granted within 30 days from notification, to be submitted to the offices of the Caras-Severin Tribunal. It was 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 102/18.03.2019 CA Tm settlement in brief: It admitted 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 changed the sentence appealed against, meaning it partly admitted the claim request filed by claimant National Power Grid Company Transelectrica SA, in contradiction with defendant Commune Ezeris and consequently it compelled the defendant to pay the claimant as return of undue payment: - 331,692.47 RON 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 RON 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 maintained the other sentence items of the first law court with respect to denying as groundless the claimant's other monetary claims. It compelled the defendant to pay the claimant 15,358.26 RON 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. It was pronounced at public hearing. Document: Ruling 826/31.10.2019 It admitted the appeal filed by claimant National Power Grid Company Transelectrica SA against civil ruling 826/A of 31 October 2019, pronounced by the Appeal Court Timisoara, Section II Civil. It cancelled the ruling and referred the case for new judgment to the same law court; final. Hearing term : 18.01.2022 Pronouncement term: 22.02.2022
66	3154/115/2018*	Caras Severin Tribunal Appeal Court Timisoara ICCJ	C: Transelectrica D: Resita City	Claims	4,705,341.91 RON + legal interest	It admitted the non-legality exception invoked by appellant NPG Co. Transelectrica SA. It ascertained non-legality of article 1 para 12 of HG 841 / 07.10.2015 as regards land submission conditioned against "payment of growth loss determined by wood operation before its technical operability and expenses to re-plant forest vegetation and maintain it until its massive growth". It admitted the appeal filed by appellant-claimant NPG Co. Transelectrica SA, on its behalf and in the name of its Transmission Branch Timisoara in contradiction with the intimated-defendant Resita City by its Mayor against civil sentence 101/18.03.2019, pronounced by Caras-Severin Tribunal under file 3154/115/2018 It fully changed the sentence appealed against, meaning: It admitted the suit filed by claimant NPG Co. Transelectrica SA, on its behalf and in the name of its Transmission Branch Timisoara in contradiction with the intimated-defendant Resita City by its Mayor. It compelled the defendant to return 4,705,341.91 RON to the claimant and pay also the related legal interest to such sum from payment date to the claimant until restitution by defendant. It

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						compelled the intimated-defendant to pay 101,316.84 RON to the appellant-claimant, as law suit expenses; appeal right granted within 30 days from ruling notification, to be submitted to the Appeal Court Timisoara. It was pronounced at public hearing. Document: Ruling 305/02.06.2021
67	3155/115/2018	Caras Severin Tribunal Appeal Court Timisoara ICCJ	C: Transelectrica D: Forestry Division CS	Claims	5,019,485.05 RON + legal interest	Settlement type: It denied the request Settlement in brief: It denied 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. It was pronounced at public hearing. Document: Ruling 743/2019 30.05.2019. Transelectrica filed appeal. Settlement in brief: It admitted 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 changed the sentence appealed against and, re-judging, it partly admitted the claimant's suit and compelled the defendant National Forests Authority Romsilva, Forestry Division Caras-Severin to pay 5,019,485.05 RON to the claimant. It denied the request to compel payment of legal interest from payment date until actual return of the liability. It compelled the defendant to pay law suit expenses to the appellant claimant amounting to 80,699.78 RON, stamp tax for appeal and first instance. Appeal right granted within 30 days from notification, to be submitted to the Appeal Court Timisoara. It was pronounced at public hearing. Document: Ruling 17/30.01.2020 Appeal term: 23.03.2021 Ruling 424: It denied as groundless the appeals filed by claimant National Power Grid Company Transelectrica SA and by defendant National Forest Authority Romsilva, Forestry Division Caras - Severin against civil ruling 17 of 30 January 2020, pronounced by the Appeal Court Timisoara, Section I civil. IT decided return of the judiciary stamp tax in quantum of 19,012.3 RON to the recurrent-claimant NPG Co. Transelectrica SA; final.
68	3158/115/2018 3158/115/2018*	Caras Severin Tribunal Appeal Court Timisoara ICCJ	C: Transelectrica D: Locality Dognecea	Claims	940,88.27 RON + legal interest	It denied the non-legality exception invoked by intimated-claimant NPG Co. TRANSELECTRICA SA. It admitted the appeal filed by the recurrent-defendant COMUNA DOGNECEA against civile ruling 818/A of 28 October 2019, pronouncede by the Appeal Court Timisoara, Section II Civil. It cancelled the ruling appealed against and refers the case to new judgment by the same law court; final. It ascertained the incompatibility of judges Anca Cristina Buta and Petruta Micu to settle the appeal filed by the appellant-claimant NPG Co. TRANSELECTRICA SA, on its behalf and in the name of its TRANSMISSION BRANCH TIMISOARA against civil sentence 119/01.04.2019, pronounced by Caras-Severin Tribunal under file 3158/115/2018, pertaining to claims. It decided referring the file for aleatory distribution; no appeal. It was pronounced at public hearing. Document: Conclusion – abstention 17.01.2022
69	2494/115/2018*	Caras Severin Tribunal Bucharest	C: Resita City D: Transelectrica	Claims	10,648,829.20 RON, representing rent for 2015, 2016, 2018, 2019 and 2020, plus penalty	It suspended judging the summons filed by claimant Resita City, by its Mayor, in contradiction with defendant National Power Grid Company Transelectrica SA, pertaining to claims according to article 413 para (1) pt.1 C.pr.civ. Appeal right was granted during the entire judgment suspension, to the superior law court. It was pronounced at public hearing on 22 March 2021.

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
		Tribunal			legal interest	Document: Conclusion - Suspension 22.03.2021
70	2434/115/2018 2434/115/2018*	Bucharest Tribunal S IV Civila	C: Romsilva Caras Severin D: Transelectrica ST Timisoara	Claims	2,433,608.52 RON, annual rent for temporary taking land from the national forest fund + delay penalties as of rent maturity 31.01.2018. 304,298.47 RON, for final land reclaiming from forest fund, loss of rising wood mass + delay penalties calculated as of 10.05.2015	Settlement in brief: In accordance with the provisions of article 413 para 1 pt. 1 C.pr.civ, it suspended 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. It was pronounced at public hearing. Document: Conclusion - Suspension 04.10.2019 Hearing term 04.02.2022 It denied the suit in contradiction with defendant Transmission Branch Timisoara as filed in contradiction with a person without passive process capacity. It denied the exception of prescription for the material right to proceedings. It denied the case as groundless. Appeal right was granted within 30 days from notification, to be registered with Bucharest Tribunal, section IV civil. It was pronounced on 18.02.2022 by placing the settlement at the parties' disposal by the court clerk office.
71	35885/3/2018	Bucharest Tribunal	C: BUGICA RADU D: Transelectrica	Claims OAVT		It admitted the request. It compelled the defendant to pay to the claimant 1,787,623 RON (representing: 90,000 OAVT 2014, 60,000 OAVT 2015 and 30,000 OAVT 2016) and associated legal interest calculated as per article 3 para 21 of OG 13/2011, as well as 215,587 RON (representing difference between the net amount which should have been paid on due date and that paid currently). It compelled the defendant pay the claimant law suit expenses in quantum of 42,515.06 RON. Appeal right was granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil, pending nullity. It was pronounced by placing the settlement at the parties' disposal by the court clerk office. Document: Ruling 1693/18.06.2021 TEL filed appeal, with hearing term on 07.02.2022
72	22567/3/2019	Bucharest Tribunal	C Transelectrica D: OPCOM	Claims – common law – contribution of NPG Co. Transelectrica SA to the share capital of OPCOM SA, issued by loan contract 7181RO/2003, commitment to finance Electricity Market Project	4,517,460 RON +1,293,778.27 RON	It admitted the exception of prescription. It denied the case as written-off. Appeal right was granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil, pending nullity. It was pronounced by placing the settlement at the parties' disposal by the court clerk office. Document: Ruling 3021/03.12.2021
73	33835/3//2019*	Bucharest Tribunal CAB	C: Artopolescu Petrisor D: Transelectrica	Claims OAVT	1,077,978 RON, OAVT value + 240,130.11 RON, interest	Settlement in brief: It admitted the request as specified. It compelled the defendant to pay 1,077,978.00 RON, representing the gross value of 60,000 OAVT (Virtual Transelectrica shares) of the 90,000 OAVT package granted on 15.11.2014, as performance bonus under Mandate contract C351/13.11.2013 representing the last two instalments; 70,000 OAVT of the 90,000 OAVT package granted on 15.11.2015, as performance bonus under Mandate contract C351/13.11.2013: 10,000 OAVT first instalment and 60,000 OAVT representing the last two instalments. It compelled the defendant pay to the claimant the legal penalising interest related to relations between professionals beginning with

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						15.11.2016 for the second 30,000 OAVT instalment, granted in 2014 and the the 10,000 OAVT granted 2015 and unpaid, 15.11. 2017 for the second 30,000 OAVT, granted in 2015 and the third 30,000 OAVT instalment granted in 2014, 15.11.2018 for the third 30,000 OAVT granted in 2015 until actual payment. It compelled the defendant to pay the claimant 22,303.38 RON as law suit expenses. Appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: Ruling 811/25.06.2020 TEL filed appeal, term 08.02.2021 Settlement in brief: It denied the appeal as groundless. Appeal right within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 222/08.02.2021 TEL's appeal was denied as groundless on 19.10.2021
74	35346/3/2019	Bucharest Tribunal	C: CET Govora D: Transelectrica	Claims	3,368,965.82 RON, regularisation of ante-overcompensation and cogeneration bonus for February – March 2016	It denied the case as groundless. Appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: Ruling 1247/22.07.2020 It ascertained lawful compensation with a part of amount recorded in the creditors' table
75	3083/3/2020	Bucharest Tribunal /CAB	C: Nuclearelectrica D: Transelectrica	Claims	1,290,533.156 RON negative imbalance + 182,251.94 RON, legal interest	Settlement in brief: : It admitted the summons. It compelled the defendant to pay the claimant 1,290,533,156 RON, as compensatory damages from the update paymentwith inflation rate from 27.09.2018 until actual payment; to pay 182,251.94 RON representing legal penalising interest calculated from 27.09.2018 until 31.01.2020, and further paying the legal penalising interest, calculated from 01.02.2020 until actual payment. It compelled the defendant to pay the claimant 23,441.66 RON as law suit expenses, being judiciary stamp tax. It denied the defendant's request to be paid law suit expenses; appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 2698/2020 22.12.2020 TEL filed appeal, which was admitted. It admitted the appeal. It partly changed the civil sentence appealed against, meaning: It denied as groundless the summons. It maintained the provision of the first law court to deny as groundless the defendant's request on law suit expenses. It compelled the intimated-claimant to pay 20,591.66 to the appellant-defendant as appeal court expenses. Appeal right was granted within 30 days from communication, to be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 1927/25.11.2021
76	640/121/2020	Galati Tribunal	C:Transelectrica D: Menarom PEC SA Galati	Statement of receivable	1,195,792.13 RON	The receivable was recorded in the table. Term: 23.02.2022
77	22036/3/2020	Bucharest Tribunal	C: Vaduva Constantin D: Transelectrica	Claims OAVT	87,403 RON, OAVT value, 16243 legal interest and 442,820 RON update by inflation rate	It admitted the exception of prescription for the material right to proceedings invoked by the defendant. It partly admitted the summons. It compelled the defendant to pay 87,403 RON to the claimant, representing owed amount, updated with the payment index on actual payment date and legal interest to be calculated to the owed amount from 15.11.2018 until actual payment. It compelled the defendant to pay 73,113 RON to the claimant, representing owed amount as update with the inflation rate of sums granted to the claimant. It

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						denied the other summons parts as written-off. It compelled the defendant to pay 6,694.87 RON to the claimant, representing judiciary stamp tax and 6,957.39 representing lawyer fee, as law suit expenses. Appeal right within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced by placing the ruling at the parties' disposal by the court clerk. Document: Ruling 2703/2021 05.11.2021
78	3186/117/2020	Cluj Tribunal CA Cluj	C: ENERGOBIT S.A. D: Transelectrica	Claims C199	807,860.75 RON	<p>It denied as groundless the E. SA claimant's request in contradiction with defendant NPG Co.Transelectrica. SA. Appeal right was granted within 10 days from communication, such appeal submitted to the Specialised Tribunal Cluj. It was pronounced today, Document: Ruling 809/2021 26.04.2021</p> <p>Appeal term: 25.10.2021.</p> <p>It admitted the appeal state by claimant appellant E. SA against civil sentence 809 pronounced under file 3186/117/2020* of the Specialised Tribunal Cluj, which it totally changed as follows: It admitted the request filed by claimant E. SA against defendant NPG Co.Transelectrica SA, and consequently compelled the defendant to conclude addendum to Work Contract C199/20.10.2016 pertaining to "Refurbishing the 220/110 kV substation Turmu Severin Est", and consequently: It compelled defendant NPG Co.Transelectrica. SA to pay 762,310.75 RON (VAT free) to claimant E. SA as difference of labour costs provided and executed for Work Contract C199/20.10.2016. It compelled the defendant NPG Co.Transelectrica SA to pay to the claimant 49,550.03 RON representing delay penalties in quantum of 0.02%/day of delay, calculated to the amounts representing difference of labour costs provided and executed for Work Contract C199/20.10.2016, calculated from due date of invoices issued by E. S.A. for works until 10.08.2020, and further on until the entire outstanding liability is paid. It compelled the defendant to pay law court expenses to the claimant in amount of 25,554.58 RON as principal and 14,670.79 RON for appeal; final and enforceable. It was pronounced by placing the settlement to the parties' disposal by the court clerk. Document: Ruling 649/22.11.2021</p>
79	3104/117/2020*	Cluj Tribunal / CA Cluj	C: ELM Cluj D: Transelectrica	Claims (update of contractual value)	617,280.31 RON (VAT excluded) 179,124.08 RON 15,928.09 RON, judiciary stamp tax + other costs	<p>It denied as groundless the E. E. C. SA claimant's request in contradiction with defendant NPG Co.Transelectrica SA. It denied as groundless the claimant's request to compel the defendant to pay law suit expenses. Appeal right was granted within 10 days from communication, such appeal submitted to the Specialised Tribunal Cluj. It was pronounced at public hearing. Document: Ruling 790/2021 22.04.2021</p> <p>It admitted the appeal stated by claimant E. CSA against civil sentence 790/22.04.2021 under file 3104/117/2020* of the Specialised Tribunal Cluj, which it changed meaning: It admitted the case filed by the claimant and, consequently: It compelled the defendant NPG Co.Transelectrica. SA to conclude addendum to the Work Contract 14/09.03.2018 pertaining to "Major maintenance to the 220 kV OHL Alba-Sugag-Galceag", in order to apply the provisions of article 158 para 4 of HG 394/2016, corroborated with the provisions of ANAP Instruction 2/2018, in the context of indexed basic minimum gross wage country-wide guaranteed for payment in constructions, indexation regulated by article 71 of OUG 114/2018. It compelled the defendant to pay 617,280.31 RON, VAT free, to claimant E.E. CSA as difference of labour costs provided and executed for Work Contract 14/09.03.2018, difference occurred after changing the quantum of the basic minimum gross wage country-wide guaranteed for payment in constructions according to OUG 114/2018. It compelled the defendant to pay 179,124.08 RON to claimant E. E.E. C.</p>

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
						representing delay penalties in quantum of 0.1%/day of delay, calculated calculated to the amounts representing difference of labour costs provided and executed for Work Contract 14/09.03.2018, calculated from due date of invoices issued by E. E. C. SA for works until 10.08.2020, and from the date of such delay penalties payment further until paying the entire outstanding liability which it were calculated for. It compelled the defendant to pay 32,565.46 RON as law court expenses, principal and appeal; final and enforceable. It was pronounced by placing the settlement to the parties' disposal by the court clerk. Document: Ruling 633/11.11.2021
80	20780/3/2020	Bucharest Tribunal	C: Energomontaj Cluj D: Transelectrica	Claims - update of contract value	401,765.78 Euro, 11,045,660.61 Euro, additional costs regarding indexation of minimum salary in constructions, Compel concluding an addendum to contract C54/2018	Hearing term: 03.03.2022
81	3042/117/2020*	Cluj Tribunal / CA Cluj	C: ELM Cluj D: Transelectrica	Claims (update of contract value)	965,015.16 RON, VAT free (difference of manual labour costs, offered and executed) 379,340.13 RON (calculated from due date of issued invoices until 31.07.2020, mentioning such penalties still apply until payment date of the full outstanding liability, which it was calculated for)	It denied as groundless the exception of absent interest in sustaining the first request item, exception invoked by the defendant. It admitted the case filed by claimant SC E. E. SA, in contradiction with defendant C. T. SA. It compelled the defendant to conclude addendum to Work Contract C21/28.07.2016, pertaining to changing the contractual price following changed basic minimum gross wage country-wide guaranteed for payment in constructions according to OUG 114/2018. It compelled the defendant to pay 965,015.16 RON, VAT free, to the claimant representing difference between labour costs offered and labour costs executed according to Work Contract C21/28.07.2016, and to the works provided in February – July 2019. It compelled the defendant to pay 379,340.93 RON to the claimant representing delay penalties of 0.1%/day, calculated to the principal until 31.07.2020, as well as 0.1%/day delay penalties further until paying the principal, penalties amount being limited to the principal, plus VAT. It compelled payment of 35,519.20 RON to the claimant as law court expenses, representing judiciary stamp tax and lawyer's fee. Appeal right was granted within 10 days from communication, such appeal and its reasons to be submitted to Specialised Tribunal Cluj. The decision is pronounced by placing the settlement at the parties' disposal by the court clerk. Document: Ruling 542/01.03.2021 TEL filed appeal It denied the appeal stated by appellant NPG Co. Transelectrica SA against civil sentence 542/2021, pronounced on 01.03.2021 under file 3042/117/2020* of the Specialised Tribunal Cluj, which it fully maintained. Such decision is final and enforceable. It was pronounced by placing the settlement at the parties' disposal by the court clerk. Document: Ruling 636/15.11.2021
82	704/1285/2020	Cluj Tribunal / CA Cluj	C: Energobit D: Transelectrica		762,310.75 RON (VAT free), cost	It admitted the case filed by claimant SC E SA in contradiction with defendant C T SA. It compelled the defendant to conclude with the claimant an addendum to the Work Contract C18/07.02.2017, following changed basic minimum gross wage country-wide guaranteed for payment in constructions. It compelled the defendant to pay 1,618,421.14 RON, VAT free, to the claimant representing

No.	File number	Law court	Dispute parties and their position	File subject	Disputed amount	Law court terms / settlement
					<p>difference of manual labour under C199/2016 and 49,550.03 RON, delay penalties</p> <p>16,237.22 RON, judiciary stamp tax</p>	<p>difference of labour costs provided and executed for Work Contract C18/07.02.2017, according to work statements elaborated until September 2020, included. It compelled the defendant to pay 101,339.90 RON to the claimant representing delay penalties of 0.02%/day, calculated to the principal until 15.10.2020, as well as paying delay penalties of 0.02%/day further until principal payment. It compelled the defendant to pay 40,645.04 RON to the claimant as law suit expenses, representing judiciary stamp tax and lawyer's fee. Appeal right granted within 10 days from communication, request to be submitted to the Specialised Tribunal Cluj. It was pronounced at public hearing. Document: Ruling 1859/2020 02.12.2020</p> <p>It denied the appeal stated by appellant NPG Co.Transelectrica SA against civil sentence 1859 pronounced on 02.12.2020 under file 704/1285/2020 of SP Tribunal CJ, which it fully maintained. It compelled the appellant to pay to intimated S E SA 5,798.28 RON as law suit expenses for appeal; such decision is final and enforceable. It was pronounced at public hearing. Document: Ruling 225/ 22.04.2021</p>
83	25896/3/2020	Bucharest Tribunal	C: Electromontaj Bucharest D: Transelectrica	Claims – OUG 114/2018	10,000,000 RON	Hearing term: 12.04.2022 to submit expertise report
84	27001/3/2021	Bucharest Tribunal	C: Romelectro D: Transelectrica	Claims – OUG 114/2018	3,523,709.93 RON	Hearing term: 11.03.2022
85	22368/3/2021	Bucharest Tribunal	C: Romelectro D: Transelectrica	Claims – OUG 114/2018	2,275,653.22 RON	Hearing term: 15.04.2022
86	30801/3/2021	Bucharest Tribunal	C: Romelectro D: Transelectrica	Claims – OUG 114/2018	2,271,075.23 RON	Hearing term: 18.03.2022
87	17976/3/2021	Bucharest Tribunal	C: Grand Voltage D: Transelectrica	Compelling defendant Transelectrica SA to repair the prejudice caused to the subscribed	6,125,822.13 RON	<p>Hearing term: 31.01.2022 – absence of expertise report</p> <p>It compelled defendant Transelectrica SA to repair the prejudice caused tp tje subscribed in quantum of 6,125,822.13 RON following culpable non-execution of liabilities under Work Contract C 111/23.05.2018 regarding "Connection of the 100 kV OHL Isaccea-Varna and of the 400 kV OHL Isaccea-Dobrogea in the 400 kV substation Medgidia Sud, stage II- the 400 kV double circuit OHL; connections in substation Medgidia Sud".</p>
88	Arbitration request ARB-5680	Arbitral Court Vienna	C: Oleg Buralcu D: Transelectrica	Compelling Transelectrica SA to pay total amount of 792,132 RON		<p>Compelling Transelectrica SA to pay total amount of 792,132 RON, sum consisting of:</p> <ul style="list-style-type: none"> - 186,384 RON (37,664.7 Euro), representing non-competition compensation according to article 5.2.3 of the Mandate Contract C233/30.09.2020, - 605,748 RON (122,410.4 Euro), representing compensation for the aferentă fixed gross monthly indemnifications remaining until mandate end, according to article 9.2 let. A of the Mandate Contract C233/30.09.2020
89	20623/3/2021	Bucharest Tribunal	C: Nitu Catalin D: Transelectrica	Claims – non-competition compensation acc to mandate contract	559,164 RON	Hearing term: 16.03.2022

Annex 7 - Glossary

ANRE	National Regulatory Authority in Electricity
BAR / RAB	Regulated asset base
BVB	Stock Exchange Bucharest / BSE, operator of the regulated market where the shares are transacted
CCM	Collective labour contract concluded Company-wide
CEE	European Economic Community
WPP	Wind power park
CEF	Photovoltaic power park
CET	Combined heat and electricity power plant
CHEAP	Hydro power plant with pumping storage
CNE	Nuclear power plant, NPP
Company, CNTEE	National Power Grid Company Transelectrica SA
CPT	One's technological consumption
CS	Supervisory Board
CSR	Corporative 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 System Operators for Electricity
ENS	Energy not supplied to consumers
Euribor, Libor, Robor	Rates of inter-bank interest
Formenerg	Company FORMENERG SA
Group	The Company and its subsidiaries
HG 627/ 2000	Governmental Decision 627/2000 on reorganising the National Electricity Company SA, published in the Official Gazette 357 of 31 July 2000
HG	Governmental Decision
Icemenerg Service	Company Subsidiary ICEMENERG-SERVICE, Bucharest
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 RON	Romania's official currency
MO	Romania's Official Gazette
OG	Governmental ordinance
ONRC	National Office of Trade Register
OPCOM	Electricity Market Operator of Romania, OPCOM SA
TSO	Transmission system operator

OUG	Emergency Governmental Ordinance
pa	Per anum
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	Proiects of Common Interest
PZU / DAM	Day-Ahead Market
RET	Electricity transmission grid, electricity network of national and strategic interest, and nominal line voltage above 110 kV
SEN	National Power System
Smart	Trading Company of 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 of Telecommunication and Information Technology Services in Electricity Transmission Grids 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

