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Transelectrica®

Societate Administrată în Sistem Dualist

Annual Report 2018

ANNUAL REPORT

CNTEE "TRANSELECTRICA" SA

on the stand-alone financial statements of CNTEE Transelectrica SA, drafted according to Order no. 2844/2016 of the Ministry of Public Finances, as subsequently amended and supplemented and according to Law no. 24/2017 on the issuers of finance instruments and market operations and to Annex 15 of Regulation 5/2018 issued by the Financial Services Authority.
for the financial year concluded on December 31st, 2018

Date of the report:	20 March 2019
Issuer:	CNTEE TRANSELECTRICA SA, two-tier company
Registered head office:	Bucharest, 33 Gen. Gheorghe Magheru Blvd., district 1, zip code 010325
Working Point:	Bucharest, No. 2 - 4, Olteni Street, district 3, zip code 030786
Telephone/fax:	021 303 5611/ 021 303 5610
Single code with the ORC:	13328043
Number in the Commercial Register:	J40/8060/2000
LEI (Legal Entity Identifier) code:	254900OLXOUQC90M036
Company's establishment date:	31.07.2000/ GEO 627
Registered capital:	733,031,420 RON, subscribed and paid
Regulated market where the issued securities are transacted:	Bucharest Stock Exchange, Premium Category
The main features of the issued securities:	73,303,142 shares with a nominal value of 10 lei/share dematerialized, registered, ordinary, indivisible shares, freely tradable from August 29th, 2006 under the TEL symbol 20,000 nominative, dematerialised unsecured bonds of 10,000 RON / bond nominal value, transacted on the BVB, Credit Titles sector, 3rd category Corporative bonds of TEL 18; maturity date 19.12.2018, being redeemed on due date
Total market value:	1,576,017,553 RON (21.50 RON/share on 31.12.2018)
Applied accounting standard:	International Financial Reporting Standards
Audit:	The separate financial statements elaborated on 31.12.2018 have been audited

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**REPORT OF
MANAGING
STRUCTURES**

2018

Message from the Board of Supervisors

Dear shareholders,

Dear investors,

In 2018, the Board of Supervisors of the National Power Grid Company Transelectrica SA has made every effort to stabilize and reinforce the financial situation, so that the Company keeps successfully meeting its mission of ensuring the safe operation of the national power grid. During 2018, the Board of Supervisors of Transelectrica was focused on maintaining the Company's profitability and on reinforcing its position in the Romanian energy sector; this can only be done by increasing the efficiency and by fostering investments, by upgrading installations and with a permanent focus on evolution, innovation and progress. During 2018, the Company has experienced an impulse in terms of the newly signed contracts for upgrade and retechnologisation works. This impulse will be seen in concrete actions and measures during 2019, to enhance the Company's efficiency.

The achievement of the goals of Transelectrica has a major impact regarding the development and enforcement of the Company at a national level, as the transmission system operator, with the mission of supplying public transmission of electricity, and regarding Transelectrica's alignment to European energy trends and policies, as well as the European energy market, of which Romania is a part, through Transelectrica.

In the context of the permanent changes undergone by the European energy sector, CNTEE Transelectrica SA is a regionally involved presence, as a valuable partner for the elaboration and negotiation of legislative packages applicable in the energy sector.

In this context, it should be said that Romania is located at the confluence between east-central-west (CORE) and south-east (SEE) in Europe and, due to this position, we aim at becoming a cross-regional integration factor, thus helping increase security and sustainability on a cross-European level.

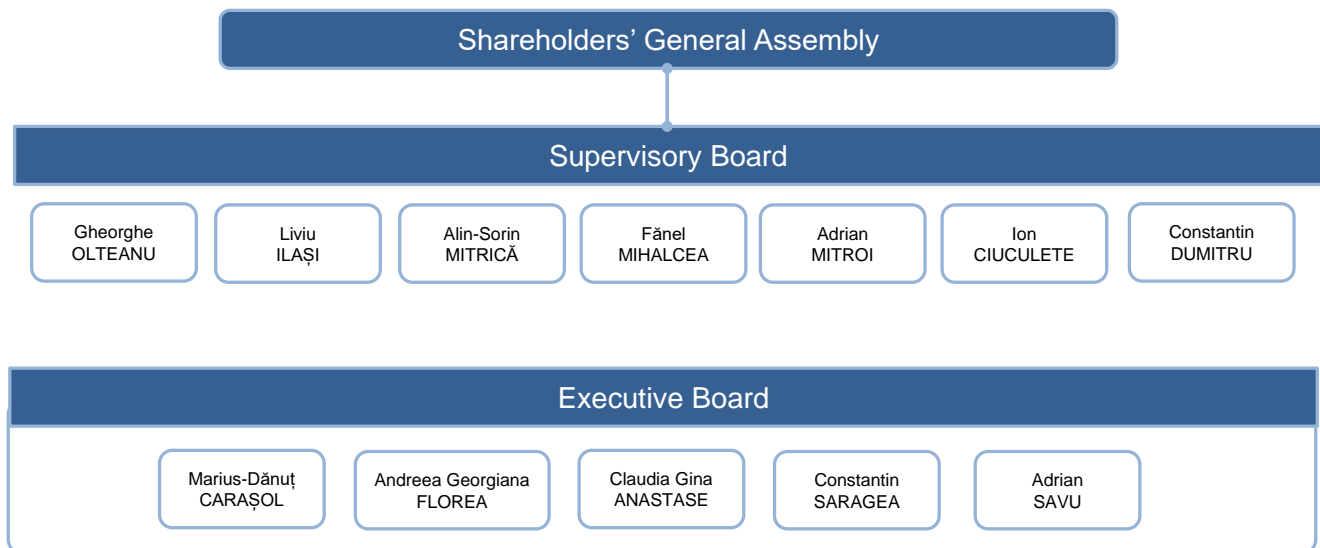
The Board of Supervisors of CNTEE Transelectrica SA

The Board of Supervisors

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

with Romanian laws, in a two-tier system, based on the decision of the extraordinary general assembly of shareholders of July 18, 2012, by a Directorate (including 5 members) supervised by a Board of Supervisors (including 7 members).

Figure 1: Organizational structure



As of the date of drafting this Report, the Board of Supervisors's structure, with a mandate duration of 4 months, namely until March 30th, 2019, is the following:

Gheorghe OLTEANU, Chairman of the Board of Supervisors.

In their meeting of April 13, 2018, the members of the Board of Supervisors of CNTEE Transelectrica SA appointed Mr. Gheorghe OLTEANU as the Chairman of the Board of Supervisors. Mr Gheorghe OLTEANU has extensive experience in the energy field. For ten years (2004-2014) he was the Chief Executive Officer, scientific researcher I, of the Energy Research and Upgrade Institute - ICEMENERG SA.

During his professional activity, he occupied several managing positions, such as Chief Executive Officer with the Ministry of Economy (1991-1997; 2001-2004), Technical Director of SC Luxten (1997-2001) and Director of Electroarges.

Mr Gheorghe Olteanu is a graduate of the Politehnica University of Bucharest, Faculty of Electrical Engineering and holds a Master's degree in "Executive Power and Public Administration" with the

National School of Administrative Studies and Policies, Faculty of Public Administration.

Liviu ILASI, Member of the Board of Supervisors.

Mr Liviu ILASI has extensive experience in managing positions both in crude oil transport and in electricity distribution and supply. He has held various managing positions within SC CONPET SA, such as Chief Executive Officer (2012-2017), Executive Director (2009), President of the Managing Board (2005-2009), Head of department (1998-2005) and head of sector (1991-1998). During 2010-2012 he was the Executive Director of SC ELECTRICA SA.

Mr Liviu ILASI is a graduate of the Oil and Gas Institute of Ploiesti, Faculty of Drilling and Operation of Oil and Gas Deposits and of the Valahia University of Targoviste, Faculty of Law Sciences.

During 2004-2006, Mr ILASI attended post-university training in National Security and Defence at the Carol I National Defence University of Bucharest.

Mr Liviu ILASI holds a Master's degree in business management "Economic development of companies" with the Bucharest Academy of Economic Sciences and a Master's degree in "Advanced technologies for

environmental protection engineering” with the Oil and Gas University of Ploiesti.

Alin-Sorin MITRICĂ, Member of the Board of Supervisors

With a wide experience in local and central public administration, during his professional career he has held a number of positions such as Public Administrator of Dolj County (2008- 2013, 2015) and State Secretary at the Ministry of European Funds (between 2013- 2015).

At the same time, Mr Alin-Sorin Mitrică has management experience in the private sector as well, with the position of Deputy Director General at SC ANAGRAMA SRL in 2015.

Alin-Sorin Mitrică graduated from the University of Bucharest, Faculty of Political Sciences and holds a master's degree in Applied Marketing – Economic Sciences. He also holds a PhD in history.

Fănel MIHALCEA, Member of the Board of Supervisors

With a solid professional experience of over 40 years in the legal field, holding the positions of First Prosecutor and Deputy First Prosecutor at the Prosecutor's Office attached to the Court of Braila, during various periods, from 1996 to 2017.

Fănel Mihalcea graduated the Faculty of Law at the "Al. Ioan Cuza" University in Iasi (1971-1975). Between 1987 and 1988 Fănel Mihalcea also attended the postgraduate studies programme in the field of Legal Sciences at the "Al. Ioan Cuza" University in Iasi, and between 2004 and 2006 he attended the master's studies in Community Law at the "Danubius" University in Galati.

Adrian MITROI, Member of the Board of Supervisors

Mr Adrian MITROI is an associate professor and a programme director at the Academy of Economic Sciences of Bucharest, for almost 20 years. Member of the Managing Board of CNTEE Transelectrica SA starting May 2018, Mr Mitroi has extensive experience in the economic sector, having occupied managing positions in financial and banking institutions, as well as public companies.

A graduate of the Polytechnic institute of Timisoara, Faculty of Mechatronics and Automation (1988), Mr Adrian MITROI graduated the Master of Business Administration (MBA) in Managerial Finance, Academy of Economic Sciences (1995) and, starting 2009, he holds a PhD in Economics, Academy of

Economic Sciences, Faculty of Finance. He also attended several courses in British and US institutions.

ION CIUCULETE, Member of the Board of Supervisors Mr Ion Ciuculete, a member of the Board of Supervisors of CNTEE Transelectrica SA, is currently employed with the National Salt Company, Mining Branch of Ramnicu Valcea.

With extensive experience in transportation and insurance, Mr Ciuculete has held various managing positions, such as the Chief Executive Officer of the Company for Transport of Goods and Passengers (1991-2000), the Director of the Damages Department (2000-2004), the Director of a VW-AUDI representation (2004-2007), the Director of an insurance company and Inspector in the complaints department (2008-2010).

Mr Ion Ciuculete is a graduate of the Politehnica University of Bucharest, Faculty of Transportation and has attended courses in the marketing of privately managed funds.

Constantin DUMITRU, Member of the Board of Supervisors Mr. Constantin Dumitru has an experience of over 30 years in central public administration. Since 2017 he holds the position of State Secretary Advisor within the Ministry of Economy. Previously he held the position of Secretary-General Advisor within the Romanian Government.

Constantin Dumitru graduated the Air Force Academy and holds a PhD in National Security - Methods of capitalizing and exploiting intelligence which constitutes and attack on national security.

The members of the Board of Supervisors are elected by the Shareholders' General Assembly, according to legal requirements of quorum and vote majority. On the issuance date of this Report, Transelectrica is not aware of any agreements, understandings or family connections of members of the Board of Supervisors and other persons due to which they could have been appointed directors.

As of drafting this report, the Company has no knowledge of the existence of litigations or administrative proceedings against the Board of Supervisors pertaining to its activity within the issuer or related to the ability of said person to fulfill his/her duties within the issuer.

Transelectrica has no knowledge that a member of the Board of Supervisors held TEL shares as of December 31st, 2018.

Three consultative committees are active in the Board of Supervisors on the date of this report, as of the drafting of this report: a Nomination and Remuneration Committee, an Audit Committee and an Energy Security Committee.

Consultative committees of the Board of Supervisors

The Audit Committee

The members of this committee are: Adrian MITROI (chairman), Gheorghe OLTEANU, Fanel MIHALCEA, Alin-Sorin MITRICĂ, Constantin DUMITRU, Liviu ILASI and Ion CIUCULETE.

The audit committee plays a significant part in checking the efficiency of the system for monitoring compliance with the laws and regulations applicable to the Company's activity and the results of the management's investigations in case of infringement.

The Nomination and Remuneration Committee

The members of this committee are: Gheorghe OLTEANU (chairman), Adrian MITROI, Fanel MIHALCEA, Alin-Sorin MITRICĂ, Constantin DUMITRU, Liviu ILASI and Ion CIUCULETE.

With regard to the nomination area, the Nomination and Remuneration Committee coordinates the appointment process of Directorate members and makes recommendations with respect to both the selection of the Directorate members and the provisional occupation of the vacancies within the Board of Supervisors.

The Nomination and Remuneration Committee sets the requirements for a certain position in the Company's administration and permanently updates the professional competences of Directorate members.

The Energy Security Committee

The members of this committee are: Fanel MIHALCEA (chairman), Adrian MITROI, Gheorghe OLTEANU, Alin-Sorin MITRICĂ, Constantin DUMITRU, Liviu ILASI and Ion CIUCULETE.

The Energy Security Committee monitors and counsels the Board of Supervisors, the Directorate and the Company's relevant departments for the implementation of strategic objectives in terms of system operation and energy security, at the level of the entire National Power System (NPS), energy security at the PTG level and energy security and protection of critical infrastructure.

Changes in the Board of Supervisors

In the period 01.01.2018-30.03.2018, the Transelectrica's Board of Supervisors membership ("BS" or the "Board") was as follows:

- Cristian-Eugen RADU – Board of Supervisors Chairman
- Dan BOBORA – Member of the Board of Supervisors
- Beatrice AMBRO – Member of the Board of Supervisors
- Fănel Mihalcea - Member of the Board of Supervisors
- Faustin-Doru Scintei – Member of the Board of Supervisors
- Marius-Iulian Carabulea – Member of the Board of Supervisors
- Alin-Sorin Mitrica – Member of the Board of Supervisors

January 10, 2018 – based on the Decision no. 1 of the General Assembly of Shareholders, Ms Beatrice Ambro was dismissed as a member of the Board of Supervisors and Mr Constantin Dumitru was appointed as a member of the Board of Supervisors, with a mandate expiring on 30.03.2018

The consultative committees had the following structure:

The audit committee included Marius Iulian Carabulea, Faustin Doru Scînteii, Sorin Alin Mitrică, Constantin Dumitru and Bogdan Bobora.

The nomination and remuneration committee included Cristian Eugen Radu, Marius Iulian Carabulea, Constantin Dumitru, Faustin Doru Scînteii, Sorin Alin Mitrică, Fănel Mihalcea and Bogdan Bobora.

The energy security committee included Fănel Mihalcea Cristian Eugen Radu, Constantin Dumitru and Marius Iulian Carabulea.

March 29, 2018 – based on the Decision no. 4 of the General Assembly of Shareholders, the following were appointed interim members of the Board of Supervisors, with a mandate beginning on 31.03.2018: Gheorghe Olteanu, Cristian-Eugen Radu, Liviu Ilași, Constantin Dumitru, Fănel Mihalcea, Ion Ciuculete and Alin-Sorin Mitrică, while the Decision no. 5 of the General Assembly of Shareholders/29.03.2018 set the duration of the mandate for 2 months, until 30.05.2018.

April 16, 2018 – the members of the BS appoint Mr Gheorghe Olteanu chairman of the Board of Supervisors, and the following members of the

nomination and remuneration committee are appointed:

- Gheorghe Olteanu
- Cristian-Eugen Radu
- Fănel Mihalcea
- Alin-Sorin Mitrică
- Constantin Dumitru
- Liviu Ilași
- Ion Ciuculete

The following members of the audit committee of the Board of Supervisors are appointed:

- Gheorghe Olteanu
- Cristian-Eugen Radu
- Fănel Mihalcea
- Alin-Sorin Mitrică
- Constantin Dumitru
- Liviu Ilași
- Ion Ciuculete

The following members of the energy security committee of the Board of Supervisors are appointed:

- Gheorghe Olteanu
- Cristian-Eugen Radu
- Fănel Mihalcea
- Alin-Sorin Mitrică
- Constantin Dumitru
- Liviu Ilași
- Ion Ciuculete

May 29, 2018 – based on the Decision no. 7 of the General Assembly of Shareholders, the following were appointed interim members of the Board of Supervisors beginning on 31.05.2018: Gheorghe Olteanu, Ion Ciuculete, Liviu Ilași, Adrian Mitroi, Alin-Sorin Mitrică, Fănel Mihalcea and Constantin Dumitru, and Decision no. 8 of the General Assembly of Shareholders sets a 4 month mandate.

June 8, 2018 – BS members reelect Mr Gheorghe Olteanu as the Chairman of the Board of Supervisors of Transelectrica SA. On the same date, Mr Adrian Mitroi is appointed chairman of the audit committee and the following members are appointed:

- Gheorghe Olteanu

- Adrian Mitroi
- Fănel Mihalcea
- Alin-Sorin Mitrică
- Constantin Dumitru
- Liviu Ilași
- Ion Ciuculete

Mr Gheorghe Olteanu is appointed chairman of the nomination and remuneration committee and the following members are appointed:

- Gheorghe Olteanu
- Adrian Mitroi
- Fănel Mihalcea
- Alin-Sorin Mitrică
- Constantin Dumitru
- Liviu Ilași
- Ion Ciuculete

Mr Fanel Mihalcea is appointed chairman of the energy security committee and the following members are appointed:

- Gheorghe Olteanu
- Adrian Mitroi
- Fănel Mihalcea
- Alin-Sorin Mitrică
- Constantin Dumitru
- Liviu Ilași
- Ion Ciuculete

September 28, 2018 – since the mandates of the interim members of the Board of Supervisors, appointed by Decision no. 7/29.05.2018 of the General Assembly of Shareholders, expire as of 30.09.2018, Decision no. 11 of the General Assembly of Shareholders extends their mandates for two months, starting September 30, 2018.

November 26, 2018 – since the mandates of the interim members of the Board of Supervisors, appointed by Decision no. 11/28.09.2018 of the General Assembly of Shareholders, expire as of November 29, 2018, the mandates are extended for four months, starting November 30, 2018

The mandate of the current Board of Supervisors is carried out over a period of four months, starting with November 30, 2018 up until March 29, 2019.

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

The Supervisory Board relies on corporate governance principles, which establish the Company's responsible, professional and objective attitude in relation with the stakeholders. The Board examines the Company's strategy and its environmental premises it operates in, in order to plan its development and its performance, thus ensuring a rigorous formulation of objectives.

The stand-alone financial statements for 2018 were submitted to the Board of Supervisors for review, and the Company's management provided detailed information on annual results. At the meeting for the approval of the financial statements of 2018, the Audit Committee submitted to the Supervisory Board a review of the results for the financial year 2018 and recommended to the Supervisory Board the approval of the stand-alone financial statements drafted according to OMPF no. 2844/2016.

At the same time the Directorate's Annual Report elaborated in accordance with the requirements from the capital market legislation was reviewed by Supervisory Board members. The Annual Report for 2018 provides a true and fair view of the Company's results for the financial year 2018.

The Audit Committee assists the Supervisory Board in fulfilling its own oversight responsibilities for the financial reporting process, the management reporting, the internal control system, the audit process, the risk management system and the organizational process to monitor the compliance with laws, regulations and the code of conduct.

Sincerely yours,

The Board of Supervisors, represented by the

Chairman of the Board of Supervisors

Message from the Directorate

Dear shareholders,

Dear investors,

In the value chain of electricity activities, CNTEE Transelectrica SA occupies the central place of transport system operators, a regulated natural monopoly activity, with the task of ensuring the public transport of electricity while simultaneously maintaining the safety of the national energy system, in non-discriminatory access conditions for all users. A strategic company in a national and regional context, Transelectrica also acts as balancing market operator, measurement operator and operator for the allocation of capacities along interconnecting lines.

Considering the essential role of CNTEE Transelectrica SA both on a national and a regional level, the reinforcement of the transport infrastructure for electricity is a priority objective of the Company. In 2018, Transelectrica updated the Power Transmission Grid Development Plan for 10 years (2018-2027), a document aiming at both extending the power transmission grid by building new lines and the upgrade of existing substations. The total value of investments planned for the next 10 years is estimated around 4.1 billion lei. This financing will be provided by regulated tariffs (transmission and system services) to an extent of 84%, 11% from revenues obtained by allocating the interconnection capacity and 5% from grants. Of the entire amount, almost half (47%) will be used to upgrade transformer substations, 35% to increase the interconnecting capacity, 11% to increase the capacity to transport the production from Dobrogea, 3% to increase the capacity to transport the production from other areas and 4% to increase the consumption satisfaction capacity.

As for the Company's regional importance, in 2018, the General Assembly of Shareholders approved the participation of Transelectrica SA in the shareholding of the Security Coordination Centre in the CORE region - TSCNET Services. The shareholder status allows for an active involvement of the Company in the future development of TSCNET Services, as one of the largest European regional security coordinators. This step is a part of the natural and necessary evolution of the Romanian energy sector on the European energy map, in the context of the implementation of the new model of the domestic electricity market, of European network codes and in the perspective of the Clean Energy Package.

Directorate of CNTEE Transelectrica SA



Photo: Adrian Savu, Claudia-Gina Anastase, Marius-Dănuț Carașol, Andreea Georgiana Florea, Constantin Saragea

Directorate

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

Marius-Dănuț CARAȘOL, Chairman of the Directorate

Mr Marius Danut CARASOL was appointed Chairman of the directorate of CNTEE Transelectrica SA starting 21.12.2018.

Mr Marius Danut CARASOL is an engineer and has been working in the energy sector since 1993, with extensive experience in relevant companies, where he has held various managing positions. In May 2018, Mr CARASOL took over the management of the Bucharest Transport Branch of CNTEE Transelectrica SA and, in this position, he coordinated significant maintenance and investment works regarding the electricity transmission network in the area of Bucharest. Mr Marius Danut CARASOL is a graduate of the Faculty of Electrical Engineering of the Politehnica University of Bucharest.

Claudia-Gina ANASTASE, Membru Directorat.

Mrs. **Claudia-Gina ANASTASE** was appointed Member in the Directorate of CNTEE Transelectrica SA beginning with 21.12.2019.

Mrs. Claudia Gina ANASTASE has got rich experience as economist, with more than 23 years' career in this domain. Until 21 December 2018, Mrs. Claudia Gina ANASTASE has held since 2012 the director position of the Transmission Branch Cluj of CNTEE Transelectrica SA. During her career she held managerial positions both in the private sector (2000-2009: administrator of accounting company) and in the public sector (2009-2019: deputy coordinator director with the County Payment Office for Rural Development and Fishing (OJPDRP) Cluj; 2010-2012: head of the Payment Checking Department with the same institution). She is expert accountant member in the Board of Chartered Accountant Experts and Licenses Accountants in Romania

Mrs. Claudia Gina ANASTASE graduated the Economic Science Faculty of the Babes-Bolyai University in Cluj-Napoca, Industry Management section, and in 2006 as top graduate she got the master diploma specialising in "Political Management" with the Ovidiu Sincai Post-Graduate Academic Study School in Bucharest.

Andreea Georgiana FLOREA, Directorate member.

Appointed in the position of Directorate Member of Transelectrica starting with September 17th, 2017.

Throughout her professional activity, Andreea Georgiana Florea held management and execution positions within financial and banking institutions and authorities, such as: The Financial Supervisory Authority - In-charge with financial education (2015-2016)/In-charge with public relations on the capital market (2015-2016); Insurance Management Institute - Deputy Director for Educational Programs (2012-2015); Banca Româneasca - Răhova branch - Branch manager (2009-2012)/Director of operations (2008-2009); UNICREDIT ROMANIA - Credit Monitoring Officer for Legal Persons (2008); ING BANK ROMANIA, Head of the Credit Analysis and Management Department for Natural Persons (2005-2006)/Credit Analysis Officer for Natural Persons (2003-2004).

Andreea Georgiana Florea graduated the Faculty of Domestic and International Commercial and Banking Relations within the "Romanian-American" University (1999-2003). She also attended several improvement classes in the financial and banking sector, organized by the Romanian Banking Institute and ING BANK.

Constantin SARAGEA, Directorate Member.

Mr. Constantin SARAGEA was appointed Member in the Directorate of CNTEE Transelectrica SA beginning with 21.12.2018. Before that Mr. SARAGEA held the position of Directorate member of CNTEE Transelectrica SA from 15.06.2018 to 23.11.2018.

Professional activities of Mr. Constantin Saragea as Directorate member in CNTEE Transelectrica SA include activity coordination, establishing the Company's development strategy and policy.

Mr. Constantin SARAGEA has got rich professional experience in top management positions of certain governmental institutions, namely:

➤ Director General with the Management Authority of the Operational Programme Technical Assistance in the Ministry of European Funds;

- Head of Department for Deficiencies and Antifraud Detection in the Ministry of European Funds;
- Head of Department for Public Projects and Procurement in the Ministry of European Funds;
- Head of Public Procurement Department in the Ministry of Public Finance;
- Controller of Technical Quality in the Quality, Conformity and Antifraud Control Department, in the PHARE Payment and Contracting Office established in the Ministry of Public Finance;

Being a diplomat engineer Mr. Constantin SARAGEA is licentiate of the Polytechnic University Bucharest, Automation and Computer Faculty, promotion 2003.

Mr. Constantin SARAGEA also finished in 2004 an "Advanced automation" Master, in 2008 he completed a post graduate course specialising in "Public Institutions Management", as well as advanced expert courses in public procurement, project cycle management, rules and conditions for execution of work, audit and control contracts.

The professional career of Mr. SARAGEA relies on relevant experience in project management and coordination of projects financed from European funds, in project assessment and monitoring practice for ISPA and PHARE financed programmes, Transition Facility and Operational Programmes under Structural Instruments, but also in significant knowledge of project tendering, evaluation, contracting and monitoring, based on good knowledge of both national procedures and European directives and regulations.

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

As of drafting this report, Transelectrica has no knowledge of the existence of litigations or administrative proceedings against the Directorate pertaining to its activity within the Company or related to the ability of said person to fulfill his/her duties within the Company .

No member of the Directorate held participations in the Company's registered capital as of 31.12.2018

Adrian SAVU, Directorate Member.

Mr Adrian SAVU was appointed member of the directorate of CNTEE Transelectrica SA starting 03.01.2019.

During his professional activity, Mr Adrian SAVU worked as a specialist officer with legal, economic and controlling responsibilities in the Ministry of Internal Affairs. During December 2013-April 2014, Mr SAVU was the director of the State Inspection Department of the Ministry of Agriculture and Rural Development, then, in 2014, he was a councillor secretary of state with the same ministry. In 2014, Mr Adrian SAVU went back to the Ministry of Internal Affairs, again as a principal specialist officer, until the end of 2018, when he was appointed member of the directorate of CNTEE Transelectrica SA. Mr Adrian Savu holds a Bachelor's level in economic sciences, with the Faculty of Banking and Accounting of the Academy of Economic Sciences of Bucharest, as well as legal and administrative sciences, with the relevant faculty of the "Constantin Brancusi" University of Targu Jiu. Mr SAVU also graduated master's courses in "Fraud investigation" with the "Alexandru Ioan Cuza" Police Academy of Bucharest, as well as training courses on international relations and project management.

Changes in the Directorate of Transelectrica

January 1, 2018 – The directorate had the following members on 01.01.2018: Georgeta-Corina Popescu, Mircea-Toma Modran, Dan-Valeriu Ardelean, Florin-Cristian Tătaru and Andreea Georgiana Florea.

January 15, 2018 – The Members of the Board of Supervisors of Transelectrica SA, by Decision no. 1/15.01.2018 extended the interim membership of the Directorate for 2 months, starting January 17, 2018, for the following persons:

- Georgeta-Corina POPESCU
- Andreea Georgiana FLOREA
- Dan-Valeriu ARDELEAN
- Mircea-Toma MODRAN
- Florin TĂTARU

and appoints as Ms Corina-Georgeta POPESCU Chairperson of the Directorate, alternatively referred to as Chief Executive Officer (CEO) of the Company

March 14, 2018 – Mr Mircea Toma Modran's membership of the Directorate expired on March 16, 2018.

Based on art. 64 (1) of GEO 109/2011 on the corporate governance of public companies, as subsequently amended and supplemented, the Board of Supervisors, by Decision no. 21/14.03.2018, appointed the following interim members of the Directorate for a four-month mandate:

- Georgeta-Corina POPESCU
- Andreea Georgiana FLOREA
- Dan-Valeriu ARDELEAN
- Florin-Cristian TĂTARU

April 20, 2018 – The Supervisory Board appointed Mr. Adrian-Constantin RUSU by Decision no. 37/20.04.2018 as interim member of the Directorate. The mandate shall be granted for the for the remainder of the term of office of the members of Directorate, respectively until July 16th, 2018.

May 4, 2018 – The Board of Supervisors assigns the position of Directorate Chairman, alternatively referred to as Chief Executive Officer – "CEO" of the National Power Grid Company "Transelectrica" SA, starting with May 7th, 2018, to Mr. Adrian-Constantin RUSU.

Starting with May 7th, 2018, the position of Mrs. Georgeta-Corina POPESCU as Directorate Chairman, alternatively called Executive General

Manager or Chief Executive Officer – "CEO" of The National Power Grid Company "Transelectrica" SA ceases.

May 24, 2018 – The Board of Supervisors of the Company takes note of the request of Ms Georgeta-Corina POPESCU to retire from the Directorate of Transelectrica SA starting 01.06.2018 (the last day is 31.05.2018).

June 8, 2018 – The Board of Supervisors of Transelectrica SA, by Decision no. 58/08.06.2018 appoints Mr Constantin Saragea as an interim member of the Directorate, for a mandate ending on 16.07.2018.

July 11, 2018 – Since the mandate of the Directorate members ended on July 16, 2018, the Board of Supervisors decided the following on its July 11, 2018 meeting:

- to extend by 2 months, until September 16, 2018, the mandates of the following interim members:
 - Adrian-Constantin RUSU
 - Andreea Georgiana FLOREA
 - Constantin SARAGEA
- to appoint as interim Directorate members with a 2-month mandate, starting with July 17th, 2018 and until September 16th, 2018, the following persons:
 - Adrian-Mircea TEODORESCU
 - Viorel VASIU

August 24, 2018 – Considering the automatic termination of the mandates of the interim members of the Directorate starting 17.09.2018, the Board of Supervisors met on 24.08.2017 and issued Decision no. 77 to approve the four-month extension of the mandates of the interim members of the Directorate, starting 17.09.2018: Adrian-Constantin RUSU, Andreea Georgiana FLOREA, Constantin SARAGEA, Adrian-Mircea TEODORESCU, Viorel VASIU.

November 23, 2018 – the members of the Board of Supervisors met on 23.11.2018 to revoke the membership of Mr Constantin SARAGEA as of that date.

December 21, 2018 – By Decision no. 100, the members of the Board of Supervisors revoke the membership of: Adrian-Constantin RUSU, Andreea Georgiana FLOREA, Viorel VASIU and Adrian-Mircea TEODORESCU.

On the same day, based on art.64² (1) of GEO no. 109/2011 on the corporate governance of public companies, as subsequently amended and supplemented, by Decision 101, they appoint Mr Marius-Danut CARASOL as an interim member of the Directorate of Transelectrica, with a four-month mandate, starting 21.12.2018.

The Board of Supervisors decides to assign the chairmanship of the Directorate, alternatively referred to as the Chief Executive Office, to Mr Marius-Danut CARASOL.

By Decisions no. 102-105/21.12.2018, the Board of Supervisors appoints the following interim members of the Directorate of Transelectrica with a four-month mandate:

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

Statement of the responsible persons

Based on our knowledge, the stand-alone financial statements as of December 31, 2018, drawn up in accordance with the applicable accounting standards (International Financial Reporting Standards, as approved by the European Union), provide an accurate and reliable image of the assets, obligations, financial position, profit and loss statement of CNTEE Transelectrica SA, and the report of the Directorate includes accurate and reliable information on the Company's development and performance, as well as a description of the main risks and uncertainties specific to the performed activities.

Directorate,

Marius-Dănuț CARAȘOL	Claudia-Gina ANASTASE	Adrian SAVU	Andreea Georgiana FLOREA	Constantin SARAGEA
Directorate Chairman	Directorate member	Directorate member	Directorate member	Directorate member

Key figures

FINANCIAL HIGHLIGHTS					OPERATIONAL						
RON	2.722	mn	▼	-11%	Revenues	2,47%	*	▲	0,30	pp	OTC
				y/y					y/y		
RON	400	mn	▲	5%	EBITDA	60,70		▲	1%		Net internal production
				y/y		TWh			y/y		
RON	81	mn	▲	188%	Net profit	2,54		▼	-12%		Export sold**
				y/y		TWh			y/y		
TWh	56		▲	2%	Charged energy volume*	58,16		▲	2%		Net internal consumption
				y/y		TWh			y/y		
RON	482	mn	▼	-7%	Liquidity	44,47		▲	0,3%		Transported energy***
				y/y		TWh			y/y		
INVESTMENTS											
RON	171	mn	▲	0,0676	Acquisition of tangible and intangible assets						
				y/y							
RON	248	mn	▲	23%	Fixed assets recorded in the accounts (commissioning)						
				y/y							

*The share of the own technological consumption in the electric energy taken over by the electric transport network (the energy transported)

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

***The quantity transported is defined by the amount of energy physically transmitted in the transport network

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

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

Important events

Jan

▶ On January 25, 2018, the European Commission approved a grant of € 27,085,000 for the construction of the Cernavoda-Stâlpu 400 kV power line.

▶ A public consultation takes place on January 22 regarding the implementation framework for the European platform for the imbalance netting process.

Feb



Mar

▶ The Company's Ordinary General Assembly of Shareholders, reunited on March 5, established the Investment plan for the financial year of 2018 and the estimates for 2019 and 2020 and approved the Company's sets statement of expenditure and revenue for the year of 2018, as well as the estimates for 2019 and 2020.

Apr



Ma
y

▶ The 400 kV Oradea-Bekescsaba Airline Electricity project, an investment of over 83 mil lei was unblocked following the adoption by the Romanian Government on May 10th, 2018 of a Decision allowing completion of the completion of ongoing expropriation procedures for privately owned real estate located in the expropriation corridor of the public utility project of national interest 400 kV OHL Oradea-Bekescsaba.

▶ Transelectrica launches the 400 kV power airline between Resita and Panchevo. The investment amounts to RON 81.5 mn and is fully financed by

Jun

▶ On June 5th, the AGEA approves Transelectrica SA's affiliation to the Security Coordination Centre in the CORE region, TSCNET Services GmbH, via the Company's shareholding in this centre.

▶ During June 10-14, the Company took part as a co-organizer in the Regional Energy Forum for Central and Eastern Europe - FOREN 2018, 14th edition, organized by the Romanian National Committee of the World Energy Council, under the auspices of the World Energy Council.

Jul

▶ ANRE Order no. 108/20.06.2018 was published in the Official Journal no. 519, approving the average tariff of transmission services, the components of the transmission tariff introducing electricity into the grid (TG) and taking out electricity from the grid (TL), the tariff of system services and the regulated price of reactive electricity charged by the Company, applicable as of July 1, 2018.

▶ Moody's Investors Service reconfirms the rating of the past year, i.e. Ba1, for Transelectrica, improving the prospects from stable to positive.

Aug

▶ On August 20, AGEA Transelectrica approved the Company's affiliation with the shareholding of the Joint Allocation Office - the European centre for the allocation of cross-border transmission capacities and empowered the Company's Directorate to fulfil all procedures and documents related to the Company's participation in the share capital of the Joint Allocation Office.

Sep

▶ Transelectrica announces the affiliation as a shareholder of TSCNET Services, headquartered in Munchen, one of the regional security coordinators for the European energy transmission network. Transelectrica is the 15th shareholder of TSCNET.

▶ On September 21, it informs that the second phase of the project for the re-technologisation of the 400/110/20 kV transformer substation of Tulcea Vest has been completed; the investment is included in a wider range of projects that are completed, in progress or are to be developed by Transelectrica in the Dobrogea area.

Oct

▶ On 12 October 2018 the international credit rating agency Fitch Ratings reconfirmed the Company's long term rating at the level of the 2017 one, namely BBB stable outlook. The credit rating opinion came as a recognition of the Company's efforts to reach operational and financial excellence, and at the same time its responsible approach to the business environment it operates in.

Nov

▶ Transelectrica becomes one of the 11 founding members of the Romanian Association for Relations with Stock Exchange Investors (ARIR), a non-governmental non-profit organisation established with a view to provide current and potential issuers a platform to develop professional people in the investor relations domain (IR) and to contribute to the implementation of the best corporate governance practice in the communications with investors.

Dec

▶ The Company as Issuer pays the interest and the nominal value on the redemption date 19 December 2018 for the bonds issued in 2013, in accordance with the Prospectus of the Inaugural Offer of bonds approved under Decision A-657/10.12.2013 of the Financial Supervision Authority.



Transelectrica®

Societate Administrată în Sistem Dualist

Management Report

1. Business model

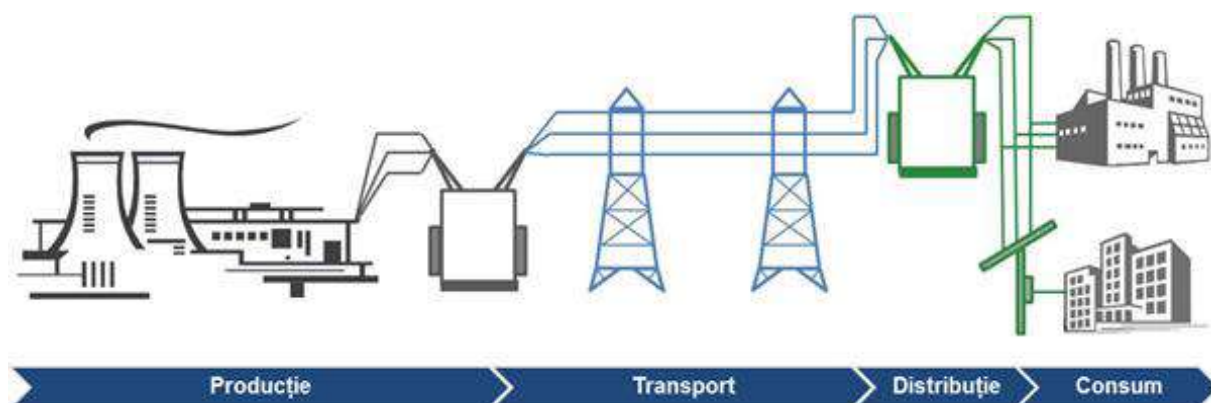
1.1. Position on the electricity market

Transelectrica was established as Romanian legal person under GD no. 627/July 13th, 2000 on the reorganization of the National Electricity Company CONEL SA, published in Romania's Official Gazette 357/31.07.2000. This decision was issued in accordance with GD no. 138/2000 on the restructuring plan in the energy sector, which fully separated the electricity transmission and dispatch activity from the electricity generation, distribution and supply activities.

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

In accordance with the Electricity and Natural Gas Act no. 123/2012, as subsequently amended and supplemented, the electricity transmission activity constitutes a public service of national interest. Electricity transmission is performed by transmission system operators which are legal persons certified by the competent authority according to legal provisions. The Power Transmission Grid (PTG) existent on the Romanian territory is the public property of the Romanian State in terms of the assets assigned to

Figure 2: The electricity value chain



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

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

In its capacity of transmission system operator, Transelectrica operates according to License no. 161/2000 for the provision of electricity transmission and system services and for the management of the balancing market, amended by ANRE Order no. 641/25.04.2018.

The concession over the PTG and the land plots it is located on was granted for 49 years under concession agreement no. 1/29.06.2004, concluded between the Ministry of Economy in its capacity of grantor authority and CNTEE Transelectrica SA, in the capacity of grantee.

In the value chain of electricity activities, Transelectrica holds the central place of transmission system operator, which are natural monopoly activities situated between producers and suppliers – the main players of 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.

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

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

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

The activities of Transelectrica are regulated under primary legislation (the national framework being Law no. 123/2012, as subsequently amended and supplemented, while the European one being Directive 2009/72/EC and Regulation no. 714/2009) and secondary legislation issued by ANRE - substantiated by licenses, establishment permits, tariff-setting methodologies (ceiling type for transmission and cost plus for system operation, tariffs, framework agreements, procedures and others).

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

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

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

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

Today, pursuant to ANRE Order no. 164/07.12.2015 published in the JO no. 908/08.12.2015, Transelectrica has been finally certified as transmission system operator of the national power system and it operates in accordance with the ownership unbundling model.

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

In accordance with the certification conditions as transmission and system operator as per 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 no. 123/2012 regarding the non-simultaneous exercise, directly or indirectly, of control or right over an economic operator that performs any of the generation or supply activities.

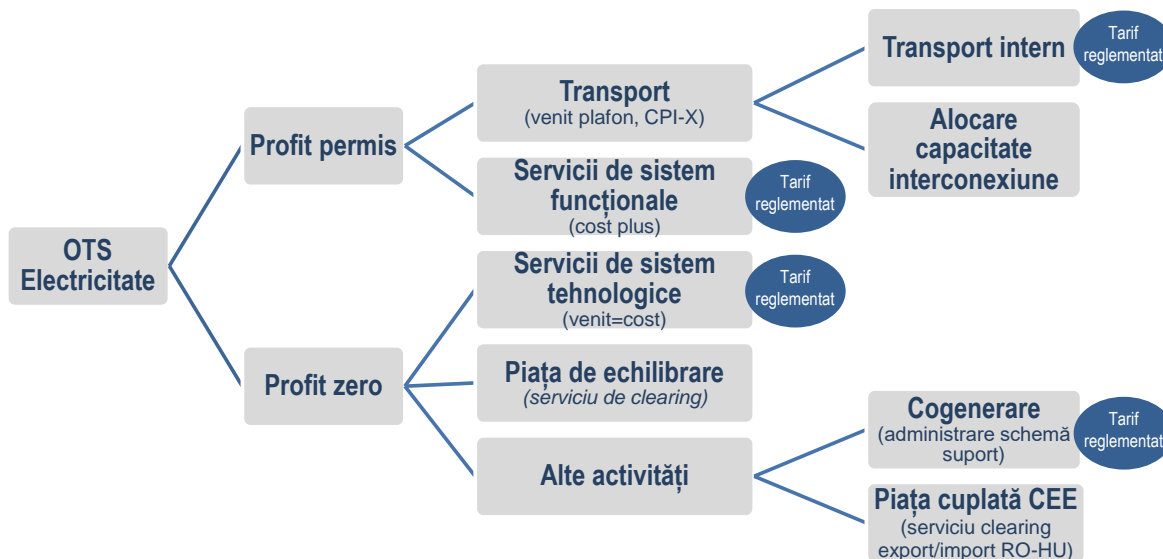


Photo Cover Transelectrica

1.2. Portfolio of activities and tariff-setting model

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

Figure 3: Portfolio of activities



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

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

fully cover the costs associated to the support scheme administration.

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

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

Zero profit activities

Technological system services

- ANRE regulated activity;
- Planning and procurement of power reserves necessary for the permanent provision of the output/load balance in order to ensure the operational safety of the NPS, from producers or consumers that may be disconnected;
- The tariff for the technological system services is annually set beforehand by ANRE using a zero-profit model ("pass-through") designed to fully recover the costs necessary to procure system reserves, with the possibility to keep a part of potential savings obtained when procuring power reserves under competitive terms.

The balancing market

- The market administration activity by which the generation and the load are balanced in real time;
- The procurement of control power from dispatchable generating units and full recovery of balancing costs from balancing responsible parties;
- The recovery of costs is performed in a zero-profit regime.

Other activities

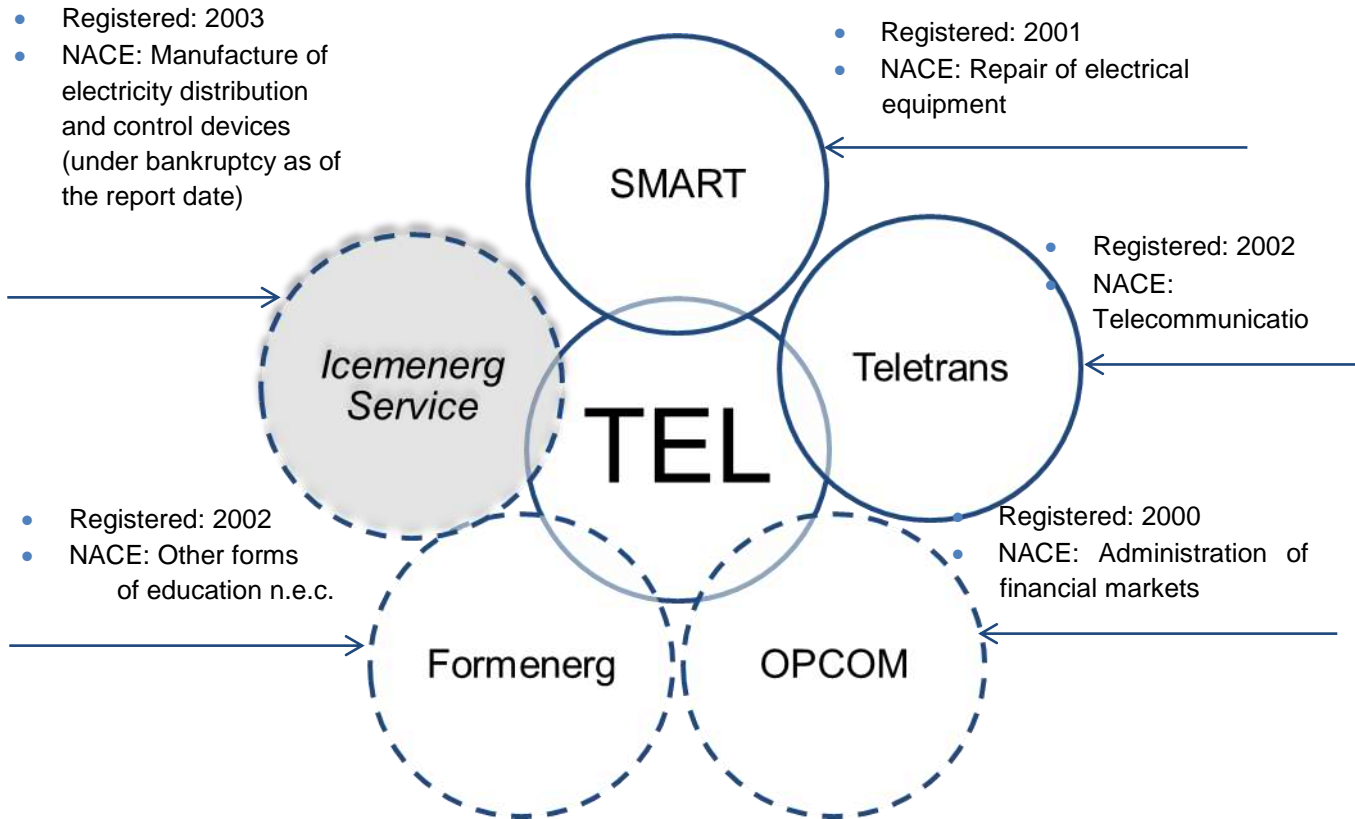
Cogeneration

- The administration of the support scheme for promoting high-efficiency cogeneration. The purpose of this support scheme is to promote highly efficient systems cogenerating heat and power with the advantage of a more environmentally friendly electricity production;
- The role of Transelectrica under the support scheme is to collect the contribution from the suppliers of electricity consumers and to pay the bonus to the qualified producers of electricity and heat under cogeneration;
- The recovery of paid amounts is performed in a zero-profit regime.

Shipping agent of the Romania-Hungary connection on the regional electricity market

- The compensation-settlement activity (shipping agent role) on the regional electricity market (price coupled market in the central-east European area, including the markets from: The Czech Republic, Slovakia, Hungary, Romania) in the day-ahead trading horizon (day-ahead market). Transelectrica carries out the financial clearing function on the Hungarian border, an important part in the settlement chain of energy traded on the wholesale market between Romania and Hungary (export and import).

2. Group structure



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

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

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

therefore Transelectrica does not have control over it.

The subsidiaries participating to the consolidation perimeter (Smart and Teletrans) began procedures with a view to implement the corporate governance principles, in accordance with the regulations of GEO no. 109/2011 on the corporate governance of public enterprises. Thus, the recruited managers will be made responsible and remunerated as provided in GEO no. 109/2011. By implementing the corporate governance principles, the Company intends to increase the efficiency of the two Subsidiaries' activities.

SMART



The main object of activity of the SC SMART SA subsidiary is reviewing and repairing 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 subsidiaries with no legal personality, situated in the same locations as Transelectrica's branches.

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

The following are envisaged at least as general strategic objectives:

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

As of December 31, 2018, the registered capital is 55,026 thousand RON. Transelectrica takes part as a majority shareholder in the registered capital. The results of SMART are consolidated with the Company's financial results

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

- CNTEE Transelectrica SA – 70.005% - 3,852,860 shares
- The Romanian State through the Ministry of Economy – 29.995% - 1,650,770 shares.

TELETRANS



The TELETRANS SA subsidiary was established by Decision no. 13/04.12.2002 of the General Assembly of Shareholders, based on Law no. 31/1990 and the Orders no. 3098 and no. 3101 of 23.10.2002 and

is the provider of specific telecommunication and IT services for the operation and management of Transelectrica, mainly dealing with the supply of specific telecommunication services and information technology in electrical transmission grids.

Based on the Articles of Association and the applicable legislation, Teletrans holds the ANCOM certificate for networks or electronic communications service provider since 2002 (GEO no. 679/2002),

allowing it the right to provide the following electronic communications services:

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

The competences of TELETRANS follow these main directions:

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

TELETRANS uses an optical fiber network built in a reliable OPGW technology with access points in 110 settlements, as well as cross-border connections with Hungary, Bulgaria and Serbia and supplies EMS/SCADA integration services for renewable energy manufacturers and new command-control systems in re-technologised substations.

As of December 31st, 2017, the share capital amounts to 6,874 thousand lei, Transelectrica being sole shareholder. The results of Teletrans are consolidated with the Company's financial results.

- TELETRANS shares are 100% held by Transelectrica.

FORMENERG



FORMENERG
Dam forma energiei!

FORMENERG SA
33/19.11.2001 of the General
Assembly of Shareholders –
„Transelectrica” S.A., by
outsourcing the activity of the
Branch for Training Staff in the

Energy Sector.

FORMENERG started its activity on March 21, 2002.

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

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

The competences of FORMENERG follow these main directions:

- development of training activities
- launching new courses
- taking part in auctions
- re-authorisation of courses
- improving the company's technical and material resources.

The share capital as of 31.12.2018 is 1,948 million lei, fully paid up, represented by 194,842 shares with a nominal value of 10 RON each.

FORMENERG shares are 100% held by Transelectrica.

ICEMENERG – SERVICE

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

- The Icemenerg Service SA subsidiary focuses on the design, manufacture and distribution of metering, running and control apparatus meant for the power system, being ISO 9001 and IQ NET certified by SRAC ROMANIA (licensed by ANRE).
- By Order no. 855/10.12.2004 of the Minister of Economy and (on the establishment of the special administration procedure and financial supervision), starting with 23.12.2004 the special administration and financial supervision procedure was instituted in the SC ICEMENERG – SERVICE SA subsidiary during the privatization period of ICEMENERG – SERVICE SA, subsidiary of Transelectrica, with a view to determine the manner of administration and management as well as the measures to be taken in order to expedite the company's privatization process.
- Decision no. 1/28.02.2017 of the General Assembly of Shareholders approves the default of the company in simplified form.
- On the date of June 9th 2017, according to the Decision issued by Bucharest Court, Civil Division VII, in the file 18051/3/2017 it has been ordered the bankruptcy procedure through the simplified procedure of the company. Transelectrica recorded an impairment adjustment in the amount of 493 thousand lei in 2016 for the shares held at SC ICEMENERG SERVICE SA.
- CNTEE Transelectrica SA submitted to the registry of the court (Bucharest Court) a statement of claim in file no. 18051/3/2017 requesting the enrollment at the statement of affairs of the debtor Icemenerg Service SA with the amount of 92.2 thousand lei representing the value of the financing made by CNTEE Transelectrica SA under the Convention no. C 156 / 21.06.2006, for the preparation of the privatization of the Company "Icemenerg-Service" Branch SA, out of which: the amount of 63.1 thousand lei representing registration fee at the ONRC of the share capital increase and the amount of 29.2 thousand lei representing evaluation report prepared by Inco Consulting SRL, sums recorded and detailed in the supporting documents annexed to the application, prior to the opening of the Also, the amount of 200 lei was requested, representing the judicial stamp duty, related to the enrolment application of CNTEE Transelectrica SA at the advanced list of creditors in this file.

- On 07.08.2017, the judicial administrator SOLVENDI SPRL confirmed the inclusion in the preliminary table of receivables of the debtor of "Icemenerg-Service" S.A., the amount of 92.2 thousand lei, representing the value of the financing made by CNTEE Transelectrica SA based on the Convention no. C 156 / 21.06.2006, for the preparation of the privatization of the subsidiary "Icemenerg-Service" SA, to which is added the amount of 200 lei representing the judicial stamp duty related to the application for enrollment at the statement of affairs.
- Pursuant to the completion of the assessment of the company's goods, as resulting from the Rules on the use of assets (an informative material on the agendas of creditor meetings of April 19, 2018), a market value of assets of 10,860,796 EUR resulted, equivalent to 50,337,703 RON, at a EUR/RON exchange rate of 4.6348, on the valuation date of January 9, 2018.

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

OPCOM



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

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

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

- The organization and management of central electricity markets
- Acting as a settlement operator, by performing settlement operations for the day-ahead market and the intra-day market, respectively setting the payment obligations/collection entitlements for

the Balancing Market and the quantity and value imbalances of parties in charge with balancing;

- Acting as the organizer and manager of the green certificate market;
- Acting as the administrator of the Platform for trading greenhouse gas emission certificates;
- Managing centralised markets in the natural gas sector;
- The supervision of the operation of managed markets;
- The collection and publication of statistical market data, based on the provisions of the Law on energy.

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

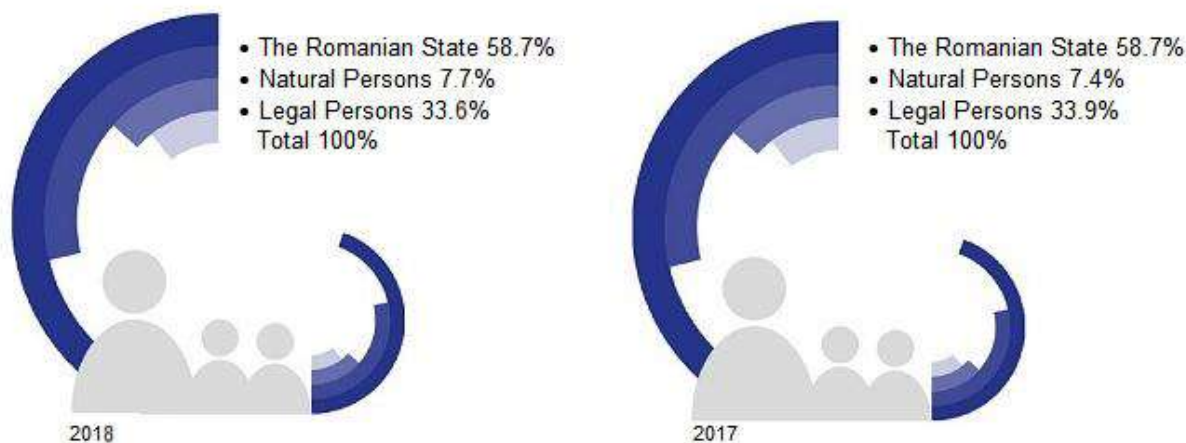
The registered capital of OPCOM as of 31.12.2018 is 31,366 thousand RON. Transelectrica takes part as a majority shareholder in the registered capital. The structure of associates is the following:

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

3. Transelectrica on the capital market

3.1. Shareholding structure

Figure 4: Development of the shareholding structure 2018-2017



DEDEMAN SRL became a significant minority shareholder as of 28.09.2017. On 31.12.2018, DEDEMAN SRL held a participation of 6.1% (4,503,567 shares), while it held 5.7% on 31.12.2017.

Free float shares	31/12/2018	%
Non-resident natural persons	205,486	1%
Resident natural persons	5,416,433	18%
Non-resident legal entities	4,867,482	16%
Resident legal entities	19,793,432	65%
Total shares	30,282,833	

3.2. Share price evolution

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

Starting January 5th, 2015, the Company was included in the Premium category of the regulated market managed by the BSE.

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

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

During 2018, Transelectrica shares had a quite stable evolution with price fluctuations ranging from 19.40 lei/share on June 4, 2018 to 27.25 Lei – the maximum being reached on January 23, 2018. Compared to the overall stock exchange performance (BET index), as well as companies making up the BET-NG index, TEL shares had a lower performance than BSE indexes during 2018, even negative, pursuant to the market's reaction to the decrease in the Company's results.

Transelectrica is also included in the local stock exchange indexes (BET, BET-XT, BET- NG, BET Plus, BET-TR, BET- BK, ROTX) and in the international indexes DowJones Wilshire Global

Indexes (Dow Jones Wilshire Global Total Market Index SM, Dow Jones Wilshire Romania Index SM, Dow Jones Wilshire Electricity Index SM).

Figure 5: TEL compared to BSE 2018 indexes

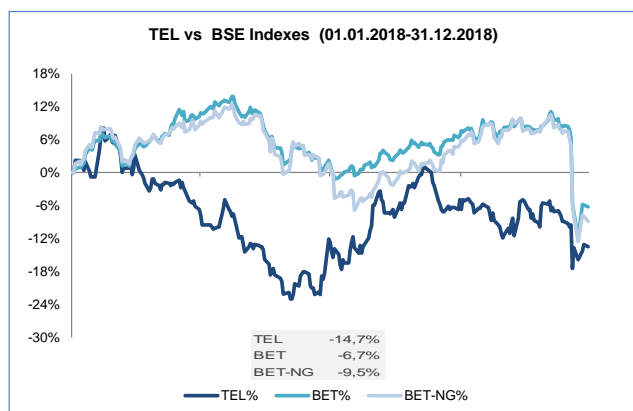


Figure 6: TEL share price evolution 2018

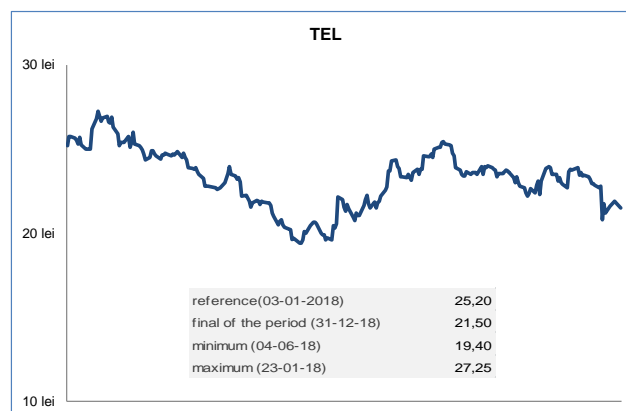


Table 1: Stock exchange information 2016-2018

Indicator	2018	2017	2016
Number of shares	73.303.142	73.303.142	73.303.142
Stock exchange capitalization (RON mn)	1.576	1.800	2.140
Stock exchange capitalization (Euro mn)	338	386	471
Maximum price (RON/share)	27,25	33,70	31,15
Minimum price (RON/share)	19,40	24,55	26,40
Price at the beginning of the year (RON/share)	24,55	29,20	29,15
Price at year-end (RON/share)	21,50	24,55	29,20
Profit per share (RON/share)	1,11	(0,65)	3,72
PER	19,38	(37,53)	7,86
P/BV	0,57	0,66	0,69
Gross dividend per share (RON)	0,00	0,00	2,26
Special gross dividend per share (RON)*	0,91	2,33	0,00
Dividend return***%	0,00	0,00	7,73
Free Float %	41,31	41,31	41,31

*** special dividend according to GD 29/2017

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

Share ID data: ISIN **ROTSELACNOR9**; Bloomberg **TEL RO**, Reuters **ROTEL.BX**

3.3. Bonds

In 2018, the fifth and last interest coupon was paid associated to the inaugural bond emission of 2013. This was the first major financing transaction on the capital market using credit instruments (emission of unsecured bonds amounting to 200 mil lei with fixed interest, five years maturity).

Introducing bonds in the financing mix had beneficial effects in the mid- and long-run, diversifying the

financing options and thus reducing the credit restriction risk along traditional channels (for instance by reaching the maximum credit allocations, in case of relation banks).

Starting with January 16th, 2014, corporate TEL bonds have been traded on the Bucharest Stock Exchange (BSE), Debt Securities section – 3rd category - Corporate bonds, symbol TEL18.

Table 2: Main characteristics of the bonds issued by Transelectrica

Symbol:	TEL18
Type:	registered, dematerialized unsecured bonds
Number of bonds:	20,000
Nominal value:	10,000 RON
Total value of issue:	200,000,000 RON
Interest rate:	6.10%
Interest payment:	Annually
Interest payment dates:	19.12.2014; 21.12.2015; 19.12.2016; 19.12.2017; 19.12.2018
Maturity date:	19.12.2018

The 2013 bond issue reached its maturity on 19.12.2018. The interest associated to the bonds was paid in accordance with the Offer Prospectus and was made by Banca Comercială Română SA, in its capacity of payment agent, on December 14th, 2018 to the holders of Transelectrica bonds

registered on the reference date December 5th, 2018 in the Register of corporate bond holders registered with Depozitarul Central S.A. The nominal value of bonds was paid to bond holders registered with the Register on the same date.

3.4. Dividends

During 2018, for the financial year ended December 31, 2017, according to the AGM meeting of April 6, 2018, it was decided not to distribute dividends.

On December 31st, 2018, the dividends owed and unpaid to the Company's shareholders amount to 67,657,910, ron out of which the amount of 395,797 ron is related to dividends distributed from the profit of the year 2015, the amount of 241,241 ron is related to dividends distributed from the profit of 2016, the amount of 315,013 is related to dividends distributed from the balance of account "Other Revenues – Own sources of funding from profits" based on the Decision no. 11/16.10.2017 of the General Assembly of Shareholders, and the amount of 66,705,859 is Related to dividends distributed from retained earnings, based on the Decision no. 15/14.12.2018 of the General Assembly of

Shareholders, with 25.01.2019 as the initial date for dividend payment.

Gross amount available for additional dividend distribution: 66.7 mn RON

Gross dividend per share: 0.91 RON
 Registration date: 04/01/2019
 Ex-dividend date: 03/01/2019
 Payment date: 25/01/2019

The payment of dividends to shareholders is performed to the value net of tax, according to the provisions of the Romanian Tax Code.

3.5. Rating

On October 9, 2018, Fitch reconfirms the stable BBB rating for the company, one assessment level above Romania's national rating (BBB-/stable perspective), as a recognition of the Company's efforts to achieve operational excellence and a responsible approach to the business environment in which it operates. The Agency's assessment for 2017-2018 thus reflects its positive appreciation on the gradual improvement of Transelectrica's financial profile.

On Jul 4y, 2018, Moody's Investors Service's credit rating agency published its updated credit rating, assessing Transelectrica's current and future ability to meet its payment obligations to creditors. The current credit opinion maintains the Company's rating at the last year's level, namely Ba1. The Company's rating remains only one step below country (Baa3 stabil) rating, thus recognizing the improved financial performance and solid operational

results of the Company and ensuring future financing premises under optimal cost conditions for the good

performance of the investments undertaken for the fourth regulatory period.

Table 3: Transelectrica Rating

Rating agency	2018	2017	2016
Moody's Investors Service	Ba1 positive	Ba1 stable	Ba1 stable
Fitch	BBB stable	BBB stable	-

3.6. The relation with investors and stakeholders

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

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

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

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

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

During 2018, Transelectrica took part in conferences devoted to investors and analysts (direct meetings - one-on-one and group meetings) organized upon

request of investors and/or brokers, in Romania and abroad.

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.

At the same time, in 2018, the Company became a founding member of the Association for Investors Relations in the Romanian Stock Exchange, with a view to implementing the best practices in investor communication and corporate governance. This association aims at improving the Company's presentation and reinforcing its connections with investor and analyst communities. The recognition of the best practices in investor relations will be assessed in 2019 by means of the research undertaken by Institutional Investor, and the Gala of November 25, 2019 will include the granting of awards for various categories from the perspective of investor communication.

4. Risk management

4.1. Risk management policy

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

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

- Order of the General Secretary of the Government no. 600/2018 on the approval of the internal management control of public entities.
- The regulator's requirements and other requirements derived from its capacity as Company listed on the Bucharest Stock Exchange or required by rating agencies or auditors

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

- organizing, 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 labor security and safety measures have been enhanced with a view to mitigate risks;
- insurance contracts aiming at risk transfer; bank letters of guarantee, financial securities

required by Transelectrica's counterparties; financial solutions including share offers, bond emissions and other instruments provided on the capital, insurance and other financial markets.

As a part of the Risk Management activities, the following have been achieved in 2018:

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

In 2018, the *Company-wide Risk Register - 2019* was completed and approved by the Directorate, aiming at minimizing the effects of risks the Company is exposed to. The *Risk Register* was drafted in accordance with the requirements of Standard 8 *Risk management* from OSGG no. 600/2018. The Directorate also completed and approved the *Plan to implement control measures for 2019*.

The Monitoring Commission for the implementation of the Internal/Management Control System annually analyzes and prioritizes significant risks that might negatively impact the general objectives of CNTEE Transelectrica SA. For 2019, 12 Company-wide significant risks were synthesized and hierarchically classified, which might negatively impact the general objectives of Transelectrica's functioning.

4.2. Objectives of Transelectrica with respect to risk management

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

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

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

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

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

The main objectives established include:

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

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

- economic and political developments at a global and regional level;
- the demand of industrial consumers;
- climate conditions;
- ANRE regulated tariffs for transmission and system services;
- existing laws and regulations.

4.3. Main risks identified

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

Company's financial performance owed to the unpredictability of the economic and financial environment.

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

Technical and operational risks

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

- risks related to the NPS operation and congestion management;
- failures in the supply of telecommunication services for NPS operation;
- damages in installations and equipment;
- dysfunctions in the operation of the Balancing Market;
- the failure to perform or the late performance of major maintenance schedules and minor preventive maintenance;
- the failure to perform or the late performance of the Annual Investment Plan; the faulty performance of maintenance for the EMS/SCADA system, delays or bottlenecks in the implementation of the project for the replacement of EMS/SCADA components; IT security risks.

Based on the Energy Law no. 123, amended on 16.07.2018 by Law no. 167, the electricity transmission system operator's and the electricity distribution grid operators' failure to meet maintenance and investment schedules, by the deadlines and under the requirements stipulated in ANRE regulations shall be sanctioned by a fine of 5-10% of the annual turnover.

Financial risks

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

Company's performance is the risk regarding provisions from financing agreements.

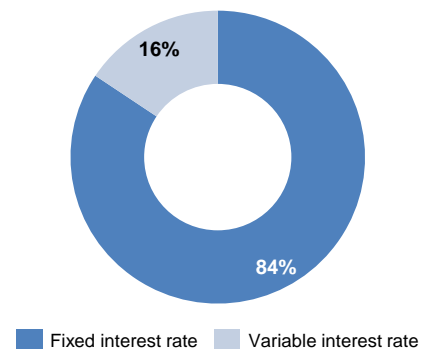
The main risks the Company may meet in its activity are summarized as follows:

The interest rate risk

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

The variable component of the interest rate associated to the credits drawn by the Company can influence both the cash flows from operational activities and profitability, if the values of international indexes based on which the interest rate is calculated on are significantly modified.

Figure 7: Debt structure by types of interest as of 31.12.2018



During 2018, 6 month EURIBOR witnessed a slight increase, from -0.27% (end of 2017) to -0.24% (end of 2018).

Figure 8: EURIBOR 6M (%)

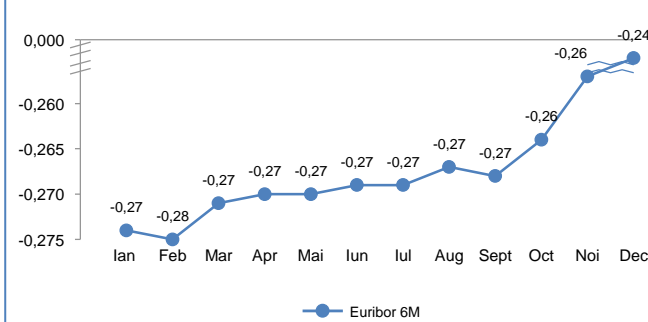
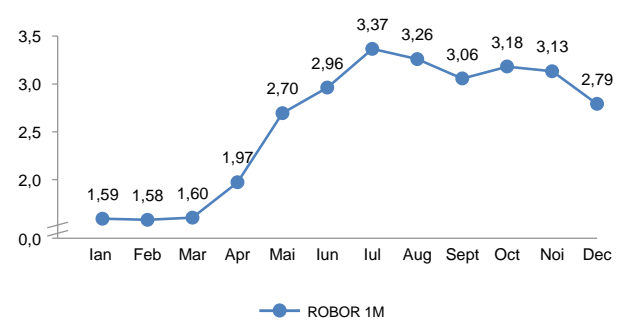


Figure 9: ROBOR 1M (%)



On the national banking market, one-month ROBOR shows a strong ascending trend, from 1.84% (3.01.2018) to 2.84% (31.12.2018). The increase was due both to the reduced liquidity on the monetary market, as well as the increase in the inflation ratio in 2018.

After the decision to increase the monetary policy interest ratio made by NBR at the beginning of the year, the daily quotations on the bank-to-bank monetary market (ROBOR) stopped the decreasing trend, and would subsequently be adjusted ascendingly.

The increase of ROBOR is also caused by the exchange rate, which rose due to the fiscal policy instability, resulting in a decreased confidence of investors, as well as a context of devalorisation of other currencies in the region.

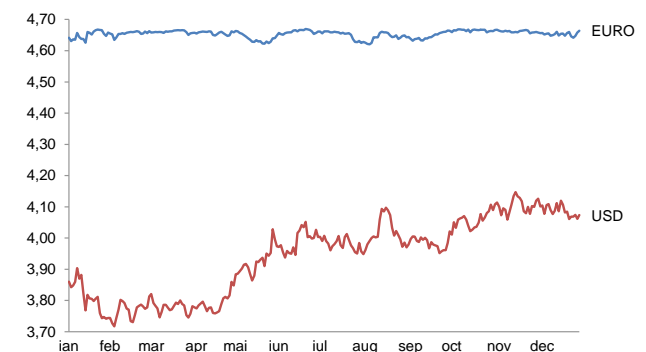
Exchange rate risk

The company's functional currency is Romanian leu. The Company is exposed to the exchange rate fluctuations caused by revaluating assets and liabilities denominated in another currency, but also by modifications in the interest and principal

payments as a consequence of credits contracted in other currencies.

Throughout 2018, there were periods of higher volatility with short time intervals of appreciation of the leu, followed by periods of unfavourable fluctuations against the background of external events. From the beginning of the year, the national currency depreciated both against the EUR (by 0.07%) and the USD (by 7.21%).

Figure 10: Development of exchange rates 2018



However, in 2017 the revenues from exchange rates differences amounted to 5.97 mil lei, while expenses amounted to 5.86 mil lei. The general impact of these exchange rate differences is a 0.11 mil lei gain
 Table 4: Total exposure in the financial position statement

pursuant to the favourable conjuncture at the payment of debts, respectively the collection of receivables in foreign currencies.

RON mn	Total	RON	EUR	USD	JPY
December 31 st , 2018 (RON mn equivalent)	195	0	195	0	0
December 31 st , 2017 (RON mn equivalent)	509	200	306	3	509
December 31 st , 2016 (RON mn equivalent)	636	200	425	11	636

In 2018, the bank debt decreased from 509 mil lei to 195 mil lei against the background of principal payments under contracted credits, as well as the Company's reduced indebtedness. As of 31.12.2018,

the Company only had EUR loans, while loans in lei had been liquidated through the repayment of due bonds.

Figure 11: Debt structure by types of currency as of December 31st, 2018

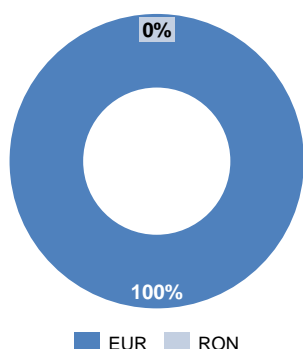
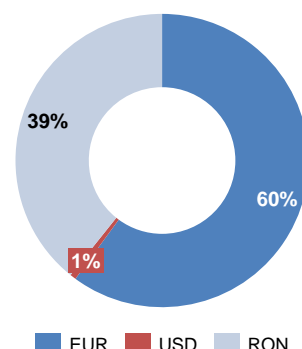


Figure 12: Debt structure by types of currency as of December 31st, 2017



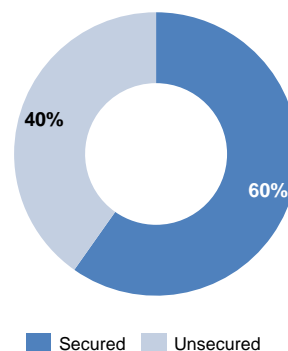
Liquidity Risk

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

management was permanently concerned with investing this excess liquidity in low risk but satisfactory return instruments. The average return obtained in 2018 corresponds to market conditions.

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

Figure 13: Debt structure by types of guarantees as of 31.12.2018



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.

The credit risk

Another component of the liquidity risk comes from the opportunity cost of financial investments towards the liquidity excess that the Company might have at a certain moment. In this respect, the Company's

The credit risk is the risk 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 and cash and cash equivalents.

Managing the counterparty risk results from a systematic approach of the Company's management in the context of external factors influencing the risk reduction: decentralization of the energy sector where generation, transmission, distribution and supply are distinct activities, and the client interface is provided by the supplier; electricity is traded on two market segments in Romania:

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

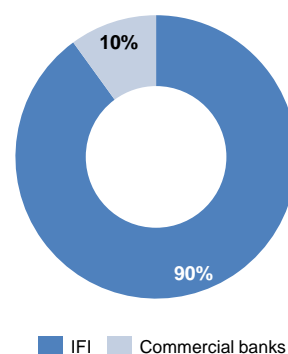
The company has enforced a series of policies that ensure that the sale of services is performed towards customers with an appropriate creditworthiness or that their obligation to provide financial guarantees covering the default risk is included in their commercial contracts. The value of receivables,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

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

Risk associated to provisions from financing agreements

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

Figure 14: Debt structure by types of financial institutions as of 31.12.2018



The potential breach of these clauses might entail, based on a preliminary notification and a reasonable amount of time, the anticipated credit payment as certain credits include penalty clauses in case of repayment in advance. To this date, the Company has received no advance repayment notification for breaching the obligations undertaken.

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

In 2017, a new risk was identified as a result of the fact that some contractors can no longer continue to perform certain projects. This risk is substantiated by not collecting the amounts resulted from the enforcement of underlying guarantee instruments for guaranteeing the down payments received by the contractors within the investment projects.

The main cause for this type of risk results from the existence of several banking institutions or insurance companies which offer guarantee services without having the financial capacity to respect the obligations undertaken with the guarantee instruments issued.

This risk was also maintained during 2018, pursuant to the validity of services contracts entered with certain providers.

The strategy adopted Company-wide is to claim damages from the contractor and to sue the company who issued the guarantee instrument and did not reimburse the Company for the amount requested by the enforcement of the guarantee instrument.

The tariff (price) risk associated with the regulatory framework

Taking into account the position of regulated natural monopoly, the price risk associated with the regulatory framework is an important factor which

might influence the Company's activities, having a negative impact on the Company's operational results, financial position and perspectives.

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

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

The improved regulatory framework of the transmission tariff, mainly with regards to cost recovery, has been the main factor in the improvement of the Company's credit rating in 2017 (BBB as per releases of the Fitch rating agency, one step above the rating obtained by the Romanian Government), reconfirmed in 2018 - BBB stable perspective.

The volume risk

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

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

ANRE launched a project to simulate the effects of introducing the binomial tariff system (which provides two billing components: energy and power). The simulation was performed during 2017-2018,

and ANRE would assess the opportunity of implementing this tariff system based on simulation results.

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

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

Network codes implementation risk

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

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

Risks associated with the unpredictability of Energy Markets

- the price risk owed to the energy market might lead to cost rises associated to OTC.
- non-collection risk - failure to meet contractual clauses
- counterparty risk - the risk of not collecting receivables (a client's incapacity or refusal to carry out its contractual obligations);
- forecast risk - a hazard risk related to external events (sudden changes in the atmospheric conditions or in PTG circumstances), thus determining the increase of OTC.

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

- failure to comply with legal conditions, fraud risk;
- lack of defense of the Company's legitimate rights and interests;
- distortion: failure to notify about non-compliance with legality;
- risks related to licenses, contractual risks
- litigations with long deadlines, high costs and uncertain outcomes.

Security risks

- breaches in terms of securing and protecting critical ICN/IC infrastructures and in ensuring the continuity of activities in emergency situations
- failure to ensure the security of classified information.

Personnel risks

- deficiencies in hiring activities, the relations with the Social Partner, the administration, compensation and provisions of benefits, professional training and development;
- difficulties in recruiting, training and motivating staff
- failure to complete, in full or in part, the Annual program for professional training.
- improper staff recruitment.

Environmental protection risks

- environmental pollution
- improper waste management.

Actions set for 2019

For 2019, the actions set to control risks are included in the *Implementation plan of controlling measures for 2019, for significant Company-level risks*. This includes, for each risk: causes, estimation of the inherent risk (likelihood and impact), control-prevention measures, with deadlines and responsible persons, consequences, controlling measures to limit consequences, with deadlines and responsible persons, residual risk estimation (likelihood and impact), risk managing entities.

To increase the efficiency of risk management, the following measures may be mentioned as progress axes:

- substantiation of proposed activities/projects for the annual investment, procurement and

maintenance programmes, so that they would also include aspects related to risk management, more exactly what Company risks are reduced and the estimation of effects on changes in the impact and likelihood of such risks; these aspects will also be included in the reports on the achievement of annual programmes.

- reports (summary) on the achievement of annual investment, procurement and maintenance programmes should be submitted, so as to follow how risks are controlled.
- identifying interdependencies – what other organizational entities may induce risks in the activity of an organizational entity; what other organizational entities may be affected if some risks in the activity of an organizational entity are materialized.

5. Human resources

5.1. Staff structure

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

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

In the context of the upgrade of activity and job assessment standards, starting 2018, the reporting on the number of employees was amended, with a view to reflecting the number of actual staff on December 31, 2018 (the total number of jobs was reflected during 2016-2017).

Table 5: Number of employees

Year/indicator	2018	2017	2016
Number of employees	2,102	2,180	2,180

The number of staff with higher education was constant in the analysed period. In the current year, the share of personnel with higher education represents 62% of the total number of employees, and 38% are personnel with secondary education, generally with an electric power profile.

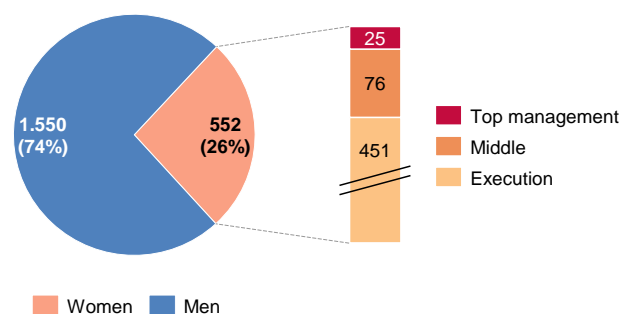
Table 6: Structure of personnel by education level

Education level	2018	2017	2016
Higher education	1,304	1,308	1,317
Secondary education	796	872	863
Elementary education	2	0	0
TOTAL	2,102	2,180	2,180

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

Table 8: Structure of personnel by categories

Figure 15: Structure of personnel by gender 2018



Out of the 552 women that worked in Transelectrica as of December 31st, 2018 (an increase compared to the 531 who worked as of December 31, 2017), 25 hold positions of top management and 76 are in middle management, together covering 18% of the feminine gender personnel. The staff aged more than 40 in 2018 represents 74% of all employees.

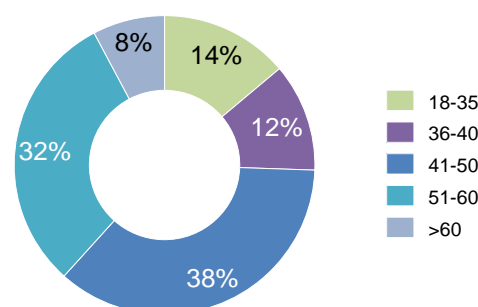
47 years old Average age in 2018

The employees aged 18-35 years old represent 14%.

Table 7: Structure of employees by age categories

Age [years]	2018	2017	2016
18-35	291	502	502
36-40	246	466	468
41-50	759	628	624
51-60	643	516	518
>60	163	68	68
TOTAL	2,102	2,180	2,180

Figure 16: Structure of personnel by age 2018

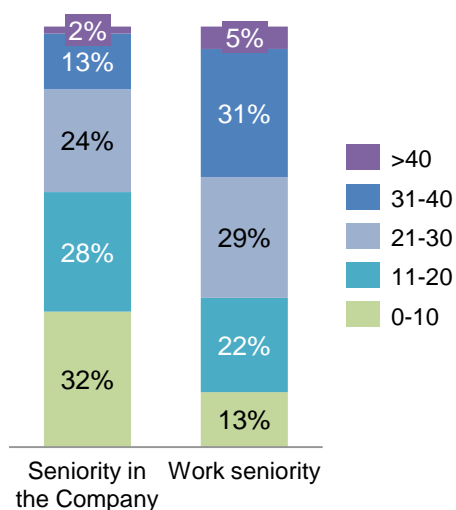


Staff categories	Number of employees 2018	Number of employees 2017	Number of employees 2016
Operative and operational personnel (full-time), of which:	1,651	1,733	1,747
NPD	183	182	186
Operational personnel in transformer substations, remote control and operational centers	864	978	990
Admission-reception personnel	118	117	114
OMEPA personnel directly involved in production activities – operational centers, solving non-conformities, tele-metering systems, relations with market participants	45	41	40
Personnel directly involved in organizing and monitoring the operations of substations	441	415	417
Personnel for support activities and executive management	451	447	433
TOTAL	2,102	2,180	2,180

The operative and operational domain has the greatest share within personnel categories, namely 79%. The greatest concentration of these is provided by operational employees, with 41%.

Taking into consideration the activities of strategic interest performed by the Company, most of the employees have between 21 and 40 years of work seniority, being experienced employees, who provide added value to the Company.

Figure 17: Number of employees by seniority groups 2018



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

Table 9: Structure of employees by work seniority

Work seniority [years]	2018	2017	2016
0-10	275	485	487
11-20	471	450	451
21-30	603	634	635
31-40	642	524	525
>40	111	87	82
TOTAL	2,102	2,180	2,180

As far as Company activities are concerned, more than half of the employees have over 20 years' seniority, and those with over 20 years' seniority represent 39% in 2018.

Table 10: Structure of employees by their seniority in the Company

Seniority in the Company [years]	2018	2017	2016
0-10	677	488	488
11-20	598	451	453
21-30	514	614	616
31-40	278	557	558
>40	35	70	65
TOTAL	2,102	2,180	2,180

5.2. Professional training

During 2018, the employees’ professional training was performed based on the training needs identified in all Company entities. The “Annual maintenance, training and professional development programme for 2018” was drawn up based on the identified needs, with the purpose of improving the employees’ competences, needed to meet job requirements, updating job-specific knowledge and abilities and acquiring advanced knowledge and modern procedures for the performance of professional activities.

665 attendances in professional training courses were performed in 2018 with external professional training providers, and 722 attendances in regular professional maintenance courses/trainings for operative staff, with internal instructors, in the Company’s power substations.

In order to update the employees’ knowledge in various fields of interest for the company, specific courses were organized in the following fields based on new legislative provisions: emergency situations, procurement, WHS, environmental management, public procurement audit, finance-accounting, IT and risk management.

The professional training activity was carried out according to the applicable legal regulations and the particularities and complexity of activities and processes within the Company, in order to obtain a high quality standard of personnel training.

The table below provides the costs associated to the attendance at training courses with external training providers.

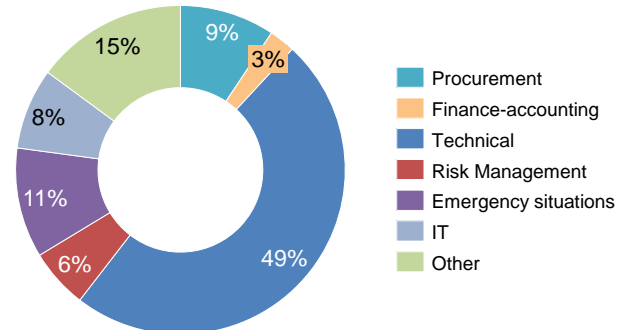
Table 11: External professional training courses and expenses with the trainer

Indicator/Year	2018	2017	2016
Number of participants	606	522	270
Number of attendances	665	641	413
Expenses (RON mn)	0.37	0.29	0.20

Of all courses with external professional training providers, the highest share is held by technical courses (about 49% of the taken courses), with a special focus on operating staff in power substations; the objective was to increase the expertise required for the activity of transmission system operator and to ensure the operation of the NPS in a most secure and stable manner.

Another priority for 2018 was to organize the required courses for the authorization and reauthorization of technical staff.

Figure 17: Distribution of course attendances by field, 2018



5.3. Trade union representation

The Company and the trade union organization are recognized as permanent social dialogue partners.

The staff’s rights and obligations are stipulated in the Company’s Collective Labour Contract (CLC), based on Law no. 62/2011 on social dialogue, the republished Labour Code, as subsequently amended and supplemented and the applicable relevant legislation. A new CLC was negotiated during the year, registered with the Ministry of Labour in November and in force during January 1, 2019 - December 31, 2020.

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

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

- concluding, executing, amending, suspending and terminating the employment relationship;
- working time and resting time;
- wages;
- labor health and security, working conditions;
- professional training;
- social protection of employees and other rights;

- rights and obligations ensuing from employment relationships;
- mutual recognition, employer's rights and obligations and those of trade union organizations.

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

5.4. Responsibility towards employees

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

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



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

wide.

In 2018, medical assistance of occupational medicine was and is provided in the Company by occupational physicians in the medical units of the Executive Offices and the Company's branches.

In order to achieve its objectives, the Company, by means of work health and safety-specific activities, documents the integrated management system by updating operating procedures, updating/drawing up its own Work Safety Instruction, assessments on risk factors for accidents and professional diseases for all the Company's staff, through staff training and awareness programmes, by assessing the risk level

of jobs and through a regular operational control mainly consisting of operational control on the observance of legal requirements and other requirements on work health and safety.



The surveillance of health in 2018 was structured as follows:

- The regular medical control of operational staff for work in power substations was performed during January-April 2018. The regular medical control of non-operational staff and the regular six-month control for operational staff working under insulation were performed during May-November.

The work health and safety programme for 2018 was achieved to an extent of 66%, i.e. 1,060 thousand RON (230,000 EUR) compared to the planned value of 1,574 thousand RON (342,000 EUR).

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

- bringing installations to the level of health and security requirements set in one's own labor 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 labor security requirements;
- providing and permanently supervising the health condition of personnel, according to the provisions of GD 355/2007;
- training personnel with respect the accident risks in Company installations.

No labour accidents involving Company workers were experienced in 2018.

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

- completing the reevaluation of risk factors for professional accident and illness for all substations that were upgraded in 2018;
- monitoring the health of personnel with cardiovascular conditions (forbidden to licensing) and quarterly reporting to the Integrated Management Department;
- consulting the main general contractors of works in PTG installations regarding work health and safety, by inviting them to CSSM-TEL meetings.

6. Research and development activities

Presentation of research and development activities

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

Strategic level

- Vision – “Transelectrica will become a dynamic and innovative transmission system operator, nationally and internationally recognized for its technical excellence, financial performance and ability to successfully operate in a volatile economic environment. The Company aims at and commits to successfully and responsibly fulfilling its public service mission, based on a modern and efficient transmission infrastructure and dispatch management of the NPS, integrating the newest Smart Grid available technologies, protection of critical infrastructure, etc.) and supporting their development” (PTG Development Plan, Management Plan);
- Active contributions to European/international/national strategies, policies and standards as a member of international and national organizations: ENTSO-E, CIGRE, ACER, ANRE, ASRO, etc.;
- PTG development plan (2018-2027);
- The strategy on research and innovation (2018-2027);
- The Company's digital transformation programme (2018-2027);
- The asset management strategy;
- Reference methodologies;
- Applicable standards;
- Good practice guides.
- Tactical level
- PTG maintenance strategy (2016-2025);
- The Smart Grid policy (2018-2027);
- The technical policy for PTG asset digitalization;
- Partnerships with suppliers and manufacturers of solutions and technology;
- Technical-scientific sessions;
- Sessions for the presentation of products, solutions and technologies;
- Staff training and certification sessions for operation and maintenance activities;
- Joint meetings on the analyses of operation and maintenance results;
- Research and innovation partnerships;
- Projects with own funding for the needs of basic activities;

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

Operational level

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

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

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

demonstrations (validating technologies in relevant and operational environments);

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

The research and innovation strategy

The digital transformation in energy industry will provide new challenges to management teams, specialists in the operational area and the Company's partners. The Company meets all the requirements to become a *"learning organization"*, if it makes full use of the potential of new technologies in achieving digital transformation.

The *"Programme on the implementation of the digital transformation concept (2018-2027)"* was approved in 2018 to support the previously mentioned objectives, and the exploitation of the programme would start in 2019 (e.g. Approval and enforcement of the Company's digital agenda, approval of the workgroup in charge with programme implementation and monitoring, etc.).

Research and development specific and general objectives will result in the development of digital capacities at the:

Operational level

- digitalization for PTG assets (using open Smart Grid standards for the data obtained from power substations, power lines, expert systems and platforms, etc.);
- digitalization at the operation level of PTG assets (using standards ensuring interoperability

between the components of the Smart Grid TEL architecture);

- maintenance and upgrade of existing assets that manage information and data (IT solutions and apps with the related hardware architecture serving a significant group of internal and external customers/supporting the Company's basic activities).



Organization (enterprise) level

- elaboration and implementation of the organizational architecture (documenting the vision, mission, objectives and IT strategy, as well as officially translating them into the main operational processes and IT capacities);
- ensuring the convergence and interoperability of the operational level with the organizational level (e.g. Enterprise Asset Management);
- implementing the TEL 2018-2027 digital agenda, to cover the organization on an end to end basis (e.g. projects aimed at digitizing project management processes, the productivity system regarding documents, collaborative messaging services, video conferences, IT&C infrastructure projects, identity management solutions, cyber security solutions, platforms/systems specific for a TSO role, etc.);
- automation of repetitive processes involving manual skills and which are non-productive (through punctual projects for digitization and digitalization).

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

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

- the Company's strategic vision;
- asset management;
- improvement of the KPI portfolio;
- developing key abilities necessary for the grid operation;
- human capital policies;
- organization and operation of research and innovation activities based on the ENTSO-E model;
- capitalizing opportunities for improving the Company's performance;
- developing skills for the Company's personnel;
- testing and adopting new technologies, standards, solutions, policies, etc.;
- the Smart Grid policy;
- the maintenance and operation policy;
- developing partnerships with technologies and solutions suppliers.

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

- promoting pilot projects (e.g. monitoring PTG assets for the implementation of standards in asset management, asset digitalization implementing the pilot project for the Alba Iulia digital substation, management of renewable resources and storage in the microgrid pilot project of the Brazi Vest substation, etc.); and
- taking part as a partner in research projects with non-refundable financing (e.g. Future Flow, Crossbow, etc).

The annual studies and research plan

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

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

Studies approved within the Company which are included in the Annual Program for Studies and Research 2018 (APSR 2018) are well grounded and necessary for the completion of the following objectives:

- fulfilling the requirements associated with the regulatory framework (e.g. ANRE License no. 161, Law no. 123/2012 on electricity and natural gas, Technical Codes, regulatory framework associated with the TSO, etc.).
- grounding the Company's decisions pertaining to:
 - PTG development (PTG development plan 2018-2027), management of PTG assets;
 - operational behavior of PTG equipment and installations;
 - extending the lifetime of or replacing assets;
 - improving the grounding of long-term investment decisions (e.g. cost-benefit methodologies and analyses);
 - increasing the efficiency of maintenance works;
 - technical support;
- NPS and PTG dispatch management under efficiency and safety conditions;
- detailed and global analysis of expenditures associated with fulfilling the TSO role;
- knowledge and implementation of methodologies, standards and good practice elements for increasing the efficiency of the Company's strategic development vision;
- analysis of the work conditions of the TEL personnel involved in the PTG operation.

The need to promote APSR 2018 works was carefully analyzed in terms of obligations occurred through the fulfillment of the licensed TSO role and of opportunities for improving the decisions related to operationalization of the Company's vision in terms of system operation and asset management.

Works carried out via the Annual Program for Studies and Research 2018, which registered expenses amounted to 2,479,000 lei, are annually reported to ANRE:

In the draft Statement of Expenditure and Revenue for 2019, the amount submitted for approval to the Directorate was of 3,730 mn lei.

Research and development activities 2019

The objectives for 2019 refer to the following targets:

- implementing, testing and validating the following concepts and methodologies in upgrade projects:

- the online monitoring of the technical state of the Company's critical assets (e.g. transformer units, power lines, etc.);
- the concept of active health;
- the concept of risk index in PTG assets;
- the methodology for the elaboration and implementation of Smart Grid concepts (e.g. architectures, interoperability standards, telecommunication standards, client interfaces, etc.);
- the e-learning concept;
- the Smart Building concept;
- training and certifying staff for the development of strategic capacities in the field of digitalization (e.g. IT governance courses, cyber security, TOGAF architectures, etc.);
- start-up of development projects with a significant innovation component (e.g. the digital substation project in Alba Iulia, IT&C infrastructure upgrade projects, the asset management platform, etc.);
- continued participation in projects with non-refundable financing, to prepare the environment for the adoption of new models, concepts and methodologies in the Company's operational or enterprise area;
- the continuous development of partnerships with consultants, solution and service providers to understand the new technological and management trends likely to influence the Company's performance in the future.

7. Perspectives and challenges

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

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

On a national level, the Company faces legislative issues that may have a possible impact on its financial performance, e.g. implications in terms of liquidity risk, if a contribution of 2% of the turnover is applied, based on the scope of the licenses awarded by ANRE, or a share of 35% is applied to sums allocated to other reserve, within 60 days from the approval of the financial statements for 2018. We also consider the impact of the energy law which, besides changes related to the regulatory area, introduces some changes in terms of offences, especially for the failure to timely and properly fulfil maintenance and investment programmes, as set out in ANRE regulations.

Requests to change the value of contracts may appear in the relation with technology providers, given the legislative changes imposing a minimum salary for employees in constructions, and all contracts in progress or future contracts will be affected in 2019.

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

The reduction in the fee and the amendment of the regulated asset rate will result in smaller revenues from the transmission fee and lower total revenues for the Company, provided that the quantity of transmitted energy remains constant. Consequently, a short term decrease in profitability is expected.

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



Photo: the 400/110/10 kV Cluj Est Transformer Power Station

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

- Refurbishing the Power Transmission Grid (PTG) - Transelectrica aims at expediting the upgrade and refurbishment process of the entire equipment and installation pool from transformer substations and to modernize the dispatch systems it currently operates.
- Over the next 10 years (a timeframe covered by the 2018-2027 edition of the PTG development plan - a document subject to public consultation and ANRE approval in the following months), Transelectrica aims to operate an equipment and installation pool with a high degree of reliability and energy efficiency. The advantages of a modern and highly reliable equipment pool are increasing the transmission service capacity (grid availability, interruptions frequency and duration) and lowering the grid operation and maintenance costs (operation, maintenance and internal energy consumption);
- Continuing the investments with a view to complete the 400 kV national ring, which will increase the nation-wide safe consumption supply, especially in areas characterized by an important local deficit of electricity generation, namely the areas where electricity consumption

is only partially supplied by the power plants located in those areas (Transylvania, Moldova); the deficit of these regions is covered by electricity transmission over great distances from areas of excess generation;

- Increasing the PTG transmission capacity in order to integrate the electricity generation in conventional and/or renewable power plants, estimated to be built in areas that currently are or in the near future tend to become excess zones compared to the local electricity demand;

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

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

At the beginning of 2018, all eight grid codes were approved by EU Regulations. EU Regulations cover three main fields of the electricity sector: grid connection, market functioning and power systems

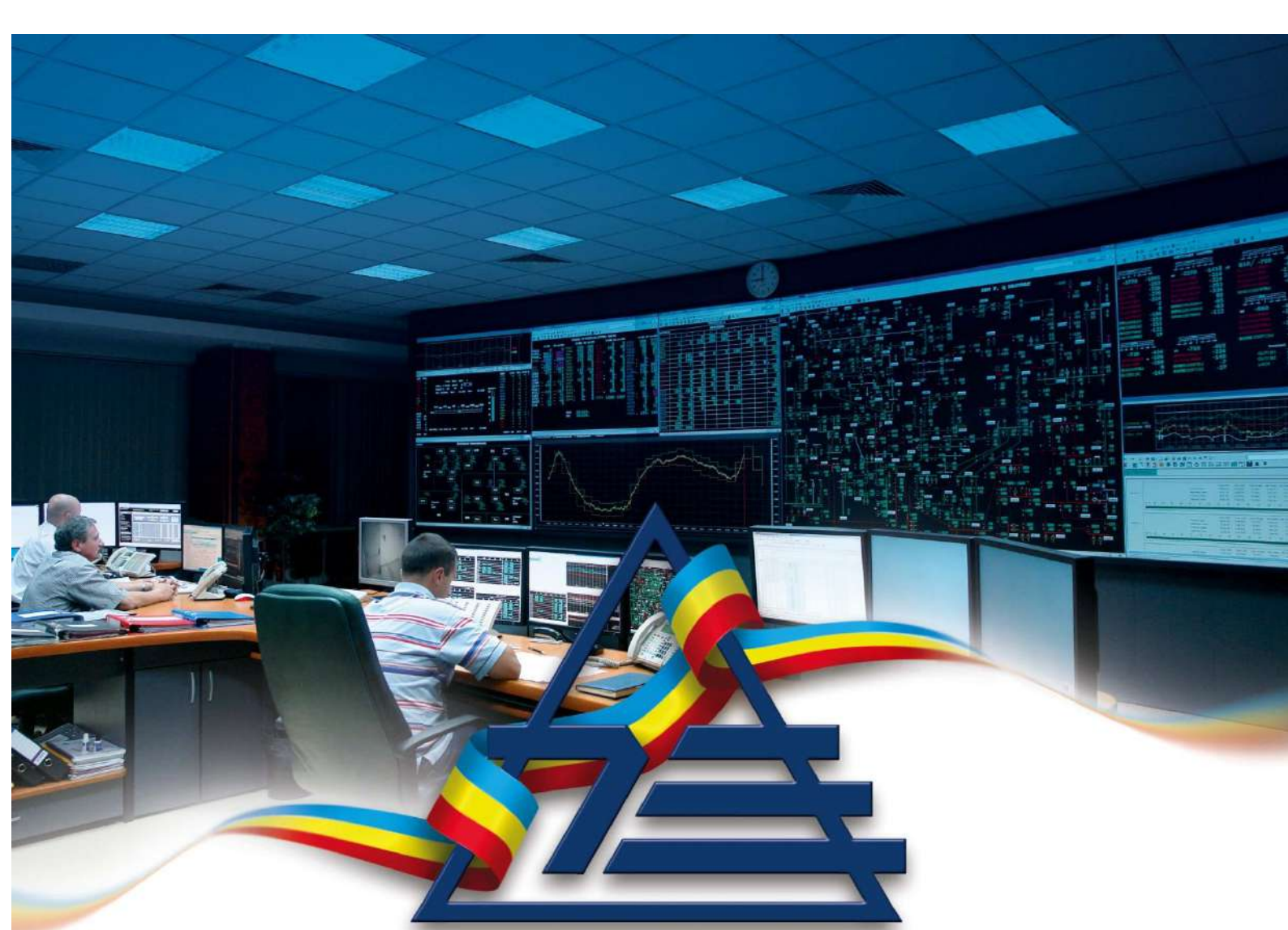
operation. In terms of the regulations in the field of market functioning, Romania is part of two cross-border exchange capacity calculation regions (the Romania-Bulgaria border in the EEA region¹, the Romania-Hungary border in the CORE region).

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

In this context, the Company's focus is seen in its shareholding of the Security Coordination Centre in the CORE region², TSCNET Services GmbH, in its participation in the share capital of this company and in the shareholding of Joint Allocation Office SA – the European Centre for the allocation of cross-border transportation capacities.

¹ The EEA region comprises of a series of borders which mark market areas in which electricity trading is carried out via a transmission capacity allocation process (according to the ACER Decision no. 6/2016)

² The CORE region comprises of a series of borders which mark market areas in which electricity trading is carried out via a transmission capacity allocation process (according to the ACER Decision no. 6/2016)



Transelectrica®

Societate Administrată în Sistem Dualist

Operational Report

8. Operational data

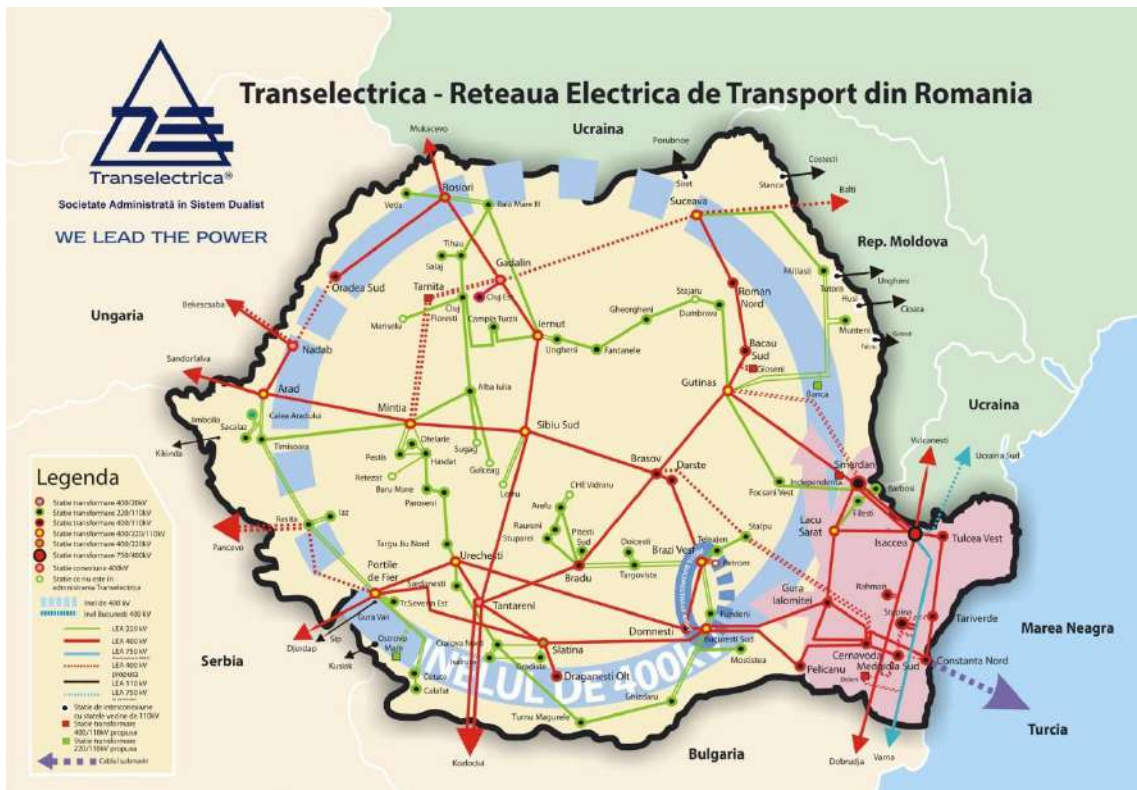
8.1. Network configuration

The power transmission grid ("PTG") is an electric network of national strategic interest of nominal line voltage above 110 kV and it consists of all lines plus their support, control and protection elements,

electric substations and other interconnected electrical energy equipment.

The PTG provides interconnection between producers, distribution networks, large consumers and the neighboring power systems.

Figure 20: The Power Transmission Grid



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

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

Table 12: Amount of power capacities

Voltage (kV)	Stations (no.)	Installed capacity (MVA)	OHL (km)
400	38	21,435	4,915,227
220	42	14,274	3,875,644
750	1	1,250	3,108
110	-	-	40,418
Total	81	36,959	8,834,397

Of the total length of the power transmission grid of 8834.4 km, interconnecting lines have a length of 426.9 km.

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

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

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

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

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

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

- re-technologisation of existing substations;
- extension of the PTG by building new lines, increasing the transport capacity of existing lines, extending existing substations and increasing the transforming capacity in substations.

8.2. Selected operational data

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

The operational management of the NPS is ensured by:

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

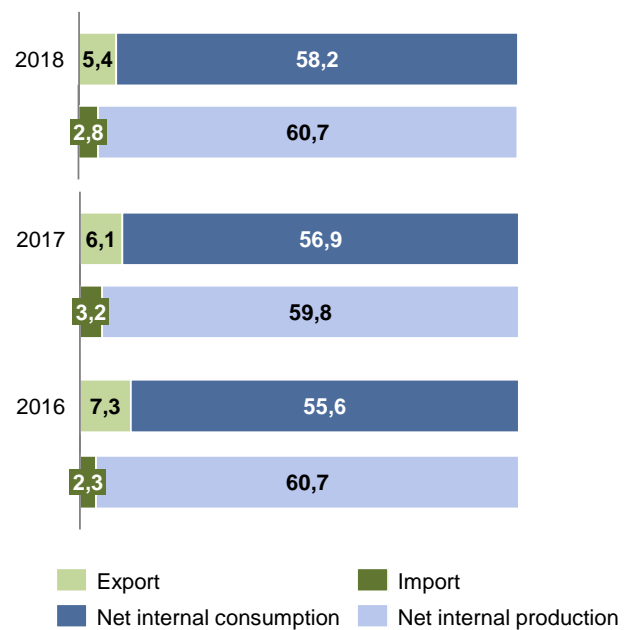
The energy balance of NPS

Table 13: Energy balance

TWh	2018	2017	2016
Net internal production	60.7	59.8	60.7
Import	2.8	3.2	2.3
Export	5.4	6.1	7.3
Net internal consumption	58.2	56.9	55.6

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 21: Energy balance (TWh)



In 2018 the net internal consumption increased by 2.2% compared to the similar period of the previous year against the background of an approx. 1.5% increase of the net electricity generation compared to the similar period of 2017.

Exporting cross-border physical exchanges dropped 11.8% compared to the same period of 2017, and importing cross-border flows registered a 11.4% decrease.

National generation units pool

In 2018, the gross capacity installed in power plants registered a 0.5% decrease compared the same period of 2017

The capacity installed in renewable energy power plants rose by approximately 0.2%, from 4,534 MW installed on December 31, 2017 to 4,546 MW installed on December 31, 2018.

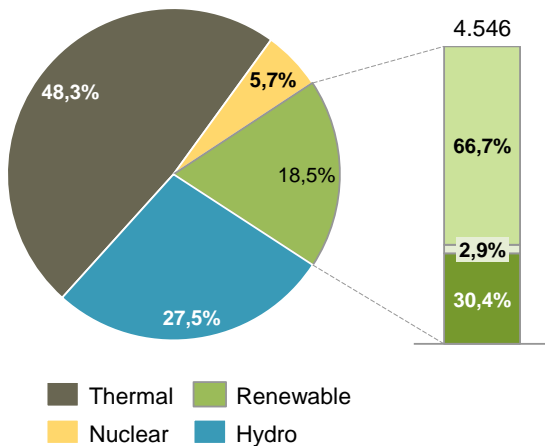
Table 14: Installed capacity (gross values)

MW	2018	2017	2016
Thermal	11,888	12,029	12,032
Nuclear	1,413	1,413	1,413
Hydro	6,759	6,761	6,744
Renewable	4,546	4,535	4,525
Total	24,606	24,738	24,714

*Values on 01.01.2019

The structure of the generation pool for 2018 is presented below:

Figure 22: Installed capacity 2018 (gross values)



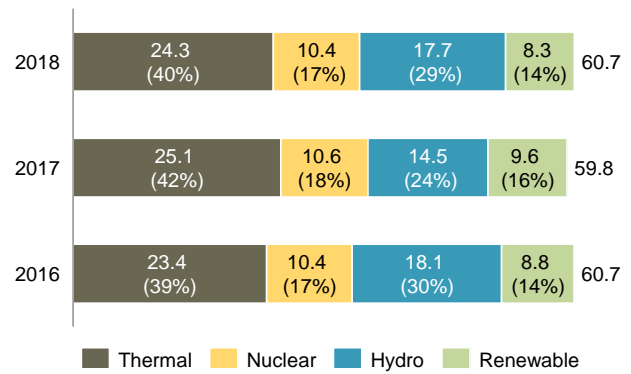
Mix of electricity output

In the structure of the generation mix from January to December 2018 in comparison with the same period of 2017, the thermal component decreased about 3.5%, the output from nuclear sources dropped 1.1% and that of renewable sources 13.1%. The hydropower component registered a 21.6% increase (17.7 TWh compared to 14.5 TWh in 2017). Examining the component shares of the net generation mix for 2018 one can notice the greatest share (40%) is the thermal component, followed by the hydro one (29%), while the electricity generated from renewable and nuclear sources reached to about 14% and 17% respectively.

Table 15: Net electricity production mix

TWh	2018	2017	2016
Thermal	24.3	25.1	23.4
Nuclear	10.4	10.6	10.4
Hydro	17.7	14.5	18.1
Renewable	8.3	9.6	8.8
Total	60.7	59.8	60.7

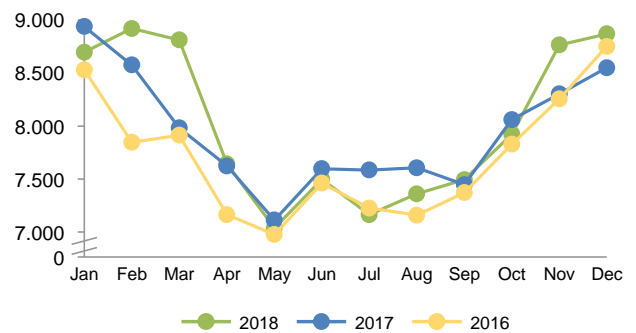
Figure 23: Production mix 2016-2018 (TWh)



Net load

Each month, the net average load of electricity in 2018 registered increasing trends compared to 2017.

Figure 18: Net average load (MWh/h)



The net maximum hourly load corresponding to 2018 was registered in February, with the same trend of last years when the maximum values were registered during winter months.

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

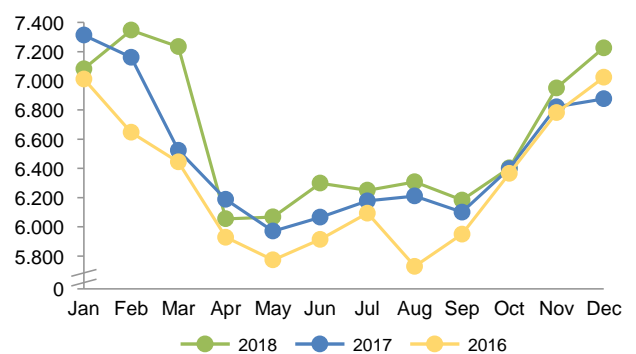


Table 16: Maximum load

Year	Month	Value (MWh/h)
2018	Feb	8,920
2017	Jan	8,940
2016	Dec	8,752

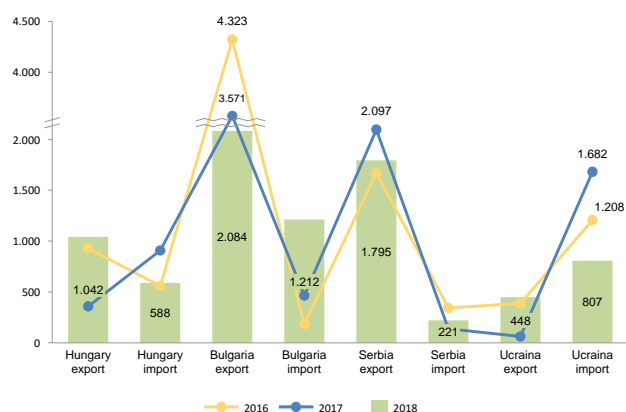
Commercial electricity exchanges

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

exchange capacities.

In 2018, the trend registered during previous years was maintained with a net flow of 2.5 TWh, decreasing compared to 2016 (2.9 TWh).

Figure 20: Cross-border flows (GWh)



In 2018, the cross-border flows registered fluctuating developments along borders with Bulgaria, Serbia, Hungary and Ukraine.

The distribution of the physical flows of import/export along interconnecting lines in 2018 compared to 2017 is as follows:

- export decreased and import increased along the interconnection lines located in the areas with low electricity generation (meaning the borders with Hungary and Ukraine);
- export decreased and import increased along the interconnection lines located in electricity generation excess zones (meaning the borders with Serbia and Bulgaria);

Such developments resulting into electricity transmission to long distances, which determined higher losses to be registered within RET.

Concretely, compared to 2017, physical export flows with Bulgaria (41.7% -1,488 GWh) and Serbia (14.4% -302 GWh) decreased and increased for Hungary (190.5% +683 GWh) and Ukraine (622.4% +386 GWh).

Use of total allocated capacity

During January-December 2018, the usage of the total capacity allocated (cross-border capacity allocated through commercial contracts) on the interconnection lines for export decreased compared to the first semester of 2017 on most destinations; the interconnection with Ukraine was the only one to register an increase (+14pp).

During 2018, from the total allocated pursuant to auctions on interconnection capacities (as a result of annual, monthly, daily and intraday allocations), the degree of use for export was lower than in 2017, with an average value of 47% for the export to Hungary, 64% for the export to Serbia and around 22% for the export to Bulgaria.

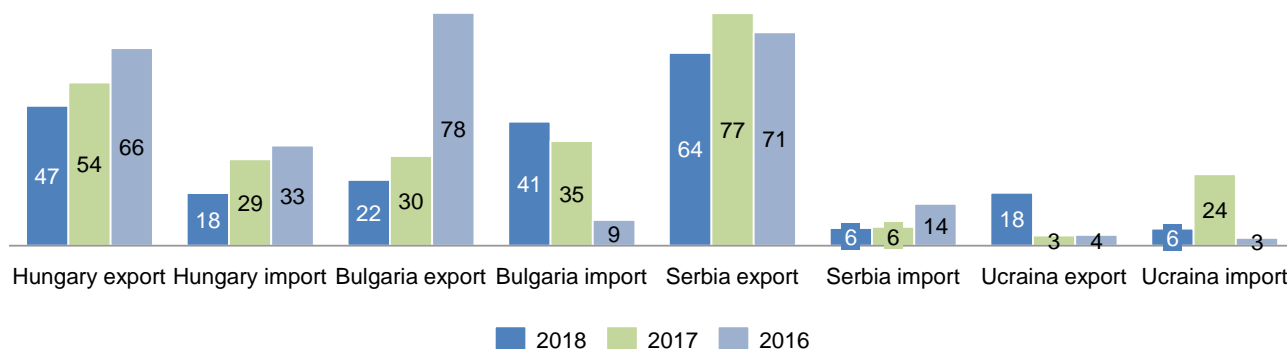
Given the electricity providers' strong interest to use cross-border export capacities to Hungary earned pursuant to annual and monthly auctions, low values resulted in the available capacity for daily allocation to export to Hungary, also releasing a high capacity for import from Hungary, by using the balancing mechanism.

Table 17: Cross-border interconnections (use of total allocated capacity%)

Border	Direction	2018	2017	2016
		[%]	[%]	[%]
Hungary	export	46.57	54.4	65.8
	import	17.55	28.8	33.3
Bulgaria	export	21.94	29.9	77.6
	import	41.30	34.9	8.6
Serbia	export	64.22	77.5	71.1
	import	5.94	6.3	14
Ukraine	export	17.61	3.4	3.6
	import	5.69	23.9	2.6

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

Figure 21: Usage of total allocated capacity (%)



The evolution of own technological consumption in the power transmission grid

The development of the own technological consumption ("OTC") in the PTG is influenced by several factors independent from Transelectrica's activities, such as: meteorological conditions, output structure vs. load location, physical import/export flows along NPS 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 usage of primarily gas fired electric power plants and thus a better structure is obtained for generation, while Corona losses are reduced.

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

Table 18: OTC development

Indicator		2018	2017	2016
Energy input in the network	GWh	44,469	44,337	43,674
Losses	GWh	1,100	965	1,012
OTC	%	2.47%	2.18%	2.32%

Factors determining the evolution of OTC in 2018 compared to the previous year

In 2018, absolute OTC (1100 GWh) increased by 14.04% compared to 2017 (965 GWh), especially given the disadvantageous structure of physical flows on the borders for the entire period (except December), as well as the disadvantageous structure of production in the first four months of the year and the worse weather of January-March, June-July and December. The percentage of losses compared to

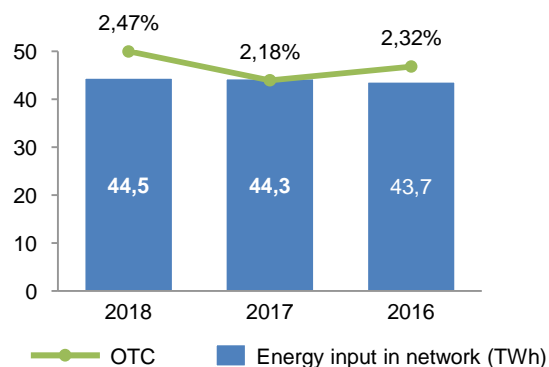
PTG intake went up from 2.18% to 2.47%, while the energy in the PTG contour went up by only 0.3%.

The significant loss increase occurred in the first half of the year.

The precipitation amount registered in 2018 was significantly greater than in 2017 in most geographic areas, decisively contributing to OTC increase since it developed the corona component.

The factors that significantly impacted the OTC in 2018, for instance precipitation and the distribution of cross-border physical flows, are outside the control of Transelectrica.

Figure 22: OTC evolution



Monthly evolution of OTC in 2018

Maximum level - March:

The maximum value of 3.3% was witnessed in March. OTC evolution in the first part of the year was influenced by import/export physical flows and by unfavourable weather conditions resulting in a strong increase of Corona losses.

Minimum level - August:

On a monthly level, compared to the energy intaken by PTG, the minimum value of OTC was seen in August, i.e. 2.0% (74.5 GWh). The decisive factor for small losses was represented by the more advantageous distribution of physical flows across

the borders, which led to the reduction of the transmission of remote energy.

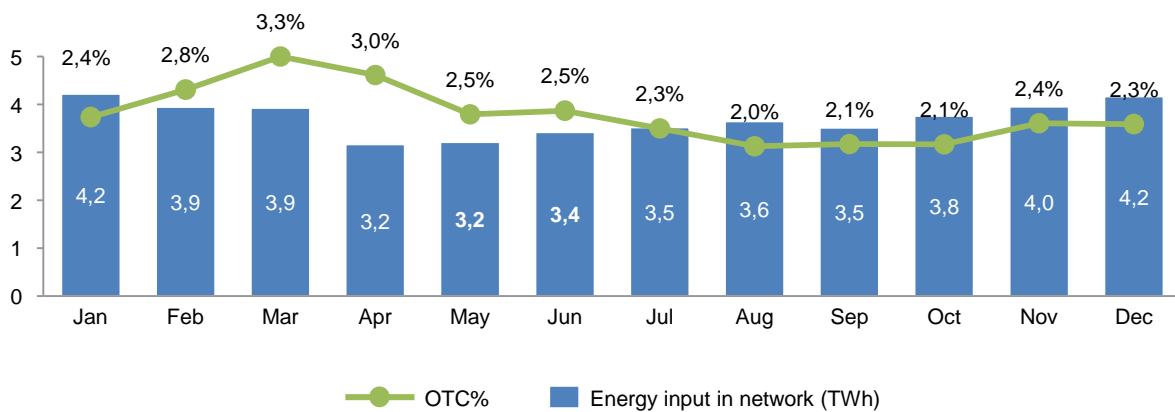
In absolute terms, three months had low values which were approximately equal: August (74.5 GWh, i.e. 2.04% of the PTG energy intake), September (72.8 GWh, 2.07% of the PTG energy intake) and October (77.8 GWh, i.e. 2.07% of the PTG energy intake).

In August and September, the decisive factor for the decrease of losses was represented by the favourable weather resulting in a decrease of corona losses.

In October, absolute OTC decreased due to PTG intakes, the advantageous production structure and, last but not least, the favourable weather conditions

This evolution of the OTC was obtained while some unfavourable factors and PTG losses were simultaneous for more than half of the year: unfavourable import/export physical flows, excess precipitations, as well as disadvantageous production structures for significant time frames.

Figure 23: Monthly evolution of OTC in 2018



9. PTG development

The Company's PTG development strategy includes expediting investment projects to upgrade and reinforce the power transmission grid, to increase the interconnection capacity with ENTSO-E and non-EU countries.

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

PTG development plan - 2018-2027

The "PTG development plan for 2018-2027" ("PTG Plan") approved by ANRE relied on analyses on PTG operational regimes in future years, based on mid- and long-term scenarios about consumption development, generation units pool and exchanges with neighboring systems.

To determine the needs of grid enhancement during the time horizon of the PTG development plan, the actual balancing possibilities of the output-consumption balance were taken into account, as well as the assumption that regulations will provide correlation between the promotion system and the national strategic objectives, so that the total installed capacity in wind and photovoltaic plants can be brought to a level close to the one required in order to provide an efficient and sustainable development.

Through their specific features, PTG infrastructure projects need a higher period of preparation and completion, therefore results become tangible only after a certain number of years.

Experience shows the usual complete cycle of an investment project (starting with the initial design stage, elaborating the feasibility study, the terms of reference and technical project, up to project execution and commissioning) in order to carry out/refurbish one electric substation takes 5 years on average, while building a new electric line requires 9 years.

The generation park in the Dobrogea region has shown a rapid development. Many wind and photovoltaic power parks were built. There are also plans for two more nuclear units in NPP Cenavoda. Consequently, there is a need for the consolidation of the internal network segment providing power

transmission to the consumption and storage centers situated in the west and northern parts of the region. Starting from an output of ca. 3,000 MW from new parks in Dobrogea (regardless of the source used - WPP, PHPP, NPP Cernavoda, e.t.c), the need occurred to enhance the network capability to discharge the power. Depending on the exact location of plant projects that will be built and on the distribution manner of plant loads in the remaining parts of the NPS, this need can occur for a value of 2,500 MW/3,500 MW.

Network development should take into account solutions that enable eliminating the congestions along the main directions of power flows between generation centers in the eastern part of the country and the western consumption and storage centers, which correspond to the following transmission corridors:

- N-S corridor interconnecting Dobrogea and Moldova;
- E-W/S corridor interconnecting Dobrogea and Bucharest + limit area/south of the continent;
- E-W corridor interconnecting Moldova and NPS to the west.

Developing generation capacities based on renewable sources leads to intensified exchanges between systems and increasingly fluctuating power flows across vast regions. The experience of last years and the forecast of the following period indicates a high demand of Romania's network at the borders with Serbia and Hungary, both for exchanges between the NPS and these systems and for the transit crossing the NPS network. Increasing the exchange capacity at the western interface of the system is required in order to provide the infrastructure necessary for electricity exchanges in the region.

Projects increasing the interconnection capacity with the Republic of Moldova are under review as well.

Enhancing Romania's interconnection capacity will facilitate the export of generated energy in certain time intervals by wind and photovoltaic plants of the NPS which exceed domestic demand. Also, an additional transmission capacity will be placed at the disposal of market participants in order to export the output available in thermal power plants competitive on the energy market or to import cheaper energy available on the market during certain hourly intervals.

The steady-state regime and steady-state stability reviews showed the monitored sections S4 (supply section of the N-W Transylvania region) and S5 (supply section of the Moldova region) present a high risk of operation close to the maximum admissible power in the section, both in the mid- and in the long-term, thus proving the need to enhance each one of these sections. To this effect, enhancing the power transmission grid by completing the 400 kV ring between the north-eastern and north-western parts of the NPS is beneficial with respect to increasing power reserves of steady-state stability both for sections S4 & S5 and for section S3 (common transmission section Dobrogea+Moldova and the remaining NPS). Several areas were also identified where local safety problems of consumption supply are estimated and additional injection capacities should be installed from the 400 kV network towards the lower voltage network (Iernut, Sibiu).

Projects included in the PTG development plan - 2018-2027

In accordance with the competencies and attributions established in the Electricity and Natural Gas Act no. 123/2012 and with the Conditions associated to License no. 161 for electricity transmission and provision of system services, the National Power Grid Company "Transelectrica" SA plans the development of the power transmission grid, taking into account the current stage and the forecasted development of consumption, the generation units pool and the electricity exchanges, and biannually

drafts a Development plan for the next ten successive years. The latest approved edition of the Ten years' development plan refers to the 2018-2027 timeframe. This was approved by ANRE by Decision no. 1604/2018 and by the General Assembly of Shareholders of CNTEE Transelectrica SA by Decision no. 16/2018.

The PTG Development Plan represents a highly important document for the Company's activity which identifies and proposes the development and modernization projects for the power transmission grid in the following ten years, in correlation with the forecasted development of electricity consumption, while observing the applicable technical norms.

The main objectives which, when achieved, lead to the need to develop the PTG are:

- Increasing the interconnection capacity with other systems;
- Increasing the transmission capacity between the eastern part (Dobrogea) and the rest of the interconnected NPS;
- Safe consumption supply from deficit areas at standardized quality and safety parameters;
- Refurbishment and upgrade of existing substations.

The following main projects were identified and the adequacy of the following PTG developments was verified, for which the completion terms took into account the time necessary to carry out the investments:



Photo: the first 400 kV slot of the National Power System - 400 kV overhead electric line, simple Circuit, CHE Porțile de Fier – București Sud

Increasing the cross-border interconnection capacity

Increasing the exchange capacity along Romania's western interface is planned for the following network developments:

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

- Resita (RO) – Panchevo (Serbia) 400 kV OHL d.c.
- Portile de Fier – Resita 400 kV OHL and extending the Resita 220/110 kV substation by building a new 400 kV substation;
- Converting the Resita – Timisoara – Sacalaz – Arad 220 kV OHL d.c. to 400 kV, including the construction of the Timisoara and Sacalaz 400 kV substations.

Resita (RO) – Panchevo (Serbia) 400 kV OHL d.c. has been completed, but the 400 kV Resita substation is still under construction.

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

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

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

The documentation for accessing funds via the financial instrument Connecting Europe Facility (CEF) was drafted and submitted in 2017 to the European Commission for the project of common interest Cernavoda-Stalpu 400 kV OHL d.c. Taking into consideration the importance the project has in the region, its contribution to the increase of cross-border exchange capacity between Romania and Bulgaria, as well as its maturity degree, following the analysis and evaluation process of the received financing requests, the European Commission, via the Innovation and Networks Executive Agency (INEA), adopted in January 2018 the decision to finance 50% of the total estimated eligible costs of this project and the Grant Agreement was signed.

Other projects increasing the discharge capacity from Dobrogea:

- Stupina – Varna 400 kV OHL and Rahman – Dobrudja 400 kV OHL input/output connection in the Medgidia Sud 400 kV substation;
- Extending the Medgidia Sud 400/110 kV substation and refurbishing the 110 kV substation in order to increase the breaking power of switches in correlation with increasing the short-circuit current;
- Gadalin – Suceava 400 kV OHL s.c.;
- Stalpu – Brasov 400 kV OHL;
- Converting the operational voltage of the Brazi Vest - Teleajen – Stalpu 220 kV OHL to 400 kV (built for 400 kV), including the construction of the Stalpu and Teleajen 400 kV substations;
- Medgidia Sud - Constanta Nord 400 kV OHL d.c.
- Suceava – Gădălin 400 kV OHL s.c.;
- Replacing conductors of the Stejaru - Gheorghieni - Fantanele 220 kV OHL;
- Increasing the transmission capacity of the 8 km long segment with smaller section on the Bucharest Sud - Pelicanu 400 kV OHL;
- Increasing the transmission capacity of the 53 km long segment with smaller section on the Cernavoda - Pelicanu 400 kV OHL.
- Conversion of the Isaccea - Tulcea Vest 400 kV OHL from simple circuit to double circuit.

Integrating the power generated from other power plants in the NPS

To provide safe discharge of power from HPP Portile de Fier II, an agreement was made with S.C. Hidroelectrica SA to discharge at 220 kV by building the Ostrovul Mare 220 kV substation, and the 220 kV OHL d.c. connecting Ostrovul Mare to the Portile de Fier - Cetate 220 kV OHL.

The replacement of AT3 400/400/160 MVA 400/231/22 kV of the substation 400/220 kV Porțile de Fier is planned with a 500MVA AT.

To provide safe discharge of power from the HPP of Arges-Valcea, the 400 kV Arefu substation will be built, with a 400/220 kV 400 MVA AT, to be integrated in an input-output system with the Tantareni-Sibiu Sud 400 kV OHL.

Safe consumption supply from deficit areas

- Installing the second 400/110 kV transformer in the Sibiu Sud substation in order to reserve the single injection from PTG in the Sibiu area;

- Installing the second 400/220 kV, 400 MVA AT in the substation Iernut in order to provide consumption supply in the N-V area of the country, since there is not enough installed capacity in the power plants of the area.

Interconnection with the system from the Republic of Moldova

The completion of the Suceava-Balti 400 kV OHL is included in the PTG development plan for 2018-2027, for the interconnection with the system from the Republic of Moldova

The general energy cooperation framework between Romania and the Republic of Moldova is regulated by the Memorandum of Understanding concluded in 2015 between the governments of the two countries. In 2016 the Working Arrangement was signed between CNTEE Transelectrica SA and ÎS Moldelectrica in order to complete the interconnection projects via Back to Back substations also mentioned in the Memorandum of Understanding:

- Isaccea (RO) – Vulcănești (RM) 400 kV OHL (existing line) new Vulcanesti- Chisinau 400 kV d.c., Vulcanesti Back to Back substation;
- Suceava (RO) – Bălți (RM) 400 kV OHL s.c. and Balti Back to Back substation;
- Iasi (RO) – Ungheni – Straseni (RM) 400 kV OHL s.c. and Straseni Back to Back substation.

Out of these projects, the first two have the highest change of completion. The first project is included in the Projects of Mutual Interest (PMI) list, promoted for the Energy Community. The Suceava-Balti 400 kV OHL might be completed after the synchronous interconnection of the systems from Ukraine and the Republic of Moldova with the continental system or as a necessary measure for the synchronous interconnection, should this result from the studies.

Refurbishment and upgrade of existing substations

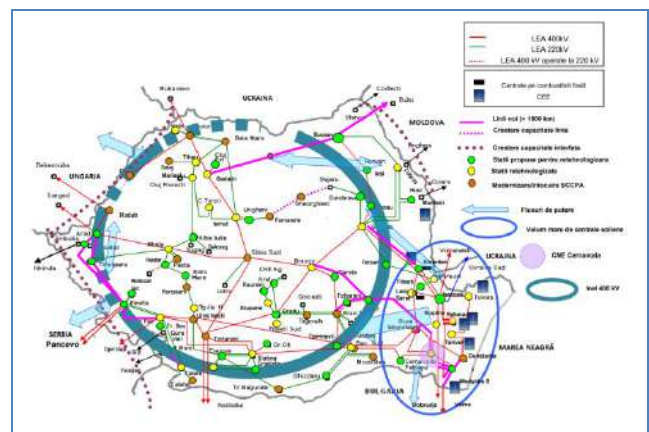
A significant number of existing substations are/will be included in a sustained

- refurbishment and upgrade plan for installations and equipment:
 - Turnu Severin Est 220/110 kV,
 - Domnești 400/110/20 kV,
 - Arefu 220/110/20 kV,
 - Râureni 220/110 kV,
 - Dumbrava 220/110 kV,
 - Ungheni 220/110/20 kV,

- Craiova Nord 220/110 kV,
- Smârdan 400 / 110 / 20 kV,
- Baru Mare 220/110kV/MT,
- Iaz 220/110 kV,
- Hășdat 220/110 kV,
- Filești 220/110kV,
- Munteni 400(220)/110/20 kV,
- Medgidia Sud 110kV,
- Focșani Vest 400(220)/110 kV,
- Vetis 220/110/20kV,
- Pelicanu 400/110 kV,
- Bacău Sud 110 kV,
- Calafat 220/110kV.

- Modernisation/replacement of the command control protection system in 7 substations (220/110 kV Ghizdaru, Gradiște 220/110kV, Drăgănești Olt 220/110 kV, Târgoviște 220/110/20kV, 220/110/10 kV Fundeni, 220/110/20 kV București Sud, 220/110kV Turnu Măgurele).

Figure 24: PTG development requirements 2018-2027



The following projects with a more remote horizon are also envisaged:

- Retechnologisation of the Sacalaz 110 kV substation (in correlation with works on the western axis);
- Retechnologisation of the 220/110 kV/MT Alba Iulia substation;
- Retechnologisation of the 400/110 kV Darste substation;
- Modernisation/replacement of the command control protection system in the following substations (220/110/20 kV Sălaj, 220/110 kV Baia Mare 3, 400/220/110 kV/MT Urechești, 220/110kV Cluj Florești, 220/110 kV Paroșeni, 220/110 kV Pestiș, 400/220/110kV Mintia, 220/110/20kV Gheorghieni).

9.1. Investments

Investments 2018

The value of the fixed assets recorded in the accounting during 2018 was lei 247.8 mn.

In 2018, the biggest transfers from tangible assets in progress to tangible assets (expressed below in lei) are mainly represented by the startup of the investment objectives, as follows:

- 400 kV interconnection OHL Resita (Romania) - Panchevo (Serbia) – 98,590,976;
- Refurbishing the 400/220/110/20 kV substation Bradu – 31,418,231;
- Upgrading the 110 kV & 20 kV substations Suceava - 16,650,633;
- Upgrading the 400/110/10 kV substation Cluj Est - 13,397,886;
- Replacing autotransformers and transformers of electric substations, stage 2 - 11,589,719;
- Upgrading the command-control-protection system of the 220/110/20 kV substation Sardanesti - 11,044,995;
- Connecting substations Turnu Magurele, Mostistea, Stalpu, Teleajen to the optical fibre network of CNTEE Transelectrica SA, lot 2 - 4,512,429;
- Reparation of the failure of the 110-120 terminals of the Bucharest Sud - Ghizdaru 220 kV OHL - 4,274,773;
- Replacing the 200 MVA 231/121/10.5 AT 2 from the 220/110 kV substation Resita - 4,254,252;
- Replacing the connectors from electrical substations – 4,235,487.
- Equipment for videowall type display for the control rooms of the dispatching CPD/TPD centres – 3,692,883;
- Integrated security system in electric substations, stage IV – 3,637,057;
- Refurbishing the 400/110/20 kV substation Tulcea Vest – construction part – 2,861,232;
- Assembling the optic fiber and upgrading the system of distance protections on 400 kV OHL d.c.Tantareni- Turceni and 400 kV OHL s.c.Urechesti-Rovinari - 2,849,279;
- Purchase Motor vehicles 2018– 2,744,175;
- Regulating the coexistence of the 400 kV OHL Mintia - Arad, in segment 15-20, with the Lugoj – Deva motorway, lot 4 - 2,699,235;
- Equipping the 110 kV bay Nord and changing the elements of the 110 kV bay Obor 2 from the 220/110/10 kV substation Fundeni - 2,482,875;
- Installing optical fibre to the 220 kV OHL Fundeni-Brazi Vest, lot 1 - 2,396,915;
- Upgrading the 220/110 kV substation Dumbrava – 2,152,158;
- Upgrading the 110/6 kV station from the Pestis 220/110/6 kV substation – 1,835,204;
- Connecting the consumption point Fabrica MDF, located in Arges, small town Oarja, village Ceausesti, point Armata, fields 5 & 46, to the 110 kV bus-bar of the 220/110/20 kV substation Pitesti Sud by means of the 110 kV LES (underground line) about 450 m long - 1,834,274;
- Upgrading the hardware platforms of the SCADA system from substation Slatina - 1,796,946;
- Regulating the proximity of the 400 kV OHL Mintia - Arad, in segment 35-37, with the Lugoj – Deva motorway, lot 4 - 1,503,818;
- Computation technique - hardware & software - Laptops – 1,388,018;
- Relocating the high voltage 220 kV networks, highway Sebes – Turda, Lot 1, km 0+000 – km17+000, section A –double circuit (d.c.)Alba Iulia-Şugag 220 kV OHL d.c., Gâlceag, km 7+800, in the 25 – 26 opening and km 11+080 – milestone 15 – 737,968;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to the 400 kV voltage - stage I - Portile de fier - (Anina) – Resita 400 kV OHL s.c.– 701,108;
- Relocating the high voltage networks, Brasov – Targu Mures – Cluj – Oradea motorway, section 2A Ogra – Campia Turzii, lot 2 Iernut – Chetani, km 3+600 – km 21+500 – the 220 kV OHL Iernut – Ungheni circuit 2 - 693,134;
- Regulating the coexistence of the 400 kV OHL Mintia - Sibiu, in the 6-8 clearing, and the highway Lugoj - Deva, Lot 4, sector Iliia - Deva km 77+361 - km 99+500 – 643,849;
- Replacing the accumulator batteries 1, 2, 3 & 4 from substation Portile de Fier - 633,007;
- Specific furniture for dispatchers in DET [Territorial Dispatcher Bacau, DET Cluj, DET Craiova and DET Timisoara – 617,858;
- Upgrading the personnel building of Iaz - 478.202;
- Replacing the accumulator batteries 1, 2, 3 & 4 from substation Portile de Fier - 424.235.

The acquisitions of tangible and intangible assets in 2018 amount to RON 171 mn compared to the same period of 2017 when the purchases amounted to RON 183 mn.

The balance of tangible assets in progress on 31 December 2018 is represented by ongoing projects (expresses below in lei), the most significant being provided below:

- PTG connection of the Ivești 300 MW WPP, Fălcu 1 88 MW WPP and Fălcu 2 18 MW WPP via the new Banca (400)/220/110 kV substation – 46,884,983;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to the 400 kV voltage - stage I - Resita 400/220/110 kV station – 27,469,452;
- Technical upgrade of the Isaccea 400 kV substation - Stage I - replacing the compensation bobbins, the corresponding cells and the Stupina 400 kV cell – 23,464,165;
- Technical update of the Turnu Severin Est 220/110 kV substation - 20,794,689;
- Extending the services providing business continuity and recovery after disasters – 14,413,918;
- Refurbishing the 400/220/110/20 kV substation Bradu – 12,229,155;
- Replacement of EMS SCADA AREVA system components - software component, hardware component – 11,444,853;
- 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei - 10,852,986;
- Connecting the Isaccea - Varna 400 kV OHL and the Isaccea - Dobrudja in the Medgidia Sud 400 kV substation – 10,752,585;
- Refurbishing the 400/110/20 kV substation Domnesti - 8,811,382;
- Integrated security system in electric substations, stage IV – 8,020,407;
- Technical upgrade of the Hasdat 220/110 kV substation – 7,102,316;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to the 400 kV voltage - stage I - Resita 400/220/110 kV station – 6,627,560
- Gadalin - Suceava 400 kV OHL, including the NPS interconnection – 5,969,690;
- 400 kV HVDC link (Romania - Turkey submarine cable) - 5,853,759;
- Refurbishing the 220 kV substation Otelarie Hunedoara - 5,133,513;
- Suceava - Balti 400 kV OHL, for the part of the project on Romanian territory - 4,400,349;
- Gutinas – Smardan 400 kV OHL d.c. - 3,743,106;
- Upgrading the Raureni 220/110/20 kV station - 3,288,430;
- Extending the control system with new functions and IT registration of access in the objectives of CNTEE Transelectrica SA - 3,200,918;
- Converting of the Portile de fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II - Resita - Timisoara – Sacalaz 400 kV OHL d.c.(Timisoara 220/110 kV substation) - 3,224,141;
- Upgrading the Arefu 220/110/20 kV station - 2,965,644;
- Connecting the 136 MW WPP Platonești, Ialomița county, to the PTG through constructing a 110 kV cell in the Gura Ialomiței 400/110 kV substation – 2,889,337;
- Integrated security system to electric substations, stage III - 2,781,635;
- Upgrading the 110kV substations Bacau Sud and Roman Nord of the 400kV axis Moldova - 2,616,383.
- Connecting to PTG the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County, by building a 110 kV line bay in the 220/110 kV substation FAI - 2,545,853;
- Technology research and development centre for working with live equipment (LST) and rapid intervention in the NPS – centre building – 2,210,673;
- Security solution to implement security measures for classified information - 2,024,289;
- Executive - DCBPA/CPA: Consolidation, upgrade and extension of CNTEE Transelectrica offices - 1,627,393;
- Upgrade of the tele-protection and telecommunications system in the Cernavodă substation - 1,383,331
- Integrated security system at the new Banca (400/220/110 kV substation – 1,133,202;
- Deploying an optical fiber line between the Pitesti Sud 110 kV substation and the remote control and installation supervision center of the Pitesti ST – 1,110,032;
- Upgrading the 220/110 kV substation Dumbrava – 1,037,693;
- Refurbishing the 400/110/20 kV substation Smardan – 1,010,448;
- Relocating the HV networks of the Brasov - Targu Mures - Cluj – Oradea Highway, section 2A Ogra-Campia Turzii, lot 2 Iernut - Chetani, km 3 + 600 km 21 + 500 - 400 kV OHL Iernut - Sibiu Sud, - 996,160;
- Refurbishing the 220/110/20 kV substation Ungheni – 909,326;

- Connecting to PTG the 400 kV substation Stupina and connecting the 400 kV OHL Isaccea-Varna - 874,015;
- Refurbishing the 220/110 kV substation Craiova Nord – 854,060;
- The 220 kV double circuit OHL Ostrovu Mare - PTG – 789,734;
- The 400 kV OHL Oradea – Beckescsaba – 788,626;
- Upgrading the 110 kV & 400 (220 kV) installations from Substation Focsani -766,273;
- The 400 kV substation Stalpu - 756,389;
- 400 kV d.c. (1 c.e.) Constanta Nord-Medgidia Sud OHL - 718,432;
- Converting the Brazi Vest - Teleajen - Stalpu 220 kV OHL to 400 kV, including the purchase of the 400MVA 400/220/20 kV AT, extension works for the 400 kV and corresponding 220 kV stations, in the Brazi Vest 400/220/110kV station – 683,000;
- Connecting to PTG the 33 MW WPP Sarichioi, Tulcea County, into the 110 kV bay Zebil from the 400/110 kV substation Tulcea Vest – 632,769.

The balance of tangible assets in progress on 31 December 2018 is represented by ongoing projects, the most significant being provided below:

- Implementing the Electronic Archiving and Document Management system in CNTEE Transelectrica SA - 5,474,290;
- Replacement of EMS SCADA AREVA system components - software component, hardware component – 11,808,808;
- Extending the business continuity and post-disaster recovery services in the Executive group - 351,208.
- For the following projects included in outstanding tangible assets in progress, funded from the connection tariff, the technical conditions to prepare the Commissioning Minutes have not been met:
- Connection to the PTG of the Bogdanesti 56 MW WPP, Deleni 112.5 MW WPP, Viisoara Nord 1 20.8 MW WPP, Viisoara Nord 1 52.8 MW WPP, Viisoara Sud 47.5 MW WPP, in the area of certain localities in Vaslui county, via the new Banca 400/220/110 kV electrical substation – the work is completed, there is minutes upon completion of works no. 34759/14.11.2013; the contract is in force until 31.12.2022; total value of ongoing investment – 48,018,186;
- Connection to the PTG of the Dumesti 99 MW WPP and Romanesti 30 MW WPP, in the area of Dumesti and Romanesti localities, Iasi county,

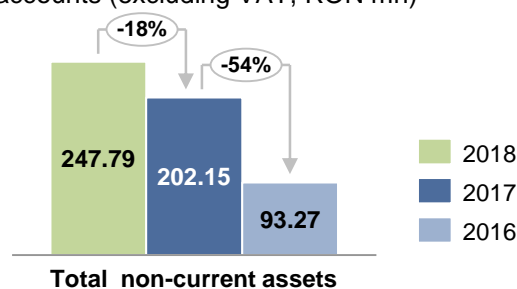
through a 110 kV line cell in the 220/110 kV FAI substation, Iasi county, in amount of 2,545,853 lei, minutes upon completion of works no. 14584/29.04.2014 is concluded in connection with the investment and the contract is in force until 31.12.2018;

Table 19: Acquisitions of tangible and intangible assets

RON mn	2018	2017	2016
Acquisitions of tangible and intangible assets	171	183	172*

* The amounts do not include the unused / paid advance related to the new line section Iron Gates - (Anina) - Resita amounting to 29.6 million Lei

Figura 25: The amount of fixed assets entered in the accounts (excluding VAT, RON mn)



Investment activity in 2018

Investments completed in 2018

No.	Categories of expenditure	Programmed (thousand lei)	Achieved (thousand lei)
	Grand total (A + B)	427,620	161,546
A	Company's own expenses	413,576	148,959
I	Continued investments	280,024	109,572
II	New investments	98,656	24,990
III	Other investment expenditures	34,895	14,397
B	Investments financed from the connection fee	14,044	12,587

Detailing the investment expenditures of 2018 by the main chapters of the programme in correlation with the main chapters of the Development Plan is as follows:

The Company's own investments: 149 mn RON

The sum allocated to continued investments is 109.6 mn lei and represents 68% of the Company's own investment expenditures.

Investments financed from the connection fee

Their value shows a strongly decreasing trend due to the impact of the new green certificate legislation, since many renewable energy sources investors gave up the works to connect to the NPS or requested to postpone it even if they had paid the connection fee. Thus, the annual average of this type of projects was 100 mil lei in 2009-2012, period of intensive development of wind parks, but 2018 ended with 12,6 mil lei, increasing with 9,4 mil lei compared to 2017.

Difficulties occurred in starting up the projects

The following difficulties were generally announced in starting up the projects:

- GD for derecognition as forestry;
- Approvals from local authorities;
- High procedure duration for procurement/continuing tenders/appeals from the bidders;
- Delays in the performance of works

Short description of the main projects started in 2018

Refurbishing the 220/110 kV substation Craiova Nord

The purpose of the project:

To optimize the primary power scheme, upgrade primary and secondary equipment, provide for the remote management of the entire substation from the Remote Management Centre of ST CRAIOVA and central and territorial dispatch units, to meet the current requirements of functional and operational safety of the NPS, thus resulting in an enhanced quality of electricity transmission and better safety in serving the users of the power transmission grid.

Project description

The project consists of:

- Replacing the 220 kV and 110 kV primary and secondary equipment by modern reliable low-maintenance equipment, with the possibility of integration in a DMS/SCADA operative management system.
- Upgrade of own a.c. services by replacing TSI 1+2, replacing the Diesel group, replacing a.c. distribution panels 0.4 kV, replacement of cables between boards and relay cabins, replacement of cables between TSI 1+2 and a.c. boards, assembly of AAR on a reversible 0.4 kV.
- Upgrade of own d.c. services

- Upgrade of the protection system
- Upgrade of the local and central metering system
- Refurbishment of rulers and device holders to be reused and adapted
- Refurbishment of relay cabins and command body

Technical upgrade of the Oțelărie Hunedoara 220 kV substation

The purpose of the project

Technical upgrade of the Oțelărie Hunedoara 220 kV substation.

Project description

The project consists of the full replacement of the primary circuits of 220 kV voltage levels, the implementation of a new command-control-protection system. At the same time, the own services of direct current and alternating current will be upgraded and C+M works for the construction of new substations shall be executed: foundations, rulers and beams, equipment assembly, internal access, wiring, etc.

Technical upgrade of the 220/110 kV Hasdad substation

The purpose of the project

Technical upgrade of the Hasdad 220/110 kV substation

Project description

The primary circuits of the 220 kV and 110 kV voltage levels will be fully replaced, a new command-control-protection system will be implemented, direct current and alternating current services will be upgraded, C+M works for the construction of new substations shall be executed: foundations, rulers and beams, equipment assembly, internal access, wiring, etc.

Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - Stage I - the 400/220/110 kV substation Resita (procurement resumed after the termination of the contract with ELCOMEX)

The purpose of the project:

To complete the 400 kV ring in the south-west of the country and solve the power discharge of the Portile de Fier I hydro-power plant, needing the conversion to 400 kV of the Banat Axis (Porțile de Fier-Reșița-Timișoara-Săcălaz-Arad). At the same time, it

ensures the 400 kV voltage coupling of the new interconnection OHL of Reșița(RO)-Panchevo(SR).

Project description:

The technological upgrade of the substation consists of dismantling all equipment in the outdoor substation 220/110 kV and performing the following works: assembly of primary AIS equipment (400, 220, 110 kV); assembly in the new 400 kV substation of a transformer holding 250 MVA, 400/110/10 kV, of an auto-transformer holding 400 MVA, 400/220 kV and a compensatory coil of 100 MVar, 400 kV; relocating the auto-transformer AT2-200 MVA, 220/110/10 kV in the 110 kV substation; performing the command-control system in a modern, numeric, redundant technology;

At the same time, the works for the establishment of the new 400 kV substation and the technological upgrade of the old 220/110 kV Resita substation require the purchase of additional land, since the 400/220/110 kV Resita substation cannot fit in the location of the existing 220/110 kV Resita substation.

Technical upgrade of the Smardan 400/110/20 kV substation

The purpose of the project:

The purpose of the project is to increase the efficiency of operation and maintenance activities and to enhance the safety in the operation of the energy node represented by the transformer substation and high voltage 400/110/20 kV connections.

Project description:

- Optimization of primary 400/110/20 kV primary energy schemes;
- Installing modern, reliable primary equipment of 400/110/20 kV;

- Installing a modern integrated numeric system for command-control, protection and automation 400/110/20 kV;
- Installing a modern electricity measurement data management system on the 400/110/20 kV substation (balancing/substation);
- Installing a new d.c./a.c. low voltage supply system for the internal services of the 400/110/20 kV substation;
- Rearranging the internal roads and utility facilities of the substation;
- Building a new command facility.

Assembly of the T3-250 MVA transformer in the Sibiu Sud 400/110 kV substation - secondary equipment component

The purpose of the project:

Performance of the required works and activities for construction, assembly and installation works required for the extension of the Sibiu Sud 400/110 kV substation, with transformer T3 - 250 MVA and the related 400 kV and 110 kV bays, including the suitable SCCP extension.

Project description:

Requirements and information needed for the purchase of secondary equipment are distinctly treated, so as to extend the command-control-protection system, Micro SCADA SAS ABB, existing in the 400/220/100 kV Sibiu Sud substation, so as to integrate transformer T3 and the related 400 and 110 kV bays. The purchase of this secondary equipment and the extension of the existing Micro SCADA system will be made in a procurement procedure based on the negotiation with the provider of the existing Micro SCADA system.

Projects started in 2018

The main projects with contracts entered and starting in 2018:

No.	Objective	Contract	Value
1	Refurbishing the 220/110 kV substation Craiova Nord	C 54/27.02.2018	9,886,804 EUR
2	Technical upgrade of the Oțelărie Hunedoara 220 kV substation	C 32/19.03.2018	12,604,000 RON
3	Technical upgrade of the 220/110 kV Hasdat substation	C 80/27.03.2018	49,728,000 RON
4	Converting the Porțile de Fier-Reșița-Timișoara-Săcălaz-Arad axis to the 400 kV voltage / Reșița 400/220/110 kV substation – secondary equipment and related services	C100/11.05.2018	2,437,673 EUR
5	Technical upgrade of the Smardan 400/110/20 kV substation	C 110/22.05.2018	107,195,000 RON
6	Connecting the Isaccea-Varna 400 kV OHL and the Isaccea-Dobrudja 400 kV OHL in the Medgidia Sud 400 kV substation - Stage II - Connections in the Medgidia Sud 400 kV OHL d.c. substation	C 111/23.05.2018	41,505,000 RON
7	Assembly of the T3-250 MVA transformer in the Sibiu Sud 400/110 kV substation - secondary equipment component	C 123/21.06.2018	399,453 EUR
8	Mobile 110kV, 220 kV and 400 kV bays		
	– Batch 1 - 400 kV bays	C 129/20.06.2018;	1,328,803 EUR
	– Batch 2 - 220 kV bays	C 130/20.06.2018;	1,933,536 EUR
	– Batch 3 - 110 kV bays	C 131/20.06.2018	1,291,978 EUR
9	Replacement of EMS SCADA AREVA system components - hardware component	C 84/03.04.2018	19,245,000 RON
10	Intervention beams system	C 120/11.06.2018	4,400,000 RON
11	Computation technique - hardware & software – DextopPC	Master agreement C 62/09.03.2018	6,209,000 RON
12	Technical upgrade of the 110 kV Medgidia Sud substation	C 145/09.07.2018	10,681,320 EUR
13	Replacement of AT and transformer in power substations - Step 2, phase 2 - batch I (8 x 200 MVA ATs)	C185 / 28.08.2018	8,497,750 EUR
14	Replacement of AT and transformer in power substations - Step 2, phase 2 - batch II (4 x 16 MVA ATs)	C186 / 28.08.2018	1,125,470 EUR
15	Upgrade of the 400(220)/110/20 kV substation of Munteni	C190 / 13.09.2018	45,306,000 RON

The 2019 investment programme and estimations for 2020-2021

The Company has an extensive investment programme aimed at upgrading and refurbishing the Power Transmission Grid, at completing the 400 kV ring in Romania, as well as increasing the interconnection capacity with neighbouring countries, both to ensure the operational safety of the National Power System and to facilitate electricity exports.

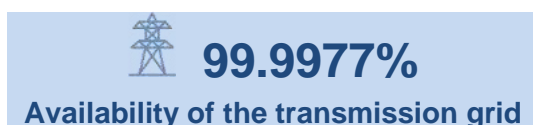
The Company's 2019 Investment Programme and the investment expenses estimated for 2020 and 2021 (AIP 2019) were grounded taking into account the following elements:

- the investment priorities established in the PTG Development Plan - 2018-2027 timeframe;
- the execution schedules of the continued investment projects;
- the proposals received from project managers, branches and entities within the management of the company.

9.2. Quality of the supplied transmission system services

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

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



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

Table 20: Performance indicators for the PTG management/operation activity

Indicator	2018	2017	2016
INDLIN (hours/year)			
Total	154.42	158.1	186.79
• Unscheduled (accidental)	9.25	11.67	16.88
• Scheduled	145.17	146.43	169.91
INDTRA (hours/year)			
Total	129.53	182.01	204.29
• Unscheduled (accidental)	3.11	18.51	4.91
• Scheduled	126.42	163.50	199.39

The contribution of OHL incidents in 2018 for the calculation of INDLIN was low, due to low failure times (accidental unavailability) in the operation of the OHL, generated by sporadic failures where RAR automation operated in a faulty manner. The level of scheduled unavailability decreased, given a lower amount of works that needed interruptions.

The contribution of T/AT incidents in 2018 for the calculation of INDTRA was low due to short times (accidental unavailability) between the unavailability of the functional complex (T/AT) and the resume of its operation, generated either by the proper organization of the accidental intervention, or by the low complexity of failures.

Pursuant to the development of technological upgrade/refurbishment programmes for transformer stations that also implied T/AT replacement, the number of transformer units needing withdrawals from operation for the performance of maintenance

works has decreased. Therefore, the low scheduled unavailability of T/AT resulted in a decrease of INDTRA for 2018.

- energy not supplied to consumers-ENS, due to disconnections and the average interruption time - AIT) i.e. the time equivalent average period, expressed in minutes, during which the electricity supply was interrupted.

Table 21: Indicators for the continuity of transmission services

Indicator	2018	2017	2016
Energy not supplied to consumers (MWh)	118.81	289.44	224.69
Average interruption time (min/year)	1.13	2.76	2.11

Table 24: Presentation of AIT

AIT (min/year) for the energy not delivered to users/energy not delivered from power plants	2018	2017	2016
a. Planned interruptions	0	0	0
b. Unplanned interruptions caused by force majeure	0 / 4.52	0	0
Unplanned interruptions due to special weather conditions	0	0	0.36
d. Unplanned interruptions caused by other operators, users, manufacturers	0	0.11 / 0.019	0
e. Unplanned outages due to TSO	1.13 / 29.30	2.76 / 10.55	2.11 / 2.49

Note: the performance standard for the electricity transmission and system service, approved by ANRE Order no. 12/2016 requires (starting 2017) that values for energy not supplied to consumers and energy not supplied from power plants because of long interruptions should be recorded.

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

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

9.3. Maintenance

PTG maintenance activities are compliant with the *Maintenance Assurance Program* (MAP) developed pursuant to the Regulation regarding management and organization of maintenance activities approved by Order no. 35/2002 of the National Regulatory Authority for Energy (ANRE), respectively on the basis of the ANRE Order no. 96/2017 (which abolished Order no. 35/2002), the *Regulation regarding preventive maintenance to the PTG installations and equipment* - Technical internal norm of Transelectrica with the symbol NTI-TEL-R001-2007 and the *Annual maintenance programs PTG* (PM PTG).

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

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

- maintaining a proper operational safety level of PTG installations;
- maintaining the intrinsic reliability levels of functional assemblies and component equipment;
- increasing the availability of installations;
- optimizing the total costs during utilization;

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

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

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

Categories of maintenance

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

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

while aiming at optimizing all objectives proposed for PTG:

- operational safety,
- availability,
- efficiency

as well as the compliance with the Performance standard.

Levels and types of maintenance activities

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

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

Preventive maintenance

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

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

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

A particular type of maintenance is *rehabilitation*, defined according to ANRE Order no. 96/2017 as an array of *complex maintenance* works which, without changing the initial technology, restore the technical efficient condition of installations to a level close to the beginning of their lifecycle. In the PTG, rehabilitations are taken into account for electrical substations with replacement of equipment, and for OHL by replacing elements to improve reliability.

Corrective maintenance

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

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

The Company's own experience and that of other electric power systems also provided in CIGRE documents show that, in case of maintenance to complex assets such as the PTG installations/equipment, it is recommended to use a combination of methods grounding the performance of preventive maintenance activities, namely:

- Time Centered Maintenance (TCM) and Evaluation of Time Centered Technical Condition (ESTBT) – visual controls, prophylactic measurements, tests etc. (the name "systematic preventive maintenance" is also used);
- Maintenance Centered on Technical Condition (MBST); the name "conditional preventive maintenance" is also used;
- Monitoring and diagnosis (online or offline);
- Reliability Centered Maintenance (RCM);
- Risk Centered Maintenance – RCM (with a view to prioritize activities);
- Special tests and expertise.

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

- Services/works of levels 1 and 2 constitute minor preventive maintenance (mPM) and, depending on the category, voltage and technical characteristics (technology) of functional assemblies and their components, the

maintenance will be scheduled in time - by planning at pre-determined time intervals relying on operational experience, while also taking into account their importance within the PTG, and it can be adjusted (tailored) depending on condition and significance;

- Works of levels 3 and 4 constitute major preventive maintenance activities (MPM) and they rely on condition, depending on the technical condition of installations, as determined using various procedures.

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

Major preventive maintenance (MPM) to technological installations that provide electricity transmission (considered functional assemblies), is grounded, planned and scheduled in differentiated manner for each functional assembly, while applying the Reliability Centered Maintenance – RCM principles, a methodology that can also serve to direct the proposals with the needs of new investments.

Annual maintenance programs are carried out providing priority to works/services that lead to increasing the operational safety of installations, or to completing the contracted works/services and those contributing to the good operation of installations. One should also take into account the perspective of implementing the remote control and supervision program for electric installations, which requires the rehabilitation of electric equipment and will lead to reduced personnel and operational expenses.

In 2018 maintenance expenses amounted to 86.8 mn lei, which include major and minor maintenance, as well as other maintenance expenses.

Table 22: Types of PTG maintenance (RON mn)

Maintenance	Budget 2018	Achievements 2018
Minor preventive	21.8	21.7
Minor corrective	39.4	38.1
Major preventive	27.4	27.0
Total	88.5	86.8

Against this budgeted value, the PTG maintenance programme was achieved to an extent of 98%.

The 2019 maintenance program and estimations for 2020-2021

The 2019 Maintenance Program includes management of electric installations operation and the maintenance of non-current property, plant and equipment such as: electric installations and technological buildings (except for the IT & Tc, the remote control and integrated security systems), which constitute the power transmission grid (PTG), when costs are minimized, assets are best used and their performance is increased; preventive, corrective and reliability centered maintenance services/works; services/works in the design stage; and services/works underway. The Program was structured by programs and projects depending on installation types, as follows:

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

The main concern in the application of maintenance programs was and still is to provide operational safety of the NPS by means of:

- updating the maintenance policy, strategy and regulation of CNTEE Transelectrica SA;
- providing preventive and corrective maintenance: (i) minor maintenance based on the contract concluded with Subsidiary SMART; (ii) major maintenance by projects (high power transformer units, OHL, substations and technological buildings) based on contracts concluded with specialized entities;
- using IT applications/databases for operation and maintenance activities;
- optimizing costs, reducing repair times and the unavailability period of installations by concluding the framework agreement, pertaining to the supply of medium and high voltage primary equipment;
- analysis and expert evaluation of the Company's power transformer units. The results were used in order to prioritize their replacement under investment projects;
- optimizing maintenance costs for OHL by making multispectral investigations (in visible, infrared

and ultraviolet spectrums), by laser scanning and replacing defect components;

- introducing modern technologies and methods for diagnosis, supervision and monitoring into maintenance activities, or by general application of solutions resulting from pilot projects such as: fixing online monitoring systems on transformer units and OHL.

The 2020 and 2021 estimations for the values of Maintenance Programs took into account the necessary technical work contained in the PTG development plan for the 2018-2027 timeframe, the provisions of the Preventive maintenance regulation to PTG installations and equipment, the requests of Transmission Branches and the increased number of accidental events to OHL.

The efficiency of maintenance activities will be further increased by:

- Continuing the multispectral inspection of OHL;
- Using non-invasive methods to ascertain the technical condition of electric installations;
- Entering a new master agreement for the supply of medium and high voltage primary equipment and providing it for assembly in the Company's facilities;
- Purchasing a master agreement for the assembly/disassembly of intervention beam systems and purchasing a master agreement for OHL reconditioning in case of damage;
- Coordinating energy audit services for the administrative and technological buildings of the company.

10. European projects

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

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

To cope with such issues, Europe needs a clear energy strategy which should be focused on a set of measures meant to ensure the implementation of an integrated electricity market and to achieve the 3 main objectives:

- security of supply
- competitiveness
- sustainability

Emphasis is placed on completing the pan-European energy market integration, consolidating the coordination of national policies, eliminating market barriers and energy isolation, lowering the energy price for consumers, upgrading the infrastructure and drawing investments in the energy sector, focusing on innovative technologies and generation capacities for green energy.

Achieving a fully functional pan-European energy market is crucial in order to maintain the security of supply, to increase competitiveness and to provide affordable electricity prices to all European consumers.

Security of supply is an essential component of public safety and, consequently, is closely connected with the efficient operation of the internal electricity market and the integration of isolated electricity markets from European Union member states.

The target model of the pan-European internal electricity market for the day-ahead timeframe provides the price coupling of these markets based on a unique European coupling solution (the PCR mechanism - Price Coupling of Regions), with implicit allocation of interconnection capacities and calculating such interconnection capacities using power flows (Flow-Based method - FB).

With a view to constitute a truly integrated electricity market, we must continue harmonizing the current rules on capacity allocation, congestion management and electricity trade.

In this context, *Regulation 1222/2015 establishing a guideline on capacity allocation and congestion management* was developed and approved. This document determines the minimum harmonized norms in order to provide the single day-ahead and intra-day coupling on a pan-European level, thus enabling a more efficient grid usage and increased competition, to the benefit of consumers.

Several initiatives are currently carried out at pan-European level, which aim at coupling the national/regional markets for daily and intra-day horizons, into a single European electricity market and at implementing the implicit allocation mechanisms for cross-border transmission capacities while calculating capacity based on power flows or ATC (available transmission capacity).

On November 15th, 2016, a Memorandum was signed at governmental level for Romania's Participation to the day-ahead and intraday market coupling projects. These projects are currently under development at European level for the implementation of the European energy market.

In accordance with Article 2 from *Regulation 1222/2015 establishing a guideline on capacity allocation and congestion management* (Definitions), these regions are defined as "Capacity Calculation Region (CCRs)", meaning "geographic area in which coordinated capacity calculation is applied". Consequently a CCR should include a set of borders of the bidding zone for which capacity calculation will be coordinated by TSOs in accordance with the aforementioned Regulation.

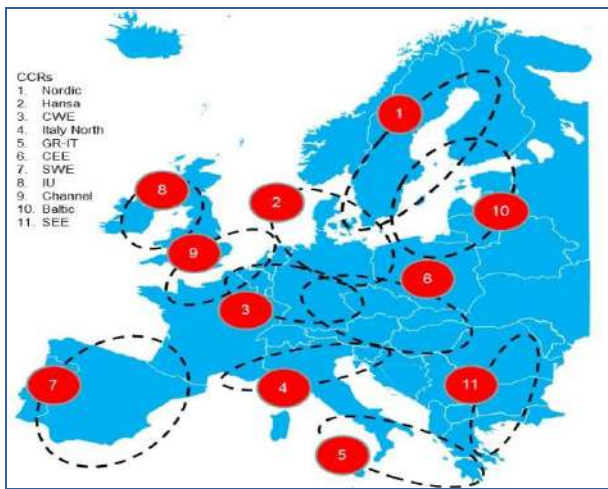
The proposed configuration of cross-border transmission capacity calculation regions (CCR) for all European electricity transmission system borders is a pan-European dynamic and pragmatic approach in the short- and mid-terms, which supports coordination over the borders of bidding zones where the greatest interdependence was noticed.

The CCRs proposed by the European Transmission and System Operators from ENTSO-E and approved at ACER level by all regulators in the industry provide an optimum utilization of the European transmission infrastructure. In the defined CCRs, interdependences between cross-zonal capacities

can be modelled with the highest accuracy and efficiency while the best level of such cross-zone capacity can be offered on the market. CCRs provide optimization of cross-zonal capacity calculation and allocation according to Article 3(d) from *Regulation 1222/2015 establishing a guideline on capacity allocation and congestion management*, because CCRs institute coordination within the CCR and between CCRs.

The following figure provides the configuration of the 11 CCRs proposed by ENTSO-E:

Figure 26: Configuration of CCRs



In accordance with ACER decision of November 17th, 2016, during the pan-European approval of CCRs, European regulators required coupling the central-eastern and central-western European regions into a single capacity calculation region - the CORE region.

Transelectrica is a member of this region (RO-HU border), while also being member in the management and working structures of associated projects under the process for establishing the capacity calculation methodologies and later developments in the market coupling and implicit capacity allocation project.

On August 16th, 2016 Transelectrica, together with the 15 Operators of member states in the CORE region, signed a cooperation agreement (CEWE CoA), whereby they express their commitment to cooperate in order to develop a common interconnection capacity calculation methodology and a future implementation base for the requirements of all grid codes in this most important region defined in Europe.

On August 31st, 2016, Transelectrica signed an Accession Agreement, by which Romania becomes a

part in the market coupling project of the central-east European region NWE-CEE FB MC.

The set of regulations in the new energy legislative package is presumably the most complex yet and includes three Notifications regarding Clean Energy for all Europeans, the Acceleration of Innovation in terms of Clean Energy and an European Strategy for Intelligent Transmission Systems. Additionally, the package includes two proposals to review the Regulations concerning the Internal Market in Electricity and the Functioning of the Agency for the Cooperation of Energy Regulators ACER, four proposals to review the Directives concerning Renewable Energy and Energy Efficiency and the Common Rules for the functioning of the Internal Market in Electricity and the Energy Performance of Buildings.

The Commission also adopted five new Regulation proposals concerning the Preparation for and anticipation of risks in the energy sector, the Governance of the Energy Union and three specific proposals concerning Eco-Design.

All these measures, together with the guidelines for implementation and good practice, aim to mobilize 177 billion EUR into public and private investments starting with 2021 and to create 900,000 workplaces, thus generating 1% of the GDP over the next 10 years.

At European level there are currently several ongoing initiatives aiming to implement the eight Grid codes adopted by the European Commission and European Parliament within a comitology process carried out in the 2015-2017 timeframe. These are European Regulation documents (directly applicable law at the level of the EU member states) which regulate the functioning of synchronously interconnected energy systems at pan-European level and the harmonization and integration of national electricity markets into the single European energy market.

One of the main obligations resulting from the content of the EU Regulation no. 1222/2015 (CACM), based on chapter 5 – “*Single day-ahead coupling*”, respectively chapter 6 – “*Single intraday coupling*” is to unify short-term energy markets (day-ahead and intraday); such obligations have to be met by NEMOs - *Nominated Electricity Market Operators* and TSOs – *Transmission System Operators* in Europe.

Three projects are currently in progress regarding electricity market coupling in Romania (day-ahead and intraday), i.e.

- The DE-AT-PL - 4MMC coupling project, envisaging the coupling of day-ahead electricity markets in Germany, Austria and Poland with the 4MMC coupled market, on an NTC basis. If national regulatory authorities in the field of energy in the countries involved in the project approve its accomplishment, the coupling of day-ahead markets in Germany, Austria and Poland with 4MMC is expected to be performed in the first semester of 2020.
 - The XBID project for coupling intraday electricity markets in the European Union. The project envisages coupling the intraday electricity market in Romania in the fourth quarter of 2019. Coupling will be performed on the Romania - Hungary and Romania - Bulgaria borders.
 - The FB MC project to couple day-ahead electricity markets in the CCR Core region, based on calculating the interconnection capacity by electricity power flows. The project is in progress and consistent with the Core region project for the fulfilment of requirements in Regulation (EU) 1222/2015.
- large scale storage capacity for transmission grids, including different centrally managed storage technologies;
 - communication technologies, real time control instruments in order to increase flexibility in terms of transmission grid operation and to integrate storage facilities, demand-response mechanisms and interfaces with electricity distribution grid operators;
- new perspectives on wholesale electricity markets facilitating the participation of renewable energy sources, active participation as data aggregators in order to reduce grid operation costs;
 - project proposals shall include existing regulatory framework analyses, applicable codes and standards, business models and pan-European energy market architecture analysis;
 - projects shall support the Horizon 2020 program in the smart grid and storage promotion context.

In parallel, in the electricity sector, at the Transmission and System Operators level, a series of projects is carried out to investigate several specific aspects in the field of research, development, innovation or challenges pertaining to the implementation of the new legislative package: Clean Energy Package.

The Horizon 2020 program is one of the most important research and innovation programs financed by the European Commission, with a budget of ca. 80 billion EUR which will be distributed over a 7-years period (2014-2020).

Within the LCE – 04- 2017 "*Demonstration of system integration with smart transmission grid and storage technologies with increasing share of renewable*" pillar of this project, funds are being allocated for supporting the electricity transmission activity, namely:

- projects are addressed to the ENTSO-E Transmission and System Operators;
- projects must prove a combination of at least two of the following aspects:
 - electricity transmission technologies and large scale generation sources management in the context of increasing the renewable energy sources' share;

Given the experience and professionalism proven by CNTEE Transelectrica SA in the electricity transmission system operation, the company was selected by the European Commission to be part of the teams of experts for several European projects, some of which being fully financed from structural funds.

Several of these projects are presented below:

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

The European power systems are actively involved in finding solutions for the use of renewable energy resources in balancing the system, as a source of system services and in achieving the environmental objectives assumed at the Community level.

The technologies that will form the energy system's basis by 2030 and 2050 are still in the research cycle and need to be fully developed before they can demonstrate their potential value in the future pan-European energy system.

The "REs (Renewable Energy source) Integration in the Energy system" was launched in the European Commission's research and innovation program (H2020-LCE-2016-2017, ICE-07-2016-2017 program). With budget of 4.9 million Euro, the RE-SERVE project is part of this program and it is fully financed from European funds.

The RESERVE (Renewables in a Stable Electric Grid) project aims to investigate new concepts in terms of technological system services, in the context of the large scale integration of renewable energy sources in the power systems and the possibilities to use such sources for systems balancing.

Developed over three years (2016-2019), the RE-SERVE project aims to investigate new concepts of technological system services in the context of the renewable energy sources widespread integration into power systems and the possibilities of using these sources in balancing systems.

This project also aims at implementing renewable energy sources at a pan-European level by creating a virtual platform through which the project team members can conduct simulations over different periods of time, based on the data and information provided by the project participants.

The RE-SERVE project caught the attention of the European Commission's evaluators through the relevant topic it approaches - a topic to which CNTEE Transelectrica SA's contribution is considered highly important. Therefore, the company was invited to be part of the project's consortium. The project was rated 14 out of 15 points, thus obtaining full financing from European funds.

CNTEE Transelectrica SA participates in completing the RE-SERVE project on the grounds of the Grant Agreement no. 727481 — RE-SERVE, being part of the consortium designated for this purpose and coordinated by ERICSSON GMBH.

Thus, over the 36-month completion time of the project (October 1st, 2016 - September 30th, 2019), the team involved from CNTEE Transelectrica SA will allocate 20 person-month for completing the activities related to the following work packages:

- WP1 – RES integration at system level - 4 person-month
- WP2 – Frequency stability in the system - 4 person-month
- WP5 – Simulation results check - 11 person-month
- WP6 – Highlighting the legal and regulatory aspects and the RES appropriate business models - 1 person-month

The performance of the new mechanisms will be investigated through various laboratory simulations in a virtual testing area. All RE-SERVE work packages look at short-term (2016-2017), medium-term (2020+), and long-term (2030+) simulations.

The project is coordinated by Ericsson GmbH (DE), and consortium members are: TRANSELECTRICA (RO), Romanian Energy Centre (RO), ESB Networks (IE), Flexible Elektrische Netze FEN GmbH (DE), Gridhound UG (DE), Rheinisch-Westfaelische Technische Hochschule Aachen (DE), Universitatea Politehnică din București (RO), University College Dublin (IE), Waterford Institute of Technology (IE); the development term is of three years.

CNTEE Transelectrica SA will contribute to WP1, WP2 and WP5 (Work Package) by:

- identifying two applications for the transition to the scenario in which renewable sources would be used up to 100% to generate electricity, studying the implications of scenarios in the system architecture and its functionality, taking into account EU's energy policies and the climatic changes (for instance in the SET Plan);
- contributions to design and completion of applications in two European countries (IE, RO).

Financially speaking, CNTEE Transelectrica SA collected the down payment for this project in September 2016, amounting to 145,312.50 euro, representing 75% of the total fundable amount of 193,750 euro for which the Company is eligible. The difference will be collected after the project completion in 2019, based on the final reporting.

CROSSBOW project

The project was part of the European Commission's "Horizon 2020" program on research and innovation, respectively the ICE04-2017 "demonstration of system integration with smart grid and storage technologies with increasing share of renewable", with a budget of 17 million Euro, financed entirely from structural funds.

The Crossbow project is one of the largest projects financed on this axis with a value of 22,000,000 euro for a 48-month period in which the project must achieve its stated objective.

The project consortium is made up of 24 partners (from 13 countries):

- 8 transmission system operators from the S-E European region
- 1 distribution operator
- 1 Regional Security Center
- 2 large producers
- 5 universities
- 6 industry partners

- 1 association

CROSSBOW aims at sharing resources for the promotion of the cross-border use of renewable energy and storage units, allowing a higher penetration of renewable energy sources and simultaneously reducing operational grid costs and improving the economic benefits of RES and storage units.

The aim is to demonstrate a series of new but complementary technologies which offer transmission system operators a higher flexibility and robustness through the following advantages:

- a better control over the balancing energy at interconnection points;
- new storage solutions - distribution and centralization - offering ancillary services for the functioning of virtual storage installations;
- improving the information and communication technologies - e.g. a better grid examination to allow flexible generation and demand response requests;
- defining a transnational wholesale market, proposing a fair and sustainable remuneration for clean energy by defining new business models to support the participation of new players and cost reduction.

The project started in November 2017 and is currently in the initial stage, defining the details to be focused on for results maximization with a view on the region's energy interest on the mid- and long-term.

Out of the 8 TSOs, Transelectrica is one of the largest and has an important role in this project, both in terms of the grid and the geographical position.

The company will be active in 15 out of the 20 organized work packages and aims to contribute as much as possible in this project which has a high expectation in terms of the significance of the results for the energy systems in the next decade.

Financially speaking, CNTEE Transelectrica SA collected the down payment for this project in December 2017, amounting to 193,802 euro, representing 48.33% of the total fundable amount of 400,969 euro for which the Company is eligible. The difference will be collected after the project completion in 2021, based on the regular reporting.

The integration and trading of products and services developed via CROSSBOW is planned after a period of no more than 36 months from the project completion. This will contribute to the creation of over

70,000 workplaces, will reduce greenhouse gas emission by 3 metric tons and will increase the energy production from renewable sources by 10% (15.2 TWh).

TERRE project – Trans European Replacement Reserve Exchange

The project is an initiative of the ENTSO-E Transmission System Operators, started against the background of the Balancing code implementation (*Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing*) and aims at completing an informatics platform (LIBRA) dedicated to trading orders for the replacement reserve of participating energy systems in order to allocate these reserves based on the balancing energy necessary for each national transmission and system operator.

The LIBRA platform is designed to allow data processing from 50 countries (the replacement reserve being the sole balancing reserve which may be traded on an insular basis at regional level) and to process 500,000 sell/buy orders with a 15-minute resolution, the algorithm being capable to run and display results in less than 3 minutes.

The project was started in 2017 after the completion of the harmonization of the local rules and characteristics for countries which will participate on the replacement reserve market and the completion of the platform design step. The trading platform infrastructure shall be completed in the 2018-2019 timeframe.

MARI project - Manually Activated Reserves Initiative

The project started in 2017 as an initiative of the ENTSO-E Transmission and System Operators and aims to complete the European balancing platform for trading reserves with manual activation for frequency restoration (mFRR), a request of the European Regulation no. 2195/2017.

The expected advantages of the MARI project include:

- increasing the efficiency of the balancing markets at national, regional and pan-European level;
- integrating the balancing markets and promoting balancing services exchanges, while simultaneously ensuring operational safety;
- procurement of balancing services in an objective, fair and transparent manner, thus ensuring liquidity of the balancing markets.

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

In relation to certain TSOs the Company began participating in the project financed through European funds *FutureFlow Designing eTrading Solutions for Electricity Balancing and Redispatching in Europe*, section *Transmission grid and wholesale market* (ongoing project), which aims at handling a number of aspects in terms of implementing the Grid Code regarding balancing power systems and creating regional markets for system services with emphasis on involving consumers in the balancing process and ensuring an optimal management regarding the coordinated functioning of the European synchronously interconnected system, in the context of an increasing renewable energy rate integrated in the system.

The project is part of the Pan-European Competitive Market Implementation Program, with the achievement of the Community's emissions targets (Horizon 2020 – "Call for competitive low-carbon energy", "Transmission grid and wholesale market" section), and aims to address a number of operational and market issues in the context of implementing the new network codes on balancing power systems and creating regional system services markets. The project is addressed to both Transmission and System Operators and to the electricity market traders and manufacturers of industrial and communication components in the field of electricity.

The project has a ca. 14 million euro budget financed via structural funds and is carried out over a 4-year period, between 2016 and 2020.

The project aims to:

- Study the existing balancing markets in terms of the flexibility potential of controllable consumers (Demand Response) and distributed generating sources. This comprises the study of aspects pertaining to market adaptation for the participation in the secondary control of large wind power plants and the impact of forecast errors related to the wind power production over the secondary control market;
- Develop the architecture of the Future Flow platform for the joint automated activation of the secondary control reserve and identification of implications over re-dispatching. This comprises the analysis of the flexibility of controllable industrial consumers with auto-generation but

also with renewable sources with installed capacities higher than 1 MW. Databases from a completed European project will be used, related to the completion of the secondary control, having a database of 18,000 potential clients with consumption levels of over 500,000 kWh/year (approximately 747 industrial and commercial clients);

- Identify the reserves and the participating entities, the processes, the necessary data which will be exchanged for the secondary control reserve and the re-dispatching capabilities;
- Identify the requests pertaining to interactions between secondary control reserve aggregation platforms and the analysis of cyber security concepts related to data transfer.

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

Using the automated frequency restoration reserves at a pan-European level, within a framework regulated by the new European balancing code and in the context of an European balancing market that will lead to the optimization of the dispatching process, mitigation of risks pertaining to power systems security and minimizing balancing costs.

The PICASSO project is an initiative of the ENTSO-E Transmission and system Operators started in the context of implementing the new European legislation in the industry and consists of the completion of an European balancing platform for exchanges between the Transmission and System Operators of automated frequency restoration reserves (aFRR).

The main objectives of the project are:

- design, implementation and operation of an aFRR platform that complies with the requirements of the Balancing code (Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing), the System Operation Code (Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation) and the CACM Regulation (Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management).
- improve the economic and technical efficiency pertaining to the European synchronously interconnected power system operation;

- integration of aFRR European markets.

CNTEE Transelectrica SA currently has the role of observer in the project (this stage does not involve a financial commitment from the Company) and at the end of April 2018 the Company will become a full member.

IGCC project - International Grid Control Cooperation

The IGCC project is the reference project and starting point for creating a single European platform for Imbalance Netting in real time, aiming to reduce balancing energy costs (secondary control range).

In technical terms, this process will lead to the reduction of the number of orders (requests) for loading/unloading generated by the central frequency/power regulator on the secondary control groups, with a direct influence on lowering the level of wear and tear and the extension of the availability period on the Balancing Market.

The IGCC initiative started in 2010 by the operators in Germany and subsequently extended to the systems from Central Europe, representing a way to optimize the exchange frequency/power secondary control by reducing the counteractions of regulators belonging to the member operators, resulting in a more judicious use of reserves at the level of the interconnected system.

11 transmission system operators from 8 countries are currently involved in the project as members: Germany, Denmark, The Netherlands, Switzerland, The Czech Republic, Belgium, Austria and France (50 HzT, Amprion, APG, CEPS, Elia, ENDK, RTE, Swissgrid, TTB, TTG, TransnetBW).

CNTEE Transelectrica SA currently has the status of observer and will start the joining process in November 2018 (provided that certain requirements are implemented in the SCADA and the communications system) and the interoperability and operation tests will start in June 2019.

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

CNTEE Transelectrica SA is the Transmission and System Operator who supports within ENTSO-E the synchronous interconnection of the systems from Ukraine and the Republic of Moldova with the European continental system. The request regarding the analysis of this interconnection was approved by UCTE (currently ENTSO-E Continental Europe) in

November 2006. The interconnection request was made taking into consideration that the power systems of Ukraine and the Republic of Moldova will detach from the ISP/UPS system and will form a "single frequency control block".

The feasibility study over the synchronous interconnection of the systems from Ukraine and the Republic of Moldova with the European continental system was carried out between November 2014 and January 2016.

For this project, the Ministry of Economy from the Republic of Moldova obtained European funds (within the Joint Operational Program RO-UA-MD 2007+2013) together with the Romanian Ministry of Economy and the Ukrainian Ministry of Energy and Coal. The Ministry of Economy from the Republic of Moldova was the beneficiary of the project and the other two ministries were partners.

CNTEE Transelectrica SA, together with other transmission operators from other countries (EMS-Serbia, MAVIR-Hungary, PSE-Poland, ESO-EAD-Bulgaria) have formed a consortium for completing this study. CNTEE Transelectrica SA was the consortium leader and was responsible with project management. Bernard Energy Advocacy (Belgium) acceded to the consortium in order to handle legislative matters.

The feasibility study recommended the technical and regulatory measures to be taken in the power systems of Ukraine and the Republic of Moldova in order to achieve the synchronous interconnection.

In June 2017, Ukrenergo, Moldelectrica and the majority of the Transmission System Operators from Continental Europe have signed the Agreements on the interconnection conditions for the systems in Ukraine and the Republic of Moldova with the Continental Europe system. The parties agreed upon Catalogue of Measures and the next road-map of actions preceding the interconnection for the two countries:

- Additional detailed studies shall be carried out in order to specifically define all necessary technical measures.

The studies shall be carried out by an ENTSO-E Transmission System Operators consortium which will use measurements made at the most important generating units from Ukraine and the Republic of Moldova in order to identify the mathematical models parameters of corresponding generators and

regulators. CNTEE Transelectrica SA shall once again be the consortium leader.

- The necessary technical and regulatory measures shall be implemented in Ukraine and the Republic of Moldova;
- Isolated function tests shall be carried out on the systems in Ukraine and the Republic of Moldova.
- Interconnection function tests shall be carried out with the European continental system.

The European research project – Interrface

The project “INTERFACE – Interface architecture to provide innovative grid services for an efficient power system” of the Horizon 2020 framework programme, 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 2 projects approved by the EC in the summer of 2018 in this axis.

The project has 42 partners and will take place during 48 months.

It was started in January 2019 and aims at developing and proving an interoperable grid service architecture at a pan-European level to become an interface between the electrical energy system (TSO & DSO) and clients (consumers), allowing for a coordinated operation thereof and the procurement of services by all actors involved in the chain. The project will develop and enforce state of the art technologies based on Blockchain and Big data management, that will provide new opportunities to the energy market, with benefits in terms of integration of renewables, reduced electricity costs, etc.

The project results will provide the following novelties:

- New services: market rules, flexible coordination and allocation from distributed energy sources;
- Digital technologies: Internet of things, Big data management, Blockchain, Novel AI;
- Advanced communication and information management technologies: to support the plug-and-play model for certain services and tools in an IT platform supporting the implementation of the interoperable grid service architecture at a pan-European level (ASRIE);
- Data models: to increase their confidentiality and have a new structure, ensuring a heterogeneous and unified exchange between various actors at a European level;
- Changes and evolutions in the parts of NPS actors: especially through enhanced involvement, changes in the role of consumers and the energy market by managing their needs and capacities

Other activities

Of great importance within the Company are the development of knowledge and promotion of new energy technologies and solutions which have evolved and significantly progressed over recent years, both in terms of concepts and solutions, and equipment.

Thus, Transelectrica became partner in various financing projects via which it may bring important contributions as TSO in this geographical area of Europe and to fulfilling the previously mentioned objectives. Within these partnerships revenues are collected for other types of activities by the Company's experts' contribution.

The Company may carry out activities in the management of projects financed via non-repayable European funds, on different axes which correspond to the Company's objects of activity.



Transelectrica®

Societate Administrată în Sistem Dualist

Financial Report

11. Stand-alone financial results 2018

In 2018, Transelectrica improved its financial profitability compared to 2017.

The Company obtained operational profit higher by 49% compared to 2017 against a background of 12% decrease in the total operational costs (depreciation included) compensating the 11% drop in operational revenues.

The segment of activities with allowed profit: a slight 1% increase in revenues, due to the increase in the regulated tariff valid as of July 1, 2018 and the 2% increase in the charged amount of electricity.

During the studied time interval revenues from the allocation of interconnection capacities grew 8% compared to the value achieved in 2017 (RON 82 mn in 2018 compared to RON 76 mn in 2017) corresponding to the utilisation degree of available interconnection capacities by the traders on the electricity market. At the same time, revenues from OTC transactions were greater in 2018 compared to 2017 by RON 5.1 mn (RON 5.9 mn in 2018 from RON 0.8 mn in 2017), due to the 2018 registration of OTC transactions on the Balancing Market.

EBITDA was impacted by the negative development of the functional system service segment and by the unplanned exchanges, decreasing by 7% compared to 2017 (RON 64 mn in 2018 compared to RON 68 mn in 2017).

Operating expenditure for the segment with allowed profit were mainly influenced by:

- the 20% increase in the operating costs of the system (i.e. 42% of total operating costs, without

depreciation), mainly caused by the negative evolution of OTC expenditure (253 mn lei in 2018 compared to 207 mn lei in 2017), given the increase in the amount of electricity required to cover own technological consumption in the PTG (+14%) and the increase in the average OTC purchase price (from 214 lei/MWh in 2017 to 224 lei/MWh in 2018)

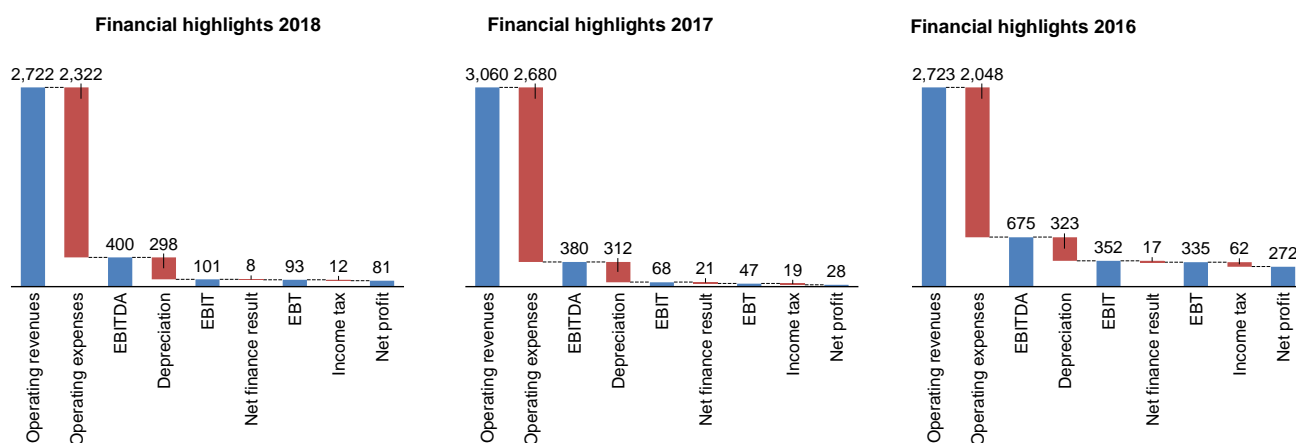
- the positive evolution of the “other costs” segment, mainly due to the decrease of (net) operating expenditure by 56 mn lei for adjustments for the depreciation of current assets (from 58 mn lei in 2017 to 2 mn lei in 2018).

The zero profit activity segment: a negative result but however of positive development compared to the same period of 2017, determined by 9% greater revenues from technological system services, higher billed amount of electricity and average tariff approved by ANRE.

The tariffs approved by ANRE through Order 108/2018 were applied for *the second semester of 2018*; thus, the transmission fee increased (+7.5%) and the quantity of electricity that can be billed upon grid extraction was raised from 54.0 TWh to 55.4 TWh. As for the technological system services tariff, a 13.4% decrease in the fee was applied.

Net financial results improved from a loss of 21 mn lei in 2017 to 8 mn lei in 2018; a major impact was seen in the higher income from interests (+4 mn lei) and the positive evolution of expenditure from exchange rate differences (-13 mn lei).

Figure 27: Net result (mn lei)



11.1. Stand-alone profit and loss statement

Table 23: Stand-alone profit and loss statement

Mn Lei	2018	2017	2016	18/17
Charged energy volume (TWh)	55.78	54.75	53.52	▲ 2%
ALLOWED PROFIT ACTIVITIES				
Operating revenues	1,180	1,173	1,260	▲ 1%
Transmission and other revenues on the electricity market	1,070	1,055	1146	▲ 1%
Functional system services	64	68	68	▼ (7%)
Other revenues	46	50	46	▼ (8%)
Operating expenses	740	715	672	▲ 4%
System operating expenses	309	258	231	▲ 20%
Repairs and maintenance expenses	91	85	88	▲ 7%
Personnel expenses	189	179	212	▲ 6%
Other expenses	152	193	141	▼ (21%)
EBITDA	440	459	587	▼ (4%)
Depreciation	298	312	323	▼ (4%)
EBIT	142	147	264	▼ (4%)
ZERO-PROFIT ACTIVITIES				
Operating revenues	1,541	1,887	1,463	▼ (18%)
Technological system services revenues	637	582	649	▲ 9%
Balancing market revenues	904	1305	814	▼ (31%)
Operating expenses	1,582	1,966	1,375	▼ (20%)
Technological system services expenses	678	661	561	▲ 2%
Balancing market expenses	904	1305	814	▼ (31%)
EBIT	(40)	(79)	88	▲ 49%
ALL ACTIVITIES (WITH ALLOWED PROFIT AND ZERO-PROFIT)				
Operating revenues	2,722	3,060	2,723	▼ (11%)
Operating expenses	2,322	2,680	2,048	▼ (13%)
EBITDA	400	380	675	▲ 5%
Depreciation	298	312	323	▼ (4%)
EBIT	101	68	352	▲ 49%
Net finance result	(8)	(21)	(17)	▲ 61%
EBT	93	47	335	▲ 99%
Income tax	12	19	62	▼ (37%)
Income tax	81	28	272	▲ 188%
Net result per share	1.11	0.39	3.72	▲ 188%

11.1.1 Allowed profit activities

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

The regulatory framework applicable to these two activities provides the premises of a financial profitability that can be obtained for the capital invested in the assets of the two activities, by including in the fees a range of components aimed at compensating financiers, calculated by applying a regulated profitability rate to the basis of regulated assets.

The segment of **profit allowed activities** registered a 1% positive growth of revenues (RON 1,180 mn in 2018 compared to RON 1,173 mn in 2017),

determined by a higher tariff valid from 01 July 2018 onward and by the 2% increase in the electricity consumption.

Thus, the revenues from the transmission activity registered a ca. 1% increase in 2018, from 1,055 mn lei in 2017 to 1,070 mn lei, while revenues from functional system services decreased by 7%.

Table 24: Revenues from activities with allowed profit

Operating revenues	2018	2017	2016	18/17
Transmission and other revenues on the electricity market	1,180	1,173	1,260	▲ 1%
Revenues from transmission tariffs	1,070	1,055	1,146	▲ 1%
Revenues from allocating the interconnection capacity	974	971	1,057	▲ 0.3%
Revenues from reactive energy	82	76	82	▲ 8%
Functional System Services	15	8	8	▲ 80%
Revenues from functional system services tariffs	64	68	68	▼ (7%)
Revenues from unplanned shifts on DAM	62	66	66	▼ (6%)
Other revenues	2	2	1	▼ (22%)
Operating revenues	46	50	46	▼ (8%)

Revenues from the allocation of interconnection capacities grew by 8% compared to the 2017 value (RON 82 mn in 2018 compared to RON 76 mn in 2017) corresponding to the utilisation degree of available interconnection capacities by the traders on the electricity market.

The mechanism for the allocation of interconnection capacity consists in organizing annual, monthly, daily and intra-daily bids. The annual, monthly and intraday bids are explicit - as only the transmission capacity is auctioned, and the daily ones with Hungary are implicit - as capacity is simultaneously allocated with energy through the coupling mechanism.

The establishment of the regional energy exchange as of November 19, 2014, by Romania, Hungary, Czech Republic and Slovakia means that these four countries should reach the same electricity price for the volumes traded on spot markets. Capacity allocation between Romania and Hungary, the only one of the 3 countries Romania has a border with, is performed by transmission operators: Transelectrica and MAVIR, using a common mechanism based on a bilateral agreement.

Starting with 2016, the UIOSI principle has been implemented at the border with Bulgaria, and starting with 2017 at the border with Serbia as well. According to this principle the participants not using the capacity won at the annual and monthly auctions, are compensated (by Transelectrica) for that capacity. The spare capacity is subsequently sold in the daily auctions. On the Hungarian border the direction is reversed, meaning that MAVIR compensates the participants for the unused capacities.

The market for interconnection capacity allocation is fluctuating as prices evolve depending on demand

and on the needs of participants on the electricity market to purchase interconnection capacity.

Using the net incomes from the interconnection capacity allocation is achieved in accordance with Article 22 (4) of the ANRE Order no. 53/2013 and Article 16 (6) of the Regulation (EC) no. 714/2009, as a source of financing for upgrading and development of the interconnection capacity with the neighboring systems.

Revenues from OTC transactions were RON 5.1 mn greater in 2018 compared to 2017 (RON 5.9 mn from RON 0.8 mn in 2017), due to 2018 registration of revenues from OTC transactions on the Balancing market after the enforcement of the "Contract delegating the balancing responsibility" entered with CIGA ENERGY SA beginning with 18.01.2018, by issuing invoices for positive imbalances.

"Other revenues" achieved in 2018 were 8% lower than those obtained in 2017 (RON 46 mn from RON 50 mn in 2017), which was mainly determined by registering in 2018 revenues from compensations, fines and penalties amounting to RON 1.6 mn (Menarom Pec SA, Tinmar Energy SA, etc.) compared to the revenues from compensations, fines and penalties registered in 2017 in sum of RON 6 mn (Arelco Power SRL, Enol Grup SA, etc.).

Figure 28: Revenues from activities with allowed profit (RON mn)

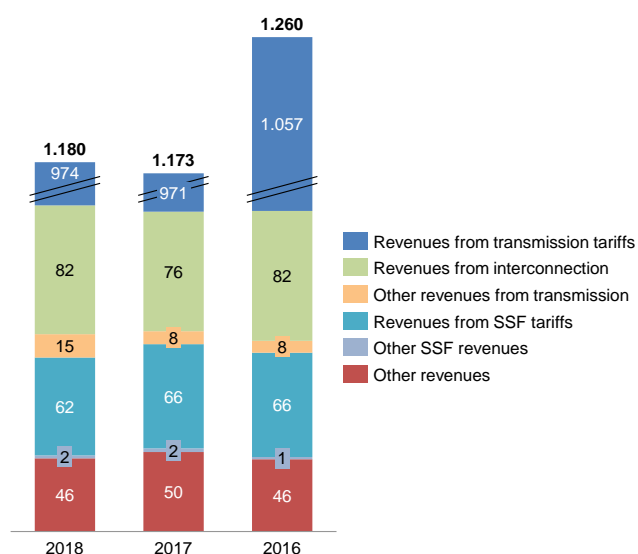


Figure 29: Expenses from activities with allowed profit (RON mn)

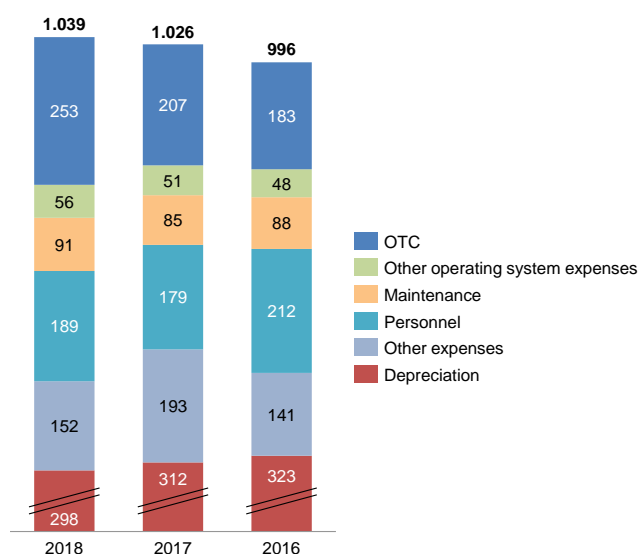


Table 25: Cost from activities with allowed profit

RON mn	2018	2017	2016	18/17
Operating expenses	740	715	672	▲ 4%
System operating expenses	309	258	231	▲ 20%
Expenses on own technological consumption	253	207	183	▲ 22%
Expenses on congestions	8	0	3	- n/a
Expenses on electricity consumption in PTG substations	17	14	15	▲ 23%
Expenses regarding the functional system services	15	16	13	▼ (3%)
Expenses on Inter TSO Compensation (ITC)	15	20	17	▼ (24%)
Repairs and maintenance expenses	91	85	88	▲ 7%
Personnel expenses	189	179	212	▲ 6%
Other Expenses	152	193	141	▼ (21%)
Depreciation	298	312	323	▼ (4%)
Operating expenses inclusive of depreciation	1,039	1,026	996	▲ 1%

The operational expenses from activities with allowed profit (including depreciation) registered in 2018 rose by 1% compared to the similar period of the previous year (1,039 mn lei, up from 1,026 mn lei).

System operation costs

System operation costs increased by 20% in 2018 compared to 2017, from 228 mn lei to 309 mn lei, mainly due to increased OTC expenses.

OTC expenses

To cover its own technological consumption (OTC), the Company takes part on OPCOM-managed markets along various time horizons, as follows:

- In the long run, it takes part in the Centralized Market for Bilateral Contracts for Extended Auction (CMCB-EA) and the Centralized Market for Bilateral Contracts for Continuous Auction

(CMCB-CA), based on a minimum OTC forecast by UNO-DEN at the end of the previous year, representing about 50% of the total forecast OTC.

- Two markets are available in the short run:
 - The Day-Ahead Market (DAM):** to cover differences between the minimum forecast OTC and the daily forecast. The company takes part every day by submitting energy purchase tenders on the DAM on the OPCOM-specific platform.
 - The intraday market (IM):** in case of forecast changes during the day, the required energy may be traded on this market, as close to the moment of delivery as possible.

Differences between actually achieved hourly quantities and those purchased after trading on the CMCB, DAM and IM are compensated on the **Balancing Market (BM)** on the day of operation.

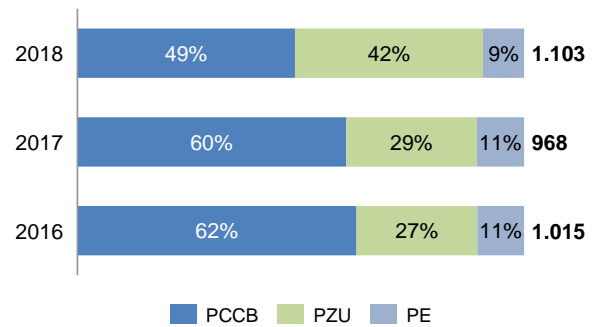
The analysis of the average weighted price on CMCB-EA during 2017-2018 shows a clearly ascending trend, with a positive direction and no fluctuations, of the 2018 price. Moreover, energy sale offers on CMCB-EA and CMCB-CA were much more scarce than the available purchase offers, so that the demand clearly exceeds the offer and the closing price of bids is higher.

This ascending trend of the price is justified through the increase in the price of certificates for greenhouse gas emissions (GHG), by 120% since the beginning of 2018. The “Market stability reserve” (SMR) came into force starting January 1, 2019, imposing a limit of certificates for greenhouse gas emissions. This measure mainly affected coal-based energy power plants which set the marginal market price in many cases. This was seen in the average price of contracts entered on this market with delivery in January 2019, i.e. 287.44 lei, more than 30% higher than the January price of 2018.

The total cost for the procurement of electricity required to cover own technological consumption went up by 22% in 2018 compared to 2017. The negative evolution of total costs in 2018 was mainly due to the increase of traded prices on the CMCB. As for the purchase of electricity for own technological consumption on all markets, CMCB, the Day-Ahead Market (DAM), the Intraday Market (IM) and the Balancing Market (BM), the average price increased from 214 lei/MWh in 2017 to 224 lei/MWh in 2018, considering the increase in the purchased amount of electricity required to cover OTC achieved in PTG by about 14% (from 965 GWh in 2017 to 1100 GWh in 2018).

The average costs for which Transelectrica purchased electricity for its own technological consumption increased in 2018 compared to 2017 for purchases performed on the Centralized Market for Bilateral Contracts (CMBC) by 26%, along with 25% decreases on the spot DAM market and 25% on the balancing market (BM).

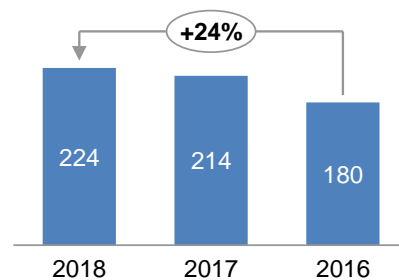
Figure 4: Procurement mix depending on quantities bought from the markets (GWh)



At a European level, prices are affected by the separation of the Germany - Austria bid area into two distinct areas, starting October 1, 2018. The analysis of DAM prices – the market sending out price signals – at a European level shows an increase in the 3rd quarter prices compared to the 2nd quarter of 2018, while **the trend is still ascending**. The average price of electricity on the DAM is still increasing, starting July 2018 and a stronger increase is estimated in the first quarter of 2019, in the context of a demand exceeding electricity offer at a European level.

In January 2019, Romania mainly imported electricity, since some power plants were unavailable, which resulted in a significant increase in prices on the Day-Ahead Market (DAM). Thus, an average DAM price of 352.15 lei/MWh was seen in January 2019, more than twice higher than the January 2018 price.

Figure 5: Average unit cost of energy purchased for OTC (lei/MWh)



The difference between the actually consumed electricity for the coverage of PTG losses and the purchased electricity represents imbalances automatically covered by the **Balancing market**.

The thresholds limiting the minimum and maximum prices of deficit energy were removed in 2018, resulting in a significant increase in the average price. An average price of 687.54 lei/MWh is estimated for January 2019, more than 2.5 higher than the price for the similar month of 2018.

Congestions

Congestions (network restrictions) represent demands for electricity transmission beyond the technical capacity limits of the network requiring corrective actions of the transmission and system operator; they occur whenever, during operational scheduling or in real time, the power circulation between two system nodes or zones leads to the failure to comply with operational safety parameters of a power system.

Congestions are managed by changing the topology of the network and ultimately by re-dispatching electricity production.

Network congestions discarded through re-dispatch are estimated based on the systems that consider various scenarios for the operation of power plants, considering at least the following minimum assumptions

- restrictions in the fuel supply of power plants
- a hydrological system implying the reduction of flows on the Danube and domestic rivers
- areas with a strong deficit/excess
- draught, high temperatures
- strong cold.

The re-dispatching of production results in the deviation from the order of the Balancing Market, with additional costs being borne by Transelectrica. This is a measure only used by Transelectrica in situations required by maintaining the safe operation of the transmission system.

In 2018 total congestion expenses amounted to RON 8 mn, being greater in comparison with 2017 (RON 0.2 mn), mainly determined by RON 5 mn cost generated by bad weather conditions (snow storm, frost) registered in Dobrogea region, which tripped a failure on the 400 kV OHL Constanta Nord – Tariverde. The line failure consisted in braking the double insulator chain of phase R to tower no. 7 while the active conductor fell on the ground. Under such circumstances to observe the N-1 safety principle during the accidental withdrawal of the 400 kV OHL Constanta Nord – Tariverde, output reduction was ordered for the WPPs of Dobrogea region, Section 6 and in Tulcea– Tariverde area, to values below notified capacities. The total amount of reduced energy by the congestion until the line went back into operation was of 19,766 MWh.

At the same time, expenses for congestions in October and November amounted to 1 mn lei, determined by the assurance, in October, of the

safety criterion N-1 in Section S4 for the planned withdrawal from operation of the 400 kV Rosiori - Mukacevo OHL upon request of the Ukrainian TSO and by the assurance of the safety criterion N-1 in Section S4 for the planned withdrawal from operation of the 400 kV Iernut - Sibiu Sud OHL, by the assurance, in November, of the safety criterion N-1 given that the 110 kV Medgidia Sud - Basarabi OHL, circuits 1 and 2, was unavailable, as well as by the assurance of the safety criterion N-1 at the planned withdrawal from operation of the 400 kV Iernut - Sibiu Sud OHL.

Expenses regarding the functional system services

The expenses on the functional system services represent the non-contracted international exchanges of electricity with the neighboring countries and the expenses on unplanned exchanges on the Day-Ahead Market.

Expenses for functional system services decreased by about 3% compared to 2017, a decrease mainly caused by the reduction in expenditure on the day-ahead market for unplanned electricity exchanges (exports) with neighboring countries connected to the NPW.

Expenses on Inter TSO Compensation (ITC)

ITC expenses represent the monthly payment obligations/rights of collection for each transmission system operator (TSO). They are established within the compensation/settlement mechanism for the effects of using the electricity transmission grid (PTG) for transits of electricity between TSO operators from 35 countries that acceded to this mechanism of the ENTSO-E.

In 2018, such expenses decreased by about 24% (from 20 mn lei in 2017 to 15 mn lei in 2018).

Maintenance and repairs

Expenses for maintenance works increased by 7% in 2018 (from 85 mn lei in 2017 to 91 mn lei). The annual maintenance programme for 2018 was 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.

11.1.2 Zero profit activities

Table 26: Summary of revenues from zero-profit activities

RON mn	2018	2017	2016	18/17
Operating revenues	1,541	1,887	1,463	▼ (18%)
Technological system services revenues	637	582	649	▲ 9%
Balancing market revenues	904	1,305	814	▼ (31%)

In 2018, technological system service revenues increased by 55 mn lei compared to 2017, due to the increase in the amount of electricity delivered to consumers, as well as by the increase in the average tariff achieved for these services during 2018.

Revenues on the balancing market decreased by 401 mn lei in 2018 compared to 2017, due to:

- the decrease of the negative imbalance registered at the level of the suppliers of electricity on the balancing market, respectively the decrease of the imbalance between the notified net contractual position and the actually supplied energy, in 2018 compared to 2017;
- the high degree of unpredictability and volatility of production from renewable sources (especially wind);
- the evolution of hydraulicity;
- the performance of contracting on markets prior to the balancing market and the low participation on the day-ahead and the intraday electricity market;

Table 27: Summary of expenses from zero-profit activities

RON mn	2018	2017	2016	18/17
Operating expenses	1,582	1,966	1,375	▼ (20%)
Technological system services expenses	678	661	561	▲ 2%
Balancing market expenses	904	1,305	814	▼ (31%)

Expenses for achieved technological system services increased in 2018 compared to 2017, by 16 mn lei, mainly due to the increase in the purchase prices for technological system services on the competitive market, as a consequence of the increase in the price of electricity on the national electricity market.

The increase was mainly due to the following factors:

- the purchase prices of technological system services on the competitive market were higher compared to regulated purchase prices. A significant influence in the rise of prices for purchasing technological system services on the competitive market was generated by the increase in prices registered on the electricity market in 2018.
 - the average purchase price for the SC (secondary control) on the competitive

- January 2018, when revenues achieved on the balancing market amounted to RON 41 mn in comparison with January 2017, when revenues achieved on the balancing market reached RON 427 mn.

The exceptional nature of the balancing market development of January 2017 was due to the significant increase in the consumption imbalances of parties in charge with balancing, due to an increase in the deficit price on the balancing market.

Following the energy crisis from Romania, as well as from Europe, generated by very low temperatures in comparison with the climatic average of January, corroborated to an extended unavailability period of important generating power plants, in January 2017 the *electricity market* was faced with particular circumstances that resulted in spiking price increases on the Day-Ahead Market, Intraday Market and Balancing Market.

market in 2018 compared to 2017 increased from 66.43 lei/hMW in 2017 to 73.99 lei/hMW in 2018.

- the average purchase price for the QTC (quick tertiary control) on the competitive market in 2018 compared to 2017 increased from 41.38 lei/hMW in 2017 to 41.87 lei/hMW in 2018.
- the average purchase price for the STC (slow tertiary control) on the competitive market in 2018 compared to 2017 increased from 17.68 lei/hMW in 2017 to 21.17 lei/hMW in 2018.
- An important influence in the increase of the purchasing cost of TSS on the competitive market was also the extremely high level of concentration of the technological system services market by service type (secondary reserve, fast tertiary reserve, slow tertiary

reserve). This concentration of the market has created favourable for the manifestation and exercise of power on the market, granted to certain participants by their dominant positions held (Hidroelectrica SA for SR and FTR, Romgaz for STR).

The increase in the TSS purchase costs in 2018 was also seen in the increase in the price of electricity on the national market. The third quarter of 2018 had a significant influence on the results for the analysed year.

Technological system services are purchased by the Company from producers with a view to ensuring that the safety in operation of NPS is maintained and that the transmitted electricity complies with the quality parameters required by the technical guidelines in force. Such services are contracted:

- in a regulated system, based on Government Decisions and ANRE Decisions;
- through competitive mechanisms,.

Transelectrica reinvoices the value of the technological system services purchased from manufacturers to electricity suppliers licensed by

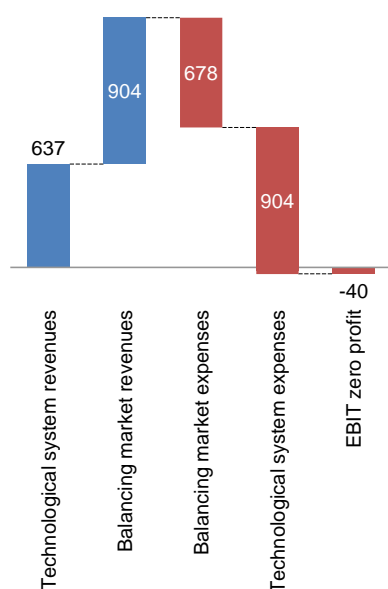
ANRE, who further include this cost in the invoice to the final consumer, who is the ultimate beneficiary of these services.

Expenses on the balancing market result from the transactions on this market, being fully covered by revenues on the balancing market.

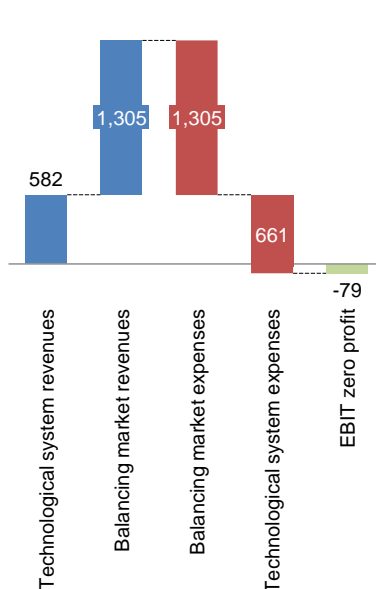
The following factors are envisaged in the analysis of the evolution of the balancing market:

- the evolution of hydraulicity;
- unpredictability and volatility of production from renewable sources (especially wind),
- System balancing is estimated for winter months by starting/keeping functional several heating groups/boilers and by selecting a high amount of energy upon increase;
- overcontracting/undercontracting on markets prior to the balancing market.

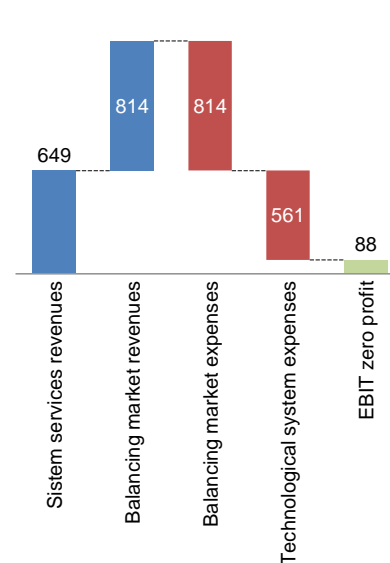
Financial highlights 2018



Financial highlights 2017



Financial highlights 2016



11.2. Financial results

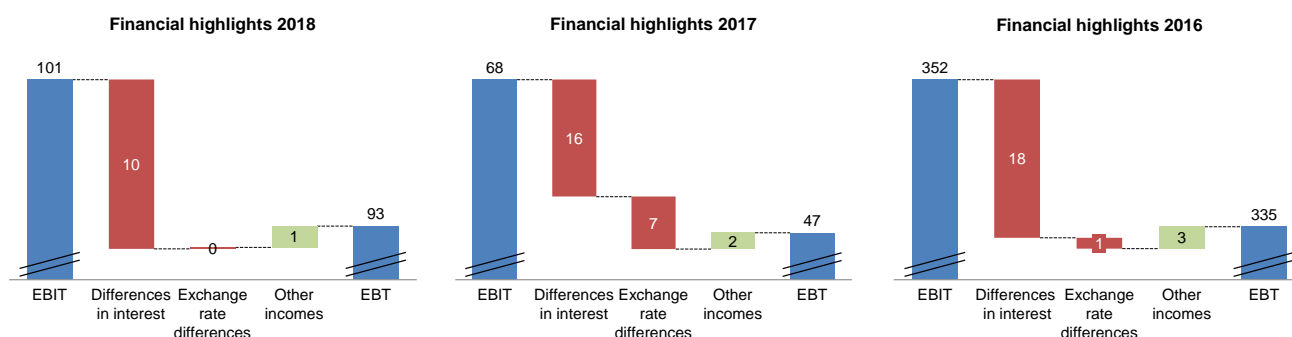
The net financial result registered in 2018 was negative, of 8 mn lei. This is lower than in the similar period of 2017, mainly influenced by the evolution of the exchange rate of the national currency to foreign currencies (euro and dollar) in which the Company

entered bank loan agreements for financing the investment programmes (EUR, USD), while net interest expenses were lower by 7 mn lei in the analysed time frame.

Table 28: The evolution of the foreign exchange rate

RON	2018	2017	2016	18/17
1 EUR	4.6639	4.6597	4.5411	▲ 0.1%
1 USD	4.0736	3.8915	4.3033	▲ 5%

Figure 38: Financial results (mn lei)



11.3. Balance sheet – financial position

RON mn	2018	2017	2016	18/17
Non-current assets				
Tangible assets	2,988	3,044	3,190	▼ (2%)
Intangible assets	23	16	14	▲ 46%
Financial assets	80	78	78	▲ 3%
Non-current assets	0	0	10	- n/a
Total non-current assets	3,091	3,138	3,292	▼ (1%)
Current assets				
Inventories	35	32	30	▲ 9%
Trade and other receivables	1,064	819	852	▲ 30%
Other financial assets	0	0	135	- n/a
Cash and cash equivalents	482	521	934	▼ (7%)
Total current assets	1,581	1,371	1,951	▲ 15%
TOTAL ASSETS	4,672	4,509	5,243	▲ 4%
Shareholders' Equity				
Share capital	733	733	733	▼ 0%
Reserves	763	726	772	▲ 5%
Retained earnings	1,313	1,259	1,602	▲ 4%
Total shareholders' equity	2,809	2,718	3,108	▲ 3%
Non-current liabilities				
Long term borrowings	144	195	502	▼ (26%)
Other non-current liabilities	520	488	503	▲ 6%
Total datorii pe termen lung	664	684	1,005	▼ (3%)
Current liabilities				
Short-term borrowings	53	317	138	▼ (83%)
Trade liabilities	1,021	700	874	▲ 46%
Other current liabilities	125	91	118	▲ 37%
Total current liabilities	1,199	1,108	1,130	▲ 8%
Total liabilities	1,863	1,792	2,135	▲ 4%
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES	4,672	4,509	5,243	▲ 4%

Assets

Fixed assets registered a ca. 1% decrease at the end of 2018 compared to 2017, mainly following the registration of tangible and intangible asset depreciation and due to the increase of the amounts related to property, plant and equipment in progress.

Tangible assets in the Constructions and special installations group were revalued for the financial exercise ending on December 31, 2018. Thus, the Company recognized a net excess from the revaluation of constructions and special installations of 99.4 mn lei, of which 100.4 mn lei was recognized to the credit of the revaluation reserve account and (0.93 mn lei) was recognized to the profit and loss statement for 2018.

Constructions and special installations include mainly transformation substations and high voltage electricity lines. Machinery and equipment mainly include transformers and bays relating corresponding to the NPS of 110 kV, 220 kV, 400 KV and 750 kV.

The valuation was performed at fair value, assuming that the Company would further carry on its business by using the tangible assets in the existing structure. The following were maintained at their accounting value:

- fixed assets classified in Group 1 - "Constructions" represented by constructions registered in the Company's accounting records as of December 31, 2018, fully depreciated, proposed for disposal;
- own sources used for the financing of the public domain assets registered in the Company's accounting records as of December 31st, 2018, fully depreciated, proposed to be included in the inventory of the public state domain;
- own sources (structural funds and the connection fee) used for the financing of goods belonging to the public state domain, included in the Company's accounting records on December 31, 2018, proposed to be included in the inventory of the public domain and for which no depreciation was calculated.

Other tangible assets were not revalued in 2018. The management concluded that market prices underwent no significant changes compared to 2012, when the Company performed the last revaluation and there is no indication of depreciation in the value of the held tangible assets, from both internal and external sources.

The highest input to intangible assets in progress in 2018 was "Replacement of EMS SCADA AREVA

system components - software component, hardware component – 7.8 mn lei".

In 2018, the biggest transfers from intangible assets in progress to intangible assets are mainly represented by the commissioning of the investment objectives.

The increase in financial assets is reflected in the assets held by the Company with TSCNET Services GmbH, starting June 2018. The Shareholders' General Assembly Decision 9 / 05.06.2018 approved the Company's affiliation to the Regional Security Coordination Centre, the amount of RON 2.2 mn representing the Company's participation to the share capital of TSCNET Services GmbH.

Current assets increased by 15% in 2018 compared to the value of December 31, 2017, mainly due to the increase in trade receivables and other similar accounts.

Spare parts hold the highest share among inventories (74%). The increase of inventories in 2018 compared to 2017 is mainly reflected by the 7% increase in spare parts, i.e. 1.7 mn lei.

The highest impact in the increase of trade receivables and other receivables is seen in the evolution of clients on the electricity market and other activities. Thus, on 31 December 2018 clients on balance from operational activities and from the balancing market registered an increase in comparison with 31 December 2017, mainly determined by:

- a greater volume of transactions on the balancing market in November and December 2018 compared to the same period of 2017, determining an increase of trade receivables on balance as of 31 December 2018 in comparison with 31 December 2017;
- the collection of receivables for invoices issued for the electricity market in December 2018, during January 2019;
- the increased amount of transported electricity.

Of all trade receivables registered on December 31, 2018, 19% is receivables to be collected from the bonus-type support scheme for the promotion of high-efficiency cogeneration, down from the 2017 level.

The Company has to collect receivables from the bonus-type support scheme for the promotion of high-efficiency cogeneration of 199 mn lei, down from the 219 mn lei of 2017, due to:

- the collection of receivables corresponding to ANRE decisions on the over-compensation of cogeneration for 2017, of 140 mn lei issued in March 2018, based on ANRE decisions;
- the collection of the staggered amounts of 9.8 mn lei in the first and third quarter for the overcompensation for 2015 from Termoficare Oradea for SC Electrocentrale Oradea SA, based on the entered convention;
- the reduced contribution value for high efficiency cogeneration determined by ANRE, beginning with 01 July 2018.

The balance amounting to 199 mn lei is represented by the invoices issued under the bonus-type support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation of 76.7 mn lei for 2011-2013, namely from RAN - 63.5 mn lei and CET Govora SA - 13.2 mn lei;
- undue bonus for 2014 in the amount of 3.9 mn lei, namely from RAAN – 2 mn lei, CET Govora – 1.9 mn lei;
- undue bonus corresponding to 2015 amounting to RON 0.6mn, namely from CET Govora SA – RON 0.5 mn, Interagro – RON 0.03 mn;
- overcompensation for 2016 for 56.7 mn lei, namely from Electrocentrale București;
- contribution for cogeneration uncollected from the suppliers of electricity consumers and amounting to 21.1 mn lei namely from: Transenergo Com – 5.9 mn lei, PetProd – 4.4 mn lei, Romenergy Industry – 2.7 mn lei, RAAN- 2.4 mn lei, UGM Energy – 1.8 mn lei, CET Govora – 0.9 mn lei, KDF Energy – 0.9 mn lei and others.

In order to discharge the receivables generated by the overcompensation and the undue bonus, the Company requested the reciprocal compensations from the qualified producers in the support scheme. For producers (RAAN, Electrocentrale Bucuresti, CET Govora) that have not agreed to this way of discharging the reciprocal receivables and debts, the Company has applied and continues to apply the provisions of Article 17 (5) of the Order of ANRE Chairman no. 116/2013 approving the Regulation on determining the way to collect the contribution for high-efficiency cogeneration and payment of the bonus for the electricity produced in high-efficiency cogeneration.

On 31 December 2018 „Other trade receivables” amounting to RON 83.5 mn, decreasing by 28% compared to 2017, mainly include:

- various debtors amounting to 71.2 mil lei, out of which interest on late payments computed for clients in default of payment, amounting to 62.6 mil lei (of which the amount of 26 mn lei);
- compensations owed by suppliers for the failure to deliver electricity (Arelco Power 2.8 mil lei and Enol Grup 2.5 mil lei);
- receivables from OPCOM representing VAT for the contribution in kind to the subsidiary's equity, amounting to 4.5 mil lei;
- deferred expenses amounting to 6.5 mil lei mainly represented by the advances on contracts concluded with the suppliers of electricity needed for covering the own technological consumption for future periods (5.3 mil lei);
- other receivables amounting to 4.6 mn lei, of which 4.2 represent guarantees for temporary occupation of the land calculated and retained in accordance with the art. 39 paragraph (1), paragraph (2) and paragraph (5) of the Law no. 46/2008 regarding the Forestry Code in order to achieve the investment objective LEA 400 kV Resita - Panchevo (Serbia).

Bank deposits with a maturity of more than 90 days were dissolved in 2017 and 2018; as of December 31, 2016 they amounted to 135 mn lei (under “Other financial assets”).

Cash and cash equivalents decreased given the full repayment of bonds on December 19, 2018, as well as the repayment of last instalments for loans due in 2018.

Shareholders' equity and liabilities

Long-term liabilities have registered a 3% decrease in 2018 compared to 2017, mainly as a result of reimbursements performed as per the maturity dates and agreements (long-term loans from 195 mil lei as of December 31st, 2017 to 144 mil lei as of December 31st, 2018) for the contracted loans.

Within long-term deferred revenues (411 mn lei in 2018 and 410.6 mn lei in 2017), 10 mn lei is the amount collected in May 2018 from the European Commission for the project of common interest Internal line between Cernavoda and Stalpu, and 1.4 mn lei the amount collected in July from the European Commission for the project 400 kV double circuit Gutinas-Smardan overhead electric line.

The evolution of long-term liabilities is also influenced by the increase in liabilities for deferred tax, increasing from 25 mn lei in 2017 to 56 mn lei in 2018.

At the same time, **short-term liabilities** showed an 8% decrease (from RON 1,108 mn as of December 31, 2017, to RON 1,199 mn as of December 31, 2018): This is mostly due to the increase:

- by 46% in *trade payables* (from 700 mn lei as of December 31, 2017 to 1,021 mn lei as of December 31, 2018), due to:
 - the 45% increase in liabilities to suppliers – electricity market (780 mn lei in 2018 compared to 539 mn lei in 2017), due to:
 - the increase in the balance of debts related to the electricity market towards the operational activity providers was mainly determined by the increase in the electricity quantity for covering the own technological consumption in the transmission grid,
 - the negative evolution of the balance of liabilities for the balancing market, showing an increase in the amount of transactions in the fourth quarter of 2018 compared to the similar period of 2017, as well as the fact that the payment of liabilities as of December 31, 2018 was made on the maturity of January 2019.
- *other debt*, with a significant impact on *clients-creditors*, with a balance of 56 mn lei in 2018 (of which 4 mn lei - amounts collected in advance from MAVIR and 51 mn lei amounts collected in advance from OPCOM, within transactions for

the price coupling mechanism) compared to 21 mn lei in 2017, as well as the *balance of payable dividends* of 67.7 mn lei in 2018 (of which 66.7 mn for dividends distributed from the retained earnings, based on the Decision of the General Assembly of Shareholders no. 15/14.12.2018, with 25.01.2019 as the deadline to start dividend payment) compared to 2.4 mn lei in 2017,

- *provisions*, mainly for disputes (62 mn lei in 2018 compared to 3 mn lei in 2017). The most significant dispute is the one with Asito Kapital SA, of 31.2 mn lei.

The above mentioned increases were compensated by the reduction in the current portion of long-term loans, including interests for long and short-term loans and bonds, given the repayment of loans that became due during 2018 (from 317 mn lei as of December 31, 2017 to 53 mn lei as of December 31, 2018).

Equity

Equity had a 3% increase, mainly due to the increase in the revaluation reserve (522.6 mn lei as of December 31, 2018 compared to 500 mn lei as of December 31, 2017) and a 4% increase in the retained earnings based on the excess from revaluation reserve, which is non-taxable/taxable upon change of destination.

11.4. Cash flow

Table 29: Cash flow

RON mn	2018	2017	2016	18/17
Operational activity				
Cash flow before changes in current assets	426	356	725	▲ 20%
Changes in current assets	33	(229)	(119)	▲ 114%
Paid interests and taxes	(33)	(30)	(91)	▼ (8%)
Net cash from the operational activity	426	96	515	▲ 342%
Investment activity				
Acquisition of tangible and intangible assets	(171)	(183)	(172)	▲ 7%
Collections from non-used advance payments	0	0	30	- n/a
Owned shareholdings at TSC NET	(2)	0	0	- n/a
Collections from the investment activity	23	8	8	▲ 192%
Other financial assets	-	135	(65)	- n/a
Cash used in the investment activity	(149)	(40)	(199)	▼ (274%)
Financing activity				
Net (repayments)/collections from borrowings and bonds issuance	(314)	(134)	(162)	▼ (134%)
Special dividends as per GO no. 29/2017	-	(170)	0	- n/a
Dividend paid	(1)	(166)	(194)	▲ 99%

RON mn	2018	2017	2016	18/17
Cash used in the financing activity	(315)	(470)	(356)	▲ 33%
Net decrease of cash and cash equivalents	(39)	(413)	(40)	▲ 91%
Cash and cash equivalents as of 1 January	521	934	974	▼ (44%)
Cash and cash equivalents at the end of the year	482	521	934	▼ (7%)

11.5. Indicators

Table 30: Profitability, liquidity, risk and activity indicators

Ratio	Formula	2018	2017	2016
Profitability ratios				
EBITDA in total sales	$\frac{\text{EBITDA}}{\text{Turnover}}$	15%	13%	25%
EBITDA in shareholders' equity	$\frac{\text{EBITDA}}{\text{Shareholders' equity}}$	14%	14%	22%
Gross profit rate	$\frac{\text{Gross profit}}{\text{Turnover}}$	3%	2%	13%
Rata rentabilității capitalului	$\frac{\text{Net profit}}{\text{Shareholders' equity}}$	3%	1%	9%
Liquidity ratios				
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.32	1.24	1.73
Quick ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	1.29	1.21	1.70
Risk ratios				
Indebtness ratio	$\frac{\text{Capital împrumutat}}{\text{Shareholders' equity}}$	7.0%	18.8%	20.6%
Indebtness ratio	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	6.6%	15.9%	17.1%
Interest coverage rate %	$\frac{\text{EBIT}}{\text{Interest expenses}}$	5.26	3.15	14.65
Activity ratios				
Clients' turnover	$\frac{\text{Average client balance}^* \times \text{no. days}}{\text{Turnover}}$	90.96	71.41	72.68
Non-current assets turnover	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.87	0.96	0.81

* The clients contributing to the turnover (energy, balancing, other clients, invoices to issue for clients) were taken into consideration. The average balance does not include doubtful clients, the cogeneration scheme and overcompensation.

12. Regulated tariffs for electricity transmission

General Framework

The regulatory model of transmission tariffs currently applied in Romania is the revenue cap. This model assumes regulating the total allowed revenue of the transmission market operator and includes among objectives the provision of premises necessary for the efficient operation of transmission services and maintaining the operator's financial stability in order to provide proper remuneration of financiers, while also maintaining the access to financing. The model includes mechanisms stimulating operational efficiency and a financial profitability framework based on control over the investments made by the operator (asset regulatory base) as well as regulated rate of return established with the operator's estimated average financing costs.

Electricity transmission services are charged during regulatory periods.

Such regulatory periods represent multi-annual cycles of tariff regulation (currently 5 years), during which a tariff calculation methodology³ is applied and a full set of parameters is used for it, for actual tariff calculations. Tariff parameters established for multi-annual horizons and offer a higher predictability and visibility of investments, of Transelectrica's operational costs and revenues. Tariffs of a regulatory period are annually reviewed and remain valid for 12 month intervals since the approval date⁴ (tariff years).

Differences between the forecasted values and actual values of parameters used in tariff calculations for a particular year are netted by means of ex-post corrections implemented in the tariff in subsequent tariff years or at the beginning of the immediately following regulatory period. In case of certain specific elements of the regulated cost base which is capped, exceeding the forecasted level of such costs is not netted. Also in the case of certain cost components, savings are partially withheld by Transelectrica.

The range of calculation parameters is approved by ANRE and includes:

³ The methodology currently applied is the one approved by ANRE Order no. 53/2013 on the tariff setting methodology for the electricity transmission service

⁴ Tariffs may be changed during a tariff year only in clearly defined cases foreseen by the tariff setting methodology for the electricity transmission service approved by ANRE Order no. 53/2013

- costs for current operation of the service: controllable and non-controllable operation and maintenance costs, own technological consumption, internal network congestions, costs and revenues associated to the financial settlement mechanism of electricity transits within ENTSO-E;
- service development costs: investments planned in the transmission network, the depreciation program based on regulated service periods, the profitability of invested capital established using a regulated rate of return, applied to the asset regulatory base;
- the electricity amount that can be charged.

Transmission tariffs are invoiced using the amounts of active electricity input/taken out the public electric networks on Romanian territory, except for imports/exports.

Transelectrica charges transmission tariffs for injection into public electricity networks (tariff component TG) and for extraction out of public electricity networks (tariff component TL). TG is not applied to the electricity generated by power plants of small installed capacity up to 5 MW. TG is also not applied to imported electricity. TL is not applied to exported electricity.

On July 1st, 2015, ANRE changed the allocation manner of regulated costs by the two components of the transmission tariff (TG and TL). This change meant limiting the costs included in the TG to the costs of the own technological consumption and the costs associated to removing network congestions. All other regulated costs were distributed to TL. The change occurred due to Romania's voluntary step to tailor the national regulatory framework according to the recommendations provided in Opinion no. 9/2014 issued by the Agency for Cooperation of Energy Regulators (ACER) regarding transmission tariffs paid by electricity producers in Europe.

The Opinion of ACER points out how important it is to increase the harmonization degree of transmission tariffs paid by electricity generators, with a view to minimize potential distorted effects caused by different network tariffs paid by generators from different EU member states, in the context of setting the single electricity market on an European level.

In Romania, the new cost allocation method moved the center of gravity of regulated revenue on the TL tariff, thus the national electricity consumption became the main determining factor in the collection of transmission revenues.

The situation before implementing this new allocation method was characterized by a balanced distribution of regulated costs by TG and TL components, which generated similar exposure levels of revenues to the volumes injected in the grid by generators, namely to the volumes extracted out of the grid by consumers. The new allocation method significantly reduces the exposure levels of revenues to the electricity output (stimulated by export in recent years) and increases the exposure of revenues to the domestic demand of electricity accordingly.

The tariff plan for electricity transmission is currently differentiated by zones, both for injection and for extraction of electricity into/from networks, depending on the impact such electricity injection/extraction can have over the own technological consumption in a certain area of the power transmission grid. The amendments made to Law no. 123/2012 on

electricity and natural gas at the end of 2016 provide uniform tariffs by eliminating zone differences, and the network users will pay the same transmission tariff (network injection/network extraction) regardless of their connection point in the network. Such amendments will be implemented in the secondary legislation.

Tariffs applicable in 2018

For the **first semester of 2018**, the applicable tariffs were published by ANRE by Order 48/2017 and Order 122/2017 on the approval of the average tariff for the transmission service, the tariff for the system service, zonal tariffs for the transmission service and the regulated price for reactive electricity.

The Order 48/2017 was published in the Official Gazette 489/28.06.2017, and the Order 122/2017 in the Official Gazette 1011/20.12.2017.

The tariffs approved by ANRE (Orders no. 48/2017 and 122/2017) applicable in the first semester of 2018 are presented in the table below:

Index	Tariff	UM	Tariff applied as of July 1st, 2016	Tariff applied as of July 1st, 2017	Difference %
A	Electricity transmission	lei/MWh	18.7	16.86	-9.80%
B	Functional system services	lei/MWh	1.3	1.11	-14.6%
C	Technological system services	lei/MWh	11.58	9.39	-18.9%
	Billed quantity	TWh	52	54	-

The newly approved tariffs have been calculated in accordance with the applicable methodologies

On December 20th, 2017, on the grounds of ANRE Order no. 122, the Company published the statement on the approval of the average tariff for the transmission service. Pursuant to the document published by

ANRE, the increase of the regulated system services tariff (from 9.39 lei/MWh to 12.06 lei/MWh) leads to an increase of ca. 0.6% in the final price of energy delivered to the household consumers.

The transmission tariff

The decrease of 9.8% in the transmission tariff mainly represents the negative corrections applied by the regulator for the compensation of differences between the forecasted values used to calculate the tariff in the previous years and the actual recorded values (final corrections for the year July 1st, 2015 - June 30th, 2016, preliminary corrections for the year July 1st, 2016 - June 30th, 2017) according to the methodology in force.

The "ex-post" corrections contributed to the decrease in tariff with 5.6%. The most important elements of the ex-post corrections applied in calculating the new approved tariff are: (i) the price of energy purchased to cover the own technological consumption, (ii) the inflation index, (iii) using a part of the incomes resulting from interconnection capacity allocation as a complementary source for the regulated tariff in order to cover the regulated costs, (iv) the increase of energy consumption and exported electricity above the initial level forecasted by ANRE when planning the tariff;

In addition to the negative corrections there have been other factors which contributed to the establishment of the approved tariff value, entered into force on July 1st, 2017, compared to the tariff in force until June 30th, 2017:

- The forecasted inflation used for the calculation of the new approved tariff was higher than the

forecasted inflation used for the calculation of the previous tariff (the inflation index used for the calculation of the new tariff is higher than the inflation index used for the calculation of the tariff for the previous tariff year). The contribution of the inflation index difference to the modification in the new approved tariff compared to the previous tariff is of +0.37%;

- The basic annual income calculated as a sum of the annual regulated costs, set forth based on the cost forecast for a period of 5 years, approved by ANRE for the regulation period July 1st, 2014 - June 30th, 2019, is slightly higher than the basic annual income corresponding to the previous tariff year. The linearization of the annual income series within the regulation period led to a redistribution of the annual income within the period, while keeping constant the total income value for 5 years, the income development from one year to the next representing a decreasing negative slope. The cumulated contribution of the two elements presented within this paragraph to the modification in the new approved tariff compared to the previous tariff is of -0.92%.

Functional system services tariff

The tariff decrease by 14.6% was mainly determined by:

- The negative ex-post correction included in the new tariff is higher than the negative correction applied to the tariff for the previous year. The contribution of the ex-post correction to the decrease in the new approved tariff compared to the previous tariff is of -3.8%;
- The annual forecast for costs included in the new approved tariff is lower than the annual forecast for costs included in the tariff for the previous year. The contribution of the reduction of the annual forecast for costs to the decrease in the new approved tariff compared to the tariff in force is of -6.9%;
- The electricity volume chargeable at the extraction point was increased from 52 TWh to 54 TWh. The contribution of the change in the chargeable volume to the decrease in the new approved tariff compared to the previous tariff is of -3.8%.

Technological system services tariff

The tariff decrease by 18.9% was determined by:

- The negative ex-post correction included in the new approved tariff, set forth according to the

methodology applicable for partial compensation (amounting to 80%) of the estimated profit to be accumulated until June 30th, 2017. The profit was mainly obtained due to the significant reduction of unit purchasing prices via auctions for ancillary services compared to the unit prices forecasted by ANRE. In order to mitigate the impact on the regulated tariff, on Transelectrica's request, a new staging program was set forth for the application of the correction on the grounds of which 50% of the total correction was applied in the new approved tariff, following that the remaining 50% to be applied to the subsequent tariff revisions. The contribution of the ex-post correction to the decrease in the new approved tariff compared to the tariff in force is of -4.6%;

- The annual forecast for costs included in the new tariff for purchasing ancillary services in the tariff year July 1st, 2017 - June 30th, 2018 is lower than the forecast for costs included in the tariff year July 1st, 2016 - June 30th, 2017. The reduction of the forecast for costs was determined by the reduction of purchasing prices via auctions for ancillary services in the current tariff year compared to the prices forecasted by ANRE, especially in the second half of 2016. The contribution of the reduction of the annual forecast for costs to the decrease in the new approved tariff compared to the previous tariff is of -10.6%;

The electricity volume chargeable at the extraction point was increased from 52 TWh to 54 TWh. The contribution of the change in the chargeable volume to the decrease in the new approved tariff compared to the tariff in force is of -3.7%.

The regulatory framework for the ancillary services activity (ANRE Order no. 45/2017) includes tariff adjustment mechanisms after a minimum of six months from the approval of the tariff, created to ensure the full and timely recovery of the costs incurred by the Company in purchasing such services.

The tariffs approved by ANRE through Order 108/2018 were applied for the **second semester of 2018**. ANRE Order no. 108/2018 was published in the Official Gazette no. 519/25.06.2018.

The tariffs approved by ANRE (Order no. 108/2018) applicable in the second semester of 2018 are presented in the table below:

Index	Tariff	UM	Tariff applied as of July 1st, 2017	Tariff applied as of July 1st, 2018	Difference %
A	Electricity transmission	lei/MWh	16.86	18.13	+7.5%
B	Functional system services	lei/MWh	1.11	1.11	-
C	Technological system services	lei/MWh	12.06	10.44	-13.4%
	Billed quantity	TWh	54*	55.4	-

The newly approved tariffs have been calculated in accordance with the applicable methodologies

* The amount of electricity used in order to approve the transmission tariff and the tariffs of functional system services was 54.0 TWh (1 July 2017), and the electricity quantity used in order to approve the tariff for technological system services (1 January 2018) was 27.5 TWh for semester I 2018 (55.0 TWh each year)

The transmission tariff

The **(+7.5%)** tariff increase is mainly explained by two factors:

- Ex-post corrections - applied to compensate the differences between estimated values used for tariff calculations in previous years and the actual registered values (final corrections for year 1 July 2016 - 30 June 2017, preliminary corrections for year 1 July 2017 - 30 June 2018); such corrections were negative but of lower absolute value compared to those applied in the current tariff. Ex-post corrections contributed **+6.5%** to the increase of the new tariff approved compared to the current one;

The most important elements of the ex-post corrections applied in calculating the new approved tariff are: (i) electricity procurement price to cover one's own technological losses, (ii) the inflation index, (iii) using part of the revenues from the allocation of interconnection capacities as complementary source of the regulated tariff to cover regulated costs, (iv) higher electricity consumption above ANRE's forecast when it designed the tariff, (v) the partial investment correction;

- The forecasted inflation used in the calculation of the newly approved tariff was higher than the forecasted inflation used in order to calculate the tariff of the current year (the inflation index used in the new tariff calculation is superior to the inflation index used in the calculation for the current year's tariff). The inflation index difference contributed **+4.6%** to changing the new tariff approved compared to the current one.

Besides positive corrections there have been other factors that contributed to the value of the new tariff approved and applied from 01.07.2018 compared to the tariff applied until 30.06.2018:

- The electricity volume chargeable at the extraction point was increased from 54.0 TWh to 55.4 TWh. Such change in the billed amount of electricity contributed **-2.5%** to changing the newly approved tariff.
- The basic annual income calculated as a sum of the annual regulated costs, set forth based on the cost forecast for a period of 5 years, approved by ANRE for the regulation period July 1st, 2014 - June 30th, 2019, is slightly higher than the basic annual income corresponding to the previous tariff In Process. The linearization of the annual income series within the regulation period led to a redistribution of the annual income within the period, while keeping constant the total income value for 5 years, the income development from one year to the next representing a decreasing negative slope. The cumulated contribution of the two elements presented within this paragraph to the modification in the new approved tariff compared to the tariff in force is of **-1.0%**.

Functional system services tariff

The tariff was maintained due to the following individual calculation items whose net cumulated effect was zero:

- The ex-post negative correction included in the new tariff was lower in absolute value compared to the negative correction applied to last year's tariff. The ex-post correction contributed **+6.0%** to changing the newly approved tariff;
- The annual forecast for costs included in the new approved tariff is lower than the annual forecast for costs included in the tariff for the current year. The reduced annual cost forecast contributed **-3.4%** to changing the newly approved tariff;

- The electricity volume chargeable at the extraction point was increased from 54.0 TWh to 55.4 TWh. The contribution of the change in the chargeable volume to the change in the new approved tariff compared to the tariff in force is of -2.5%.
- The annual forecast for costs included in the new tariff for purchasing ancillary services in the tariff year July 1st, 2018 - June 30th, 2019 is lower than the forecast for costs recognized in the first semester of 2018 (second semester of the tariff year July 1st, 2017 - June 30th, 2018). The increase of the forecast for costs was determined by the increase of purchasing prices via auctions for ancillary services in the current tariff period compared to the prices forecasted by ANRE. The higher annual cost forecast contributed +5.4% to changing the newly approved tariff;

Technological system services tariff

The tariff decrease (-13.4%) was determined by:

- The ex-post negative correction included in the newly approved tariff, set in accordance with the methodology applicable for partial compensation (up to 80%) of the profit gathered by 30.06.2017. The profit obtained during this period was mainly achieved against a significant drop in unit procurement prices for technological system services under bids compared to the unit prices forecasted by ANRE and included with anticipation in the calculation of approved tariffs. In order to mitigate the impact over the regulated tariff, upon Transelectrica's request ANRE established a spread-out of corrections during two tariff years, 1 July 2017 – 30 June 2018 and 1 July 2018 – 30 June 2019, based on which the newly approved tariff was applied the second correction quota applicable to 1 July 2016 - 30 June 2017 as well as the unachieved part of the first quota. The contribution of the ex-post correction to the decrease in the new approved tariff compared to the tariff in force is of -18.0%;
- The electricity volume chargeable at the extraction point was increased from 55.0 TWh to 55.4 TWh. Such change in the billed amount of electricity contributed -0.7% to the decrease in the newly approved tariff.

13. Litigations

RAAN

On the docket of Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes file **3616/101/2014** was registered, pertaining to "claims amounting to 1,090,831.70 Ron, the value of invoice 1300215/31.12.2013", file where the Company is defendant and claimant is the Autonomous Company for Nuclear Activities, RAAN.

By civil sentence no. 127 ruled on October 10th, 2014, the Mehedinti Court admitted the request lodged by plaintiff RAAN and ordered the Company to pay the amount of 1,090,831.70 lei, the consideration of invoice no. 1300215/31.12.2013.

The Company filed an appeal asking the court to allow the appeal as it was filed and to reverse the judgment and sentences under appeal and to refer the case to the trial court in the territorial jurisdiction for judgement, and to declare the compliance with the requirements of Articles 1616-1617 of the Civil Code, reason for which it is being required to declare the intervention of the compensation of mutual debts, 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 appellee -plaintiff to pay the expenses occurred with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice who decided to reverse decision no. 843/2015 and to remand the case for retrial to the same court, the Court of Appeal Craiova.

Ruling 124/2017 of the Appeal Court Craiova admitted the appeal filed by Transelectrica and cancelled sentence 127/2014 pronounced by Mehedinti Tribunal, and the case was referred to Bucharest Tribunal, Section VI Civil for re-judgment. On the docket of Bucharest Tribunal the case was registered under no. 40444/3/2017, and by civil sentence 4406/04.12.2017 the court admitted RAAN's request and obliged Transelectrica to pay 1,090,831.70 Ron. The decision was appealed. The hearing term was set on 13.12.2018.

In 2014-2015 the Company withheld the bonus owed to RAAN under the support scheme according to the provisions of ANRE regulations, namely article 17 para 5 of Order 116/2013 of the ANRE president.

Under such circumstances RAAN has calculated penalties for its not collecting in due time the

cogeneration bonus amounting to 3,496,914, which the Company withheld on account of uncollected receivables. The Company refused paying the amount of 3,496,914 lei and did not record it as liability under the support scheme.

File no. **9089/101/2013/a152** is an appeal against the Additional table of trade receivables against the debtor RAAN.

Transelectrica SA has been recorded in the table of the debtor RAAN with 11,264,777 Ron, in the category of liabilities resulting from the debtor's continued activity, but the actual sum requested by our company amounts to 89,360,986 Ron. The amount of 78,096,209 lei was not registered in the preliminary table because "this is not listed as owed in RAAN's accounting records." Moreover, the liquidator considered that the request regarding the registration in the table of the amount equal to 78,096,209 lei is tardily filed, being related to the timeframe 2011 – 2013, reason for which the receivable declaration should have been filed at the moment of commencement of the insolvency proceedings, namely on September 18th, 2013. The appeal against the Additional table of trade receivables was submitted within the legal term, as the Mehedinti Tribunal accepted the accounting expertise evidence.

On the 14.06.2018 term the case judgment was suspended until settlement of file 3014/2/2014 on the docket of the High Court for Cassation and Justice. On 28.06.2018 a term was set to continue the procedure, namely handing over the heavy water quantity, consolidating the creditors' amount after settling all contestations, continuing all procedures with a view to recover trade receivables, representing the debtor company in court for recovery of such trade receivables, completing the valuation of patrimonial assets, elaborating the sale regulations and further capitalising the company's assets

The further term of the procedure was set for **06.06.2019**.

COURT OF AUDITORS

Following an audit session of 2013, the Court of Audit required the Company to implement certain measures as a result of certain deficiencies it had found during this audit session. The decision and protocol issued by the Court of Auditors have been appealed before the Court of Appeal Bucharest, the case file no. **1658/2/2014** was thus constituted, aimed at the "annulment of the control documents" – Protocol no. 7/20.02.2014 issued by the Court of Auditors.

On 13.06.2018 the claimant's suit was partly admitted. The instance cancelled in part the conclusion 7/20.02.2014, the decision 37/9.12.2013 and the control report 35521/6.11.2012 issued by the defendant with respect to the measures required in the fore-mentioned decision in items 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 item II.13, which means removing the phrase "including those found in case of invoices issued by Florea Administrare Imobiliara SRL". For the remainder, the court rejects the request of the plaintiff as groundless. Approves the electricity technical expertise report drafted by Toaxen Vasile as expert. Compels the defendant to pay 121,375 Lei law suit expenses to the claimant (partially expert fees and judiciary stamp tax).

Document: Ruling 2771/13.06.2018.

On the date of this report such Ruling has not been drawn up.

Following a verification conducted in 2017, the Court of Auditors issued several measures to be implemented by the Company as a result of a series of deficits identified within this verification. The Company filed a total of 8 objections against the measures ruled by the Romanian Court of Auditors (CCR) via Decision no. 8/27.06.2017 requesting the annulment thereof, as well as the Decision no. 77/03.08.2017 registered with the Company's secretariat under no. 29117/08.08.2017, as well as the Control Report no. 19211/26.05.2017.

The appeals are pending with the Appeal Court Bucharest and the High Court of Cassation and Justice.

ANRE

The Company filed a complaint against the Order of the ANRE Chairman no. 51/June 26th, 2014, registered at ANRE under no. 47714/August 4th, 2014, and an appeal before the Court of Appeal Bucharest, subject of the file no. **4921/2/2014**, requesting either the amendment of the

forementioned Order, or the issuance of a new order, which should recalculate the RRR value at the level of 9.87% (recalculated with a (β) coefficient of 1.0359, according to the internal analyses conducted by Transelectrica) or, should this request be rejected, using the same percentage of 8.52% set by ANRE for the year of 2013 and for the first semester of 2014.

On 26.06.2014 ANRE Order 51 was issued, published in Romania's Official Gazette no. 474/27.06.2014, approving the average tariff for transmission services, the tariff for system services and the zone tariffs of transmission services used by the National Power Grid Company Transelectrica SA and cancelling annex 1 to Order 96/2013 of ANRE president approving the average tariff for transmission services, the tariff for system services and the zone tariffs of transmission services as well as the tariffs for reactive electric power, applied by economic operators of the electricity sector. The values taken into consideration for calculating the Regulated Rate on Return (RRR⁵) by ANRE, according to the Methodology on establishing the tariffs for the electricity transmission service, approved by ANRE Order no. 53/2013 ("the Methodology") have determined a RRR value of 7.7%.

A notice will be provided to the expert on the 25.09.2018 hearing, so that the expertise report might be drawn up and submitted to the file, with the mention to prove the impossibility to submit the expertise report by the hearing deadline; to this purpose, the case will be postponed.

On the hearing term of **22.01.2019** the instance admitted in principle the request for accessory intervention to the interest of the defendant (ANRE), expressed by the intervenient ALRO SA, with appeal right alongside the main issue. The case is deferred until the following term established on **14.05.2019**.

The dispute did not impact the relation with ANRE or the Company's financial results.

OPCOM

On 24.11.2014, OPCOM SA filed a suit against the Company, asking that it should be compelled to pay 582,086.31 EUR (2,585,161.72 lei), i.e. the amount paid by it as a fine, of the total fine of 1,031,000

⁵ RRR - Regulated Rate on Return is presented in the technical literature as WACC – Weighted Average Cost of Capital, the equation of both indicators being similar: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

EUR; the request was included in file no. **40814/3/2014**.

Previously the Shareholders' General Assembly of the Subsidiary OPCOM SA decided on its 10.06.2014 reunion to pay the fine in full amounting to 1,031,000 EUR applied by the General Directorate Competition of the European Commission for its trespassing of article 102 of the Treaty regarding operation of the European Union, in accordance with Decision on the antitrust case AT 39984.

Also OPCOM SA requested the law court to compel the Company to pay another amount of 84,867.67 Ron as legal interest rate for the time interval 11.06.2014 – 24.11.2014.

The action filed by OPCOM SA is subject of the file no. 40814/3/2014 on the docket of the Bucharest Court, Civil Section VI, involving claims, litigation with professionals.

On the 24.07.2015 court session the instance admitted the summons filed by the Electricity and Natural Gas Market Operator OPCOM SA in contradiction with defendant the National Power Grid Company Transelectrica SA and compelled the defendant to pay 582,086.31 Euro to the claimant, representing the amount the claimant paid on behalf of the defendant from the 1,031,000 Euro fine applied under European Commission Decision on 05.03.2014 in the AT.39984 case as well as the legal interest to a sum of 582,086.31 Euro, calculated on 11.06.2014 until the actual payment date. Also, the court compelled the defendant to pay 37,828 Ron to the claimant as law suit expenses; appeal right within 30 days from notification. Against the sentence no. 4275/2015, pronounced in the aforementioned file, Transelectrica SA filed an appeal, which was registered before Bucharest Court of Appeal.

The Appeal Court's settlement in brief: admits the appeal, changes fully the civil sentence appealed against, namely it denies the summons as groundless. The court compels the respondent in appeal-claimant to pay 16,129 Ron representing judiciary stamp tax. Appeal within 30 days from notification, ruled in open court on 10.10.2016.

Document: Decision 1517/2016 from October 10th, 2016.

OPCOM S.A. filed an appeal which was registered with the High Court of Cassation and Justice.

The term of the High Court for Cassation and Justice: 13.03.2018.

Document: Decision 1517/2016/10.10.2016

OPCOM SA filed an appeal, registered at the High Court of Casation and Justice

This Court's settlement in brief: To admit the appeal filed by the recurrent-claimant Electricity and Natural Gas Market Operator OPCOM SA against ruling 1517/10.10.2016, pronounced by the Court of Appeal of Bucharest, Civil Section V. Invalidates the contested decision and refers the case to the court of appeal. Final.

On the 01.10.2018 hearing term the Court of Appeal of 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 within 30 days from notification.

On 27.11.2018 CNTEE Transelectrica SA filed an appeal.

▪ ASITO CAPITAL SRL

File no. **24552/3/2017** was instituted as it pertains to "payment ordinance – claims", a dispute amounting to 31,180,857.96 Ron.

On the 07.11.2017 term after deliberation the Bucharest Tribunal pronounced the following settlement, in brief:

- The demand is admitted.

- Orders the debtor to pay, within 20 days from notification of this decision, the amount of 2,237,750.83 EUR (the equivalent of 9,948,592.64 lei at the exchange rate of 4.4458 lei/EUR), representing the down payment which was not reimbursed but guaranteed via letter of guarantee no. BR-1500544/18.11.2015;

- Orders the debtor to pay, within 20 days from notification of this decision, the amount of 4,821,022.53 euro (the equivalent of 21,233,265.32 lei at the exchange rate of 4.4041 lei/EUR), representing the down payment which was not reimbursed but guaranteed via letter of guarantee no. BR-1500520/29.07.2015;

- Orders the debtor to pay, within 20 days from notification of this decision, the amount of 200 lei representing legal expenses. Cancellation request right is available within 10 days from communication. Document: Ruling 4067/2017-07.11.2017 has been drawn up and transmitted to both parties on 17.10.2018.

On 01.11.2018 Ruling 4067/2017 - 07.11.2017 was legalised and then transmitted to BEJ Raileanu in view of enforcing such executory title.

On 06.11.2018, ASITO KAPITAL SA paid the Company the amount of 31,181,857.96 as follows:

- the amount of 21,233,265.32 - according to the Civil Decision no. 4067/2017 (EUR 4,821,022.53 at the 4.4041 rate);

- the amount of 9,948,592.64 - according to the Civil Decision no. 4067/2017 (EUR 2,237,750.83 at the 4,4458 rate).

As of October 26, 2018, ASITO KAPITAL SA formulated within the legal term an application for annulment against the Decision 4067/2017.

Considering the demand for cancellation filed by ASITO KAPITAL SA against Decision 4067/2017, the Company established a provision for litigation of 31,180,858.

We should mention that, within file 35865/3/2018 (former file no. 24552/3/2017) the hearing term set for settlement of the request to cancel the payment ordinance whereby repayment of RON 31.2 mn was ordered, was set for on 19.02.2019.

The decision is postponed until: **20.03.2019**.

On the docket of Constanta Tribunal is file no. 2236/118/2017, which pertains to the Company's request to be recorded with 31,189,486.75 Ron in the creditors' list of Elcomex IEA SA. The trade receivable was registered in the credited amounts provided the indemnity letters for down payment issued by Asito Kapital are enforced. Next procedural term: **05.04.2019**.

CONAID COMPANY SRL

In 2013, Conaid Company SRL took legal actions against CNTEE Transelectrica for the unjustified refusal of the latter to sign an addendum to the connection agreement or to sign a new connection agreement, and requested the compensation for costs incurred up to that time, amounted to 17.4 mil lei and loss of profit for the period 2013 - 2033 amounting to EUR 722,756,000. To this date, the Company has not concluded an addendum to the connection contract because the suspensive terms provided in the contract have not been complied with by Conaid Company SRL. A new connection contract should have been concluded by 11.03.2014, the date

when the technical connection endorsement expired. On the date of these financial statements, the amounts claimed by Conaid Company SRL were regarded as contingent liabilities as it is unlikely that, in order to settle this obligation, outflows of resources embodying economic benefits will be needed and the value of obligation cannot be evaluated with sufficient reliability. File **5302/2/2013** was pending with the High Court of Cassation and Justice, Administrative and Fiscal Disputes Section pertained to compelling the issuance of an administrative act, file stage-appeal, with the hearing term being set on 09.12.2015. On this session, the High Court for Cassation and Justice admitted the appeals and established the hearing on the merits of the appeals for April 8, 2016. Committee 4, with the parties being summoned.

The case trial was postponed for the date of June 17th, 2016, when the court reserved judgement, postponing the judgement until June 29th, 2016, when it pronounced Decision no. 2148/2016, by which it ordered the following: "To reject the exceptions invoked by the appellant-plaintiff Conaid Company S.R.L., via insolvency administrator RVA Insolvency Specialists SPRL, and by the appellant - defendant National Company for Energy Transportation Transelectrica S.A. Admits the second appeal filed by the defendant National Company for Energy Transportation Transelectrica S.A. against the hearing protocol of February 18th, 2014 and the civil sentence no. 1866 of June 11th, 2014, pronounced by the Court of Appeal Bucharest – Administrative and Fiscal Section VIII. Partially invalidates the contested protocol and judgment and refers the case to the Bucharest Court – Civil Section VI, for settlement of the application of the plaintiff sought against the National Power Grid Company Transelectrica S.A. Maintains the other provisions of the sentence concerning the plaintiff's action against the National Regulatory Authority for Energy. Rejects the appeals of the plaintiff Conaid Company S.R.L insolvency administrator RVA Insolvency Specialists SPRL and the intervener Duro Felguera S.A. against the civil sentence no. 1866 of June 11th, 2014 pronounced by the Bucharest Court of Appeal – Administrative and Fiscal Section VIII. Rejects the appeal filed by the defendant National Power Grid Company Transelectrica S.A. against the hearing protocol from March 25th, 2014, pronounced by the Bucharest Court of Appeal - Administrative and Fiscal Section VIII. Final. Ruled in open court on June 29th, 2016.

Pending with the Bucharest Court – Civil Section VI, the case was registered under no. 12107/3/2017. By civil sentence no. 4364/23.11.2017, the Court admits the exception to the ineligibility of the claim and rejects it as ineligible. It also denies the intervention request to the claimant's interest. With right of appeal within 30 days from notification. The appeal was submitted to Bucharest Tribunal, Section VI Civil and placed at the parties' disposal by means of the court clerk on 23.11.2017.

On 02.11.2018, the Court of Bucharest - Civil Section VI registered a new lawsuit filed by Conaid Company SRL, in file no. 36755/3/2018, by which the plaintiff asked that the court should compel Transelectrica SA to "repair the damages caused to the plaintiff, pursuant to the defendant's failure to meet its obligations, of 17,216,093.43 RON, consisting of an actually incurred damage and the non-achieved benefits, provisionally estimated at 100,000 EUR, considering the unjustified refusal of Transelectrica SA to enter and sign an addendum to Contract no. C154/27.04.2012 and when the Court considers that, from a formal point of view, it cannot be considered that the plaintiff has met its obligation regarding suspensive conditions, this failure to perform is due to the exclusive fault of Transelectrica SA, since the plaintiff prevents the fulfilment of requirements."

Hearing scheduled for: **09.04.2019**.

FF WIND ENERGY INTERNATIONAL SRL

Case file no. **47332/3/2017** pending with the Bucharest Court - Civil Section VI, by which the company FF Wind Energy Internațional SRL requests the following against CNTEE Transelectrica SA: - the annulment of the unilateral statement for the termination of the PTG connection agreement no. 85/14.03.2011 issued on March 2nd, 2016 under no. 8295, - ordering the Company to pay the amount of 32,777,167.35 lei as damages following the termination of the agreement and to pay the amount of 45,000,000 euro as the amount of depreciation of the company FF Wind Energy Internațional SRL caused by the impairment of its purpose.

On the hearing of 28.12.2018, the court rejects the law suit, as stipulated, classifying it as ill-founded. The court acknowledges the defendant has requested no law suit expenses and provides appeal right within 30 days from notification. In accordance with article 425 para 3 and of article 471 para 1 from the Civil procedural code, the appeal and the appeal reasons are submitted to Bucharest Tribunal, Civil Section VI. Document: Ruling 3891/2018 of 28.12.2018.

ELECTROCENTRALE BUCURESTI SA

The file no. **6642/3/2018** pending with the Court of Bucharest appeals against the measure of the judicial administrator of Electrocentrale Bucuresti SA to deny response to the payment request. Transelectrica has requested that the debtor ELCEN SA - an insolvent company, should pay the amount of 56,680,387 lei, i.e. the equivalent value of the overcompensation, based on the ANRE President Decision no. 476/30.03.2017.

Solution of the Bucharest Court, in short: It rejects as unfounded the exception for the late appeal invoked by the defendant ELCEN in the appeal. It admits the appeal filed against the measure of the judicial administrator. It compels the debtor to pay the appellant the amount of 56,680,387 RON, i.e. the non-paid difference for the Overcompensation decision no. 476/30.03.2017 and the invoice series TEL17COG no. 17948/30.03.2017. It admits the request that the debtor should be compelled to pay legal expenses. It compels the debtor to pay the appellant 2,500 RON as legal expenses, representing a stamp fee and a provisional expertise fee. Appeal right within 7 days from notification.

Appeal to be submitted to Court of Bucharest - Civil Section VII. Ruled in open court on 21.12.2018. Document: Civil Judgment no. 7834/21.12.2018.

MUNICIPALITY OF RESITA

The file no. **2494/115/2018*** pending with the Court of Caras Severin aims at compelling the Company to pay the following:

- 2,129,765.86 Lei, representing rent for the land area temporarily taken from the forestry fund in 2015;
- - 2,129,765.86 Lei, representing land rent for 2016;
- - 2,129,765.86 Lei, representing land rent for 2018;
- - penalty legal interest from due date until actual payment.

The first law suit term was set for **11.03.2019**.

ROMSILVA NATIONAL FOREST COMPANY

In its lawsuit, the plaintiff Regia Nationala a Padurilor Romsilva - Caras Severin Forest Management Department asks that the defendant CNTEE Transelectrica SA should be compelled to pay the following amounts:

- 2,433,609.52 annual lease for the temporary occupation of the land in the national forest fund +

late payment penalties from the due date of the lease 31.01.2018 until actual and full payment;

- 304,298.47, equivalent value of the final disposal of the land from the national forest fund, equivalent value of the . loss in the enhanced exploitation of wood + late payment penalties from 10.05.2015 until actual and full payment.

The case was seen in file **2434/115/2018**, pending with the Court of Caras Severin.

On November 29, 2018, the Court of Caras Severin pronounced the sentence no. 3326/2018, ordering the following: "To admit the exception for territorial non-competence of the Court of Caras Severin. To refer the competence for solving the demand filed by the plaintiff RNP - Romsilva, Caras Severin Forest Management Department against the defendants National Power Grid Company Transelectrica SA and National Power Grid Company Transelectrica SA - Timisoara Transmission Branch. Final. Ruled in open court on November 29, 2018."

The file was registered with the Court of Bucharest - Civil Section IV, no. 2434/115/2018, which, on 22.01.2019, pronounced the following settlement: "To admit the exception of functional non-competence. The file should be submitted to Civil Section VI of the Bucharest Court, for settlement. No appeal. Ruled in open court on January 22, 2019."

The file was re-registered with the Court of Bucharest - Civil Section VI, no. 2434/115/2018*, which, on 13.02.2019, pronounced the following settlement: "To admit the exception of the fundamental non-competence of the Court of Bucharest - Civil Section VI, invoked automatically. To decline jurisdiction in favour of Bucharest Court, Civil Section IV, to which the file shall be immediately submitted. Ascertains a negative conflict of competence, suspends the judgment of the case and submits the file to the Court of Appeal of Bucharest, for settlement. No appeal. Ruled in open court on **13.02.2019**."

ANAF

At the offices of Transelectrica SA, a general fiscal inspection took place targeting the interval December 2005 – December 2010. Such general fiscal audit began on 14.12.2011 and ended on 26.06.2017, date of the final discussion with Transelectrica SA.

ANAF – DGAMC established additional fiscal obligations payable by the Company, namely income tax and VAT, as well as accessory fiscal liabilities (interest/delay indexations and penalties) with

respect to technological system services (STS) invoiced by energy suppliers, considered non-deductible after the fiscal audit.

According to the Notice of assessment no. F-MC 439/30.06.2017, amounting to a total of 99,013,399 lei, ANAF – DGAMC set forth additional tax payment liabilities to the Company, amounting to 35,105,092 lei, as well as ancillary tax liabilities (interest/late interest and late payment interest), amounting to 63,908,307 lei.

The Fiscal inspection report of ANAF mainly summarizes the following additional payment obligations: corporate tax amounting to 13,726,800 plus accessories, payable for a number of unused invoices identified as missing (they were destroyed in the fire that broke out the night of June 26th - 27th, 2009, at the business office from Millennium Business Center 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 litigation with ANAF, the latter sending a tax inspection report on September 20th, 2011 which estimated the amount of collected VAT for a number of unused invoices identified as missing.

The Company filed an appeal against the Taxation decision F-MC 439/30.06.2017 within the legal term according to OG 92/2003 on 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 cancelling the enforcement title 13540/22.08.2017 from the Appeal Court in file 7141/2/2017.

Solution in Brief: Admits the exception of the material incompetence of the Appeal Court Bucharest, SCAF. Declines the case settlement competence in favour of Law Court of Bucharest District 1. No appeal. Ruled in open court on February 8th, 2018. Document: Decision 478/2018 of 08.02.2018.

After declining the jurisdiction, pending with the 1st District Court is the case file no. 8993/299/2018 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 no. F-MC 439/30.06.2017.

Solution in Brief: 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 Litigation. Appeal right during the entire suspension; appeal to be submitted to the Law Court of Bucharest 1. Ruled in open court.

Document: Conclusion - Suspension 17.04.2018

As part of the preliminary ruling procedure, the case no. 1802/2/2018 by which the Company challenged the fiscal administrative act Decision no. F-MC 439 /30.06.2017 is registered with the Court of Appeal.

Following the Company's appeal of the fiscal administrative act Decision no. F-MC 439 / 30.06.2017, ANAF communicated to the Company Decision no. 122 / 13.03.2018, by which it dismisses as ungrounded the complaint filed by CNTEE Transelectrica SA, the decision being received on March 16th, 2018, after the filing of the petition for the case file no.1802 / 2/2018.

On the session term 06.11.2018 the court admitted the administration of the expertise evidence, in the accounting – fiscal specific domain. Hearing scheduled for: **14.05.2019**.

OTHERS:

The company is also involved in significant litigations in which it has the quality of plaintiff, especially for debt recovery (e.g. Eco Energy SRL, Petprod SRL, Total Electric Oltenia SA, Arcelormittal Galati SA, Regia Autonoma de Activitati Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iasi, CET Bacau, CET Braila, CET Govora, CET Brasov, Elsaco Energy SRL, Elsaco Esco, Arelco Power SRL, Arelco Energy SRL, Inversolar Energy SA, Opcom, etc.).

At the same time, the Company is also involved in litigations against former Directorate and Board of Supervisors members, regarding the mandate agreements concluded between the Company and themselves.

The management of the Company considers it is likely that there will be no cases in which an outflow of resources will be required for settling the pending litigation.

In addition, there are no other pending litigations which, either by their nature or by their value would deem necessary the presentation of some contingent assets or liabilities significant for the activity of the Company.



Transelectrica®

Societate Administrată în Sistem Dualist

Report

Corporate governance and social responsibility

14. Corporate governance

The Corporate Governance Regulation

Since the listing of shares on the regulated market of the Bucharest Stock Exchange ("BSE"), the Company has appropriated the principles from the Corporate Governance Code of BSE. In accordance with the BSE requirements, Transelectrica published the Company's reviewed Corporate Governance Regulation.

The Corporate Governance Regulation is an extremely important instrument for the Company and it mainly aims at summarizing, in a single document, the main existing rules and regulations, which are already applied by the Company. The central elements of this Corporate Governance Regulation are the investors' access to information and the protection of shareholders' rights.

The document has been developed in accordance with the principles set in the Corporate Governance Code of the BSE and is available at www.transelectrica.ro, under the Investor Relations/Corporate Governance/the Company's Corporate Governance Code section.

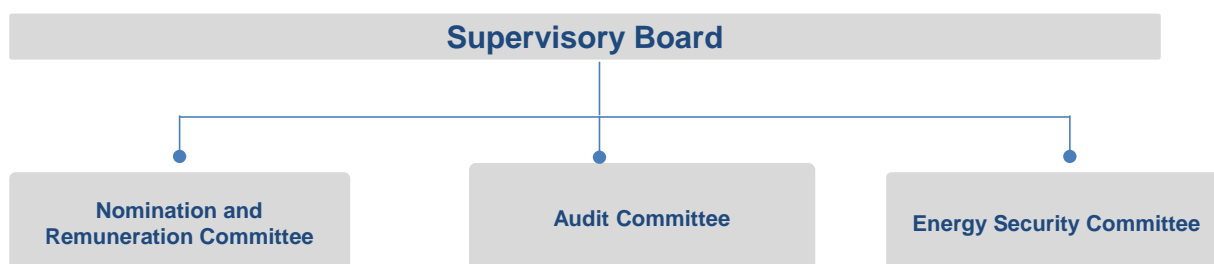
Other applicable documents

The Company complies with the provisions of primary legislation on the capital market, as well as the regulations of the BSE and other bodies, while also observing and applying all provisions of legislation on companies and public companies, including internal rules and documents of the Company with relevance in this sector, such as:

- Law no. 24/2017 on the issuers of finance instruments and market operations, Law no. 297/2004 on the capital market, as subsequently amended and supplemented;
- ASF Rules no. 5/2018 on the issuers of finance instruments and market operations;

- The Code of the Bucharest Stock Exchange The Corporate Governance Code of the BSE;
- The Corporate Governance Code and Anticorruption Principles developed by AmCham Romania, which are international standards used in a sound business environment;
- The Companies Act no. 31/1990, republished, as subsequently amended and supplemented;(law no. 31/1990)
- GEO no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented ("GEO no. 109/2011");
- The listing commitment whereby Transelectrica, in the Initial Public Offering (2006) committed to observing the rights of securities holders and providing equal treatment to all securities holders of the same type and category;
- The Company's Articles of Association, most recently updated on 21.12.2018 based on Decision no. 16/21.12.2018 of the Extraordinary General Assembly of Shareholders ("Articles of Association");
- The Regulation on the organization and functioning of the Board of Supervisors;
- The Professional Ethical Code, compulsory for all organizational structures, which provides the ethical norms of conduct establishing and regulating corporate values, responsibilities, obligations and business conduct, based on which the company developed;

Figure 39: Structure of the Board of Supervisors as of December 31st, 2018



The Board of Supervisors

(hereinafter also referred to as "BS")

As of December 31st, 2018, the structure of the Board of Supervisors is the following:

- Gheorghe Olteanu – Chairman
- Adrian Mitroi – Member
- Fănel Mihalcea – Member
- Alin-Sorin Mitrică – Member
- Constantin Dumitru – Member
- Liviu Ilași – Member
- Ion Ciuculete – Member.

In accordance with the Articles of Association, the BS consists of seven members, appointed for a period of no more than 4 years; they can be recalled at any time by the Company's General Assembly of Shareholders.

All members are non-executives and the Company's management is the responsibility of the Directorate, according to the law and the Articles of Association. BS members may meet at any time, but in any case at least once every three months.

The Company will bear the costs of the professional liability insurance of BS members. The value of the insured amount and of the insurance premium was established by decision of the Ordinary General Assembly of Shareholders.

In 2018, the BS met every time the Company's interests required debates regarding the issues under its authority.

Electing the Board of Supervisors members by the cumulative vote method

Upon the request of shareholders representing, individually or jointly, at least 10% of the share capital subscribed and paid up, the Directorate is compulsorily convening the General Assembly of Shareholders with an agenda including the election of the Board of Supervisors members using the cumulative vote method.

Any shareholder representing less than 10% of the share capital subscribed and paid up can make written proposals to the Directorate to apply the cumulative vote method within 15 days from the publication date in Romania's Official Journal, Part IV, of the convening notice for the General Assembly of Shareholders with an agenda including the Board of Supervisors members election. In this case, the

application of the cumulative vote method to elect BS members is subject to voting in the General Assembly of Shareholders.

Through the cumulative vote method, each shareholder is entitled to assign its cumulated votes – obtained after multiplying the votes held by any shareholder, based on his/her participation in the registered capital, with the number of members to be elected in the BS – to one or several persons proposed for the BS.

When exercising their cumulative vote, shareholders may assign all cumulated votes to a single candidate or to several candidates. Shareholders mention the number of votes assigned to each candidate.

If the cumulative vote method is applied, the BS members in office as of the date of the General Assembly of Shareholders shall be registered ex officio on the list of candidates for electing BS members, together with the candidates proposed by the shareholders.

All candidates registered on the application list will be subject to shareholders' vote in the General Assembly of Shareholders.

Members holding a position in the BS on the date of the general assembly who are not reconfirmed as such by cumulative vote shall be considered revoked by decision of the General Assembly.

The mandate of BS members in office as of the date of the General Assembly of Shareholders during which the cumulative vote was applied, will carry on in the event of their reconfirmation via the cumulative vote method.

If two or several persons proposed to be elected as BS members obtain the same number of total votes, the person voted by a higher number of shareholders is elected as a member.

The criterion for the choice of BS members if two or several proposed persons obtain the same number of total votes, expressed by the same number of shareholders, is established by the General Assembly of Shareholders and mentioned in the relevant minutes.

BS members were not elected by the cumulative vote method during 2018.

Remuneration of the Board of Supervisors

BS members benefit from a fixed monthly gross remuneration, established by the General

Assembly of Shareholders in line with the applicable legal provisions.

The maximum level of the fixed monthly gross allowance owed to BS members throughout the interim member mandate amounted to 4,435 lei gross/month until 04.03.2018; as of 05.03.2018, this was set to 5,319 lei gross/month by AGA Decision no. 3/05.03.2018.

The mechanism for granting the fixed gross monthly allowance is the following:

- BS members (including the Chairman) who are in office in at least 2 consultative committees within the BS, benefit from a fixed monthly allowance in full amount.
- Board of Supervisors members who are in office in one consultative committee within the BS benefit from a fixed monthly allowance representing 90% of the fixed monthly allowance in full amount.
- BS members who are not in office in consultative committees within the BS benefit from a fixed monthly allowance representing 85% of the fixed monthly allowance in full amount.

Attributions of the Board of Supervisors

The Board of Supervisors has the following main attributions:

- exercises control over the manner in which the Directorate leads the Company;
- verifies the revenue and expense budget and the investment plan for the financial year, submitted for approval to the general assembly of shareholders;
- performs any duty provided by the special legislation applicable to the management of public undertakings;
- determines the Directorate's members structure and number;
- appoints and recalls Directorate members and establishes their remuneration;
- checks whether the activity carried out in the name and on behalf of the Company complies with the law, the Articles of Association and the general assembly of shareholders' decisions;
- submits to the general assembly of shareholders, at least once a year, a report on the supervisory activity carried out;
- represents the Company in the relations with the Directorate;
- approves the Directorate's internal rules;
- verifies the financial statements of the Company;

- checks the report of Directorate members;
- proposes to the general assembly the appointment and recall of the financial auditor, as well as the minimum period of the audit contract;

At the same time, in exceptional cases, when this is to the Company's benefit, the Board of Supervisors may call the General Assembly of Shareholders, and certain types of operations can only be performed with the approval of the Board of Supervisors. These are as follows:

- procurement of products, services and works, regardless of their term, with a value exceeding 5,000,000 euro;
- operations pertaining to the provision of transmission services, system services and wholesale electricity market management services, operations to collect the contributions for high efficiency cogeneration, operations to pay the bonus and return the undue overcompensation/bonus, operations for the PTG connection, for the fulfillment of co-existence requirements, for the site release and execution of these works, technical consultancy and project management related to these works, operations for the sale and purchase of the land required for the new installations under the PTG connection contracts, as well as for the land required for the access roads to those installations, operations for the establishment, in favor of the Company, of the rights of utilization and easement, of superficies, of use, the right to impact by any means the land affected by the new installations according to the PTG connection contracts, as well as any other operations to be carried out for the proper performance of the Company's main activity, in accordance with the applicable regulations, with a value exceeding 10,000,000 euro;
- initiation, settlement, exercise, abandonment of claims, dispute, arbitration, with a value exceeding 500,000 euro;
- commitments involving important obligations of the Company, except for the operations provided in letters a) and b), with a value exceeding 5,000,000 euro;
- any gratuitous act, including any sponsorships and donations offered by the Company, with an individual value exceeding 100,000 lei;
- the establishment or discontinuation of secondary sites of the Company, inland or abroad (branches, representative offices,

agencies or other such entities without legal personality).

At the same time, the members of the Board of Supervisors have a duty of diligence and loyalty to the Company and they have to meet this if, when making a business decision, they are duly entitled to consider that they act to the Company's benefit. The Board of Supervisors, while performing their essential duties of controlling the way in which the Directorate leads the Company, as well as of verifying the activity carried out in the name and on behalf of the Company, has the right and the obligation to establish, by reference to the Directorate and the Company, the control, verification and reporting methods it deems necessary in order to fulfill such duties. Consistently, the Directorate has the duty to ensure, at a Company level, the reporting procedures and the organizational conditions for the fulfilment of the Board of Supervisors' duties of control and review.

Consultative Committees

Three consultative committees were constituted within the Board of Supervisors as of December 31st, 2018:

- *The Audit Committee;*
- *The Nomination and Remuneration Committee;*
- *The Energy Security Committee.*

with the following structure:

the audit committee - Adrian Mitroi, Gheorghe Olteanu, Alin-Sorin Mitrică, Ion Ciuculete, Constantin Dumitru, Fănel Mihalcea, Liviu Ilași.

The Nomination and Remuneration Committee: Gheorghe Olteanu, Adrian Mitroi, Alin-Sorin Mitrică, Ion Ciuculete, Constantin Dumitru, Fănel Mihalcea, Liviu Ilași.

The Energy Security Committee: Fănel Mihalcea, Adrian Mitroi, Gheorghe Olteanu, Alin-Sorin Mitrică, Ion Ciuculete, Constantin Dumitru, Liviu Ilași.

Decisions within consultative committees are taken by majority vote. In the event of a tie, the Chairman of the committee has the decisive vote.

The approved Regulation on the organization and functioning of the Board of Supervisors sets forth that at least one member of each committee must be an independent director in the meaning of the Company Act and the legislation and regulations of the capital market. In the audit committee, the majority of members must be independent directors.

Any consultative committee member may convene a meeting of the committee in which he/she is a member. The convocation of the consultative committee meetings will be sent to each member of the committee in writing, by fax or e-mail at the e-mail address or fax number of said member of the committee.

Attributions of the committees within the Board of Supervisors

The main attributions of BS committees, depending on the object of activity, are:

The Nomination and Remuneration Committee

- formulates proposals for the position of Board of Supervisors and Directorate member;
- develops and proposes to the Board of Supervisors the selection procedure for Board of Supervisors members, Directorate members and other managerial positions;
- formulates proposals regarding the remuneration of the Company's Directorate and Board of Supervisors members, as well as other managerial positions, observing the general remuneration limits approved by the General Assembly of Shareholders;
- coordinates the appointment process of Directorate members;
- submits in the Annual Report the total sum of the direct and indirect remuneration of Directorate and Board of Supervisors members.

The Audit Committee

The audit committee assists the BS in fulfilling its responsibilities in terms of financial reporting, internal control and risk management.

The attributions of the audit committee in terms of financial reporting and statutory audit:

- monitors the financial reporting process at Company level;
- monitors the statutory audit of the annual financial statements and of the consolidated annual financial statements;
- regularly examines the efficiency of the financial reporting;
- verifies and monitors the independence of the statutory audit or the audit firm and particularly the provision of additional services to the audited entity;
- formulates recommendations to the Board pertaining to the appointment of the external auditor (statutory audit or audit firm) of the

Company with regard to the election, appointment, reappointment and replacement of the external auditor, as well as the terms and conditions of its remuneration;

- monitors the independence and objectivity of the external auditor, particularly by monitoring the rotation of partners in the audit firm;
- receives and analyzes the external auditor's report with regard to essential aspects resulting from the statutory audit and particularly with regard to significant deficiencies of the internal control in terms of the financial reporting process;
- supports the Council in monitoring the credibility and integrity of the financial information provided by the Company, particularly by revising the relevance and consistency of the accounting standards applied (including consolidation criteria).

Attributions of the audit committee in terms of managerial internal control:

- monitors the efficiency of internal control, internal audit and, as the case may be, the risk management systems of the Company;
- regularly examines the efficiency of the internal control and the risk management system adopted by the Company;
- ensures that the audit analyses carried out as well as the audit reports drafted as a result thereof are compliant with the audit plan approved by the Company;
- proposes to the Board the control, verification and reporting methods necessary for performing the essential duties of controlling the way in which the Directorate leads the Company, as well as of verifying the activity carried out in the name and on behalf of the Company;
- verifies the achievement of the non-financial reporting goals at the Company level;
- fulfils the attributions provided in the Regulation on the organization and functioning of the Board of Supervisors, including the ones provided by Article 65 of Law no. 162/2017 on statutory audit of the annual financial statements and the amendment of legislative acts.

The Energy Security Committee

- monitors and advises the Board of Supervisors, the Directorate and the Company's specific compartments in terms of strategic objectives as: transmission system operator responsible with electricity supply under security conditions for the entire NPS; PTG functioning under energy

security conditions at NPS level; energy security and protection of the critical infrastructure;

- getting involved, under the mandate of the Board of Supervisors, together with the Directorate, in the dialogue with public authorities having attributions and competencies in the energy security field (Department of Energy, specific Parliamentary Commissions).

BS committees activity in 2018

The activity of the Energy Security Committee in 2018 was focused on the analysis of the achievement of the Annual Investment Programme and the identification of solutions to accelerate investments.

The activity of the Nomination and Remuneration Committee in 2018 was the following:

- making proposals for the membership of the Company's Directorate starting 17.01.2018 and submitting a recommendation to the Board of Supervisors for the appointment of the Company's Directorate starting 17.01.2018;
- discussions on financial rights of some previous members of the Company's managing bodies;
- making proposals for the membership of the Company's Directorate starting 17.03.2018 and submitting a recommendation to the Board of Supervisors for the appointment of the Company's Directorate starting 17.03.2018;
- analysing the format of mandate contract proposed by the interim members of the Directorate and recommending the Board of Supervisors to approve the proposed format;
- completing the report of the Nomination and remuneration committee for 2017;
- making proposals to occupy the vacant positions in the Directorate and making a recommendation to the Board of Supervisors for the appointment of a new Directorate member;
- making a recommendation for the Board to revoke a Directorate member;
- making a recommendation for the Board to revoke Directorate members holding office as of 21.12.2018;
- making a proposal to appoint new Directorate members starting 21.12.2018 and establishing the duration of their mandate.

The members of the Audit Committee performed the following activities during 2018:

- checking the stand-alone financial statements drawn up on 31.12.2017, the consolidated financial statements drawn up on 31.12.2017, as well as checking the annual reports on stand-alone financial statements and the consolidated financial statements of Transelectrica for 2017;
- it analysed and took note of:
 - the Directorate's proposal regarding the distribution of net profit as at 31 December 2017;
 - the information regarding the submission for approval by the General Assembly of Shareholders of the coverage of retained earnings loss, due to the correction of accounting errors for the registration of additional payment obligations, based on the Tax Decision of ANAF - DGAMC, out of the revaluation reserve excess that is non-taxable upon change of destination;
 - the information regarding the submission for approval by the General Assembly of Shareholders of the establishment of reserves for revenues from the allocation of transport capacities along interconnection lines from the revaluation reserve excess that is non-taxable upon change of destination;
 - the information regarding the submission for approval by the General Assembly of Shareholders of the coverage of actuarial loss from the revaluation reserve excess that is non-taxable upon change of destination;
 - it completed the semestrial report on supervision, drawn up based on GEO 109/2011 and it drew up the report of the Audit Committee, based on the provisions of the BSE Corporate Governance Code.
- it analysed the stand-alone condensed interim financial statements as of and for the six-month period ending on June 30, 2018;
- it took note of the execution of the Incomes and Expenses Budget as of June 30, 2018;
- it analysed the stand-alone consolidated interim financial statements as of and for the six-month period ending on June 30, 2018;
- it made a recommendation to the Board of Supervisors regarding the proposal for the appointment of BDO Audit SRL as the financial auditor by the General Assembly of Shareholders, for 3 years;

During 2018, the Audit Committee was informed on the Plan of (internal) Audit Actions for 2018 and all Audit Reports drawn up in 2018 were notified to it.

Directorate

Directorate membership as of 31.12.2018:

- Marius-Dănuț Carașol – Chairman
- Andreea Georgiana Florea – Member
- Claudia-Gina Anastase – Member
- Constantin Saragea – Member
- Adrian Savu – Member

Organization of the directorate

The members of the Directorate are appointed and revoked by the Board of Supervisors. One of the members of the Directorate is appointed by the Board of Supervisors as the Directorate Chairman (alternatively referred to as Chief Executive Officer - CEO - of the Company). The chairman calls and chairs Directorate meetings and is also in charge with the organization of the Directorate's activity as a collective management body, for the fulfilment of its attributions and responsibilities based on the applicable laws and the Articles of Incorporation.

The members of the Directorate are appointed and revoked by the Board of Supervisors. The number of members will be set by BS, provided that this number is not lower than three and higher than seven; their number always has to be odd. A member of the Directorate will be appointed Directorate Chairman (alternatively referred to as Chief Executive Officer - CEO - of the Company).

Based on the provisions of GEO no. 109/2011, their mandate is granted for 4 (four) years. If a position of member of the Directorate becomes vacant, the Board of Supervisors shall appoint another member for the remainder of the mandate of the replaced member, to be selected based on the provisions of Government Emergency Ordinance no. 109/2011.

Starting with September 17th, 2017, the BS appointed interim members of the Directorate with a limited mandate, pursuant to GEO no. 109/2011, until the completion of the election procedure of the Directorate members according to this regulatory act; this procedure is subsequent to the appointment by the General Assembly of Shareholders of the BS members according to the this regulatory act.

Remuneration of the Directorate

As of January 28, 2018, Directorate members benefit from a fixed monthly gross remuneration, established by the BS in line with the applicable legal provisions, as follows:

- the Directorate Chairman allowance amounts to 28,000 lei gross/month;
- the Directorate members allowance amounts to 26,000 lei gross/month.

As of January 29, 2018, Directorate members benefit from a fixed monthly gross remuneration, established by the BS in line with the applicable legal provisions, as follows:

- the Directorate Chairman allowance amounts to 33,600 lei gross/month;
- the Directorate members' allowance amounts to 31,200 lei gross/month

Attributions and duties of the Directorate

The Directorate makes all the required and useful acts for the achievement of the Company's scope of activity, except for those reserved for the Board of Supervisors and the General Assembly of Shareholders based on the law; the management of the Company is an exclusive duty of the Directorate, based on the applicable laws.

The Directorate operates under the control of the Board of Supervisors and has the following duties:

- to provide the Board of Supervisors, at least every 3 (three) months, with written reports on the management of the Company, the Company's activity and its possible evolution;
- to ensure, at a Company level, the reporting procedures and the organizational conditions for the fulfilment of the Board of Supervisors' duties of control and review.

The Directorate manages the Company, approves all operations at the Company level, other than those provided for the General Assembly of Shareholders, and represents the Company against third parties and the law.

The main duties of the Directorate, fulfilled under supervision from the Board of Supervisors (BS) are as follows:

- establishes the strategy, development policies, accounting policies and financial control system of the Company, and approves the financial planning;
- approves the Company's organizational structure (organizational chart) and the organization and operation regulation;
- submits to the general assembly of shareholders, on an annual basis, the report on the Company's activity, the financial statements of the previous

year, the budget draft and the investment plan of the Company for the current year;

- enters legal documents with third parties in the name and on behalf of the Company, by observing the provisions of the Articles of Association on the joint signature and the aspects reserved to the competence of the general assembly of shareholders or of the Board of Supervisors;
- hires and dismisses, establishes the duties and responsibilities of the Company staff in accordance with the staff policy of the Company;
- negotiates the Collective labor agreement within the Company, as well as the addenda thereto, together with the employees' representatives;
- performs all operations and takes all measures necessary and useful for the Company's governance and the fulfillment of the Company's activity, except those reserved to the general assembly of shareholders or to the Board of Supervisors, according to the law or to the Articles of Association. In this regard, the Directorate approves the operations within Transelectrica, other than the ones set forth in the competence of the general assembly of shareholders, with the obligation to obtain the Board of Supervisors' approval for the type of operations for which the law or the Articles of Association provide the need of such an approval;
- approves the mandates of Company representatives in the general assemblies of shareholders of Transelectrica's subsidiaries and informing the Board of Supervisors, on a quarterly basis, about the mandates provided to them;
- approves, with the approval from the Board of Supervisors, the establishment or discontinuation of secondary sites of the Company (branches, representative offices, agencies or other such entities without legal personality);
- approves the Company's conclusion of legal documents such as the company agreement regulated by the Civil Code when the outcome is not an entity with distinct legal personality, as well as approving the Company's participation as a member in various domestic or international organizations;
- performs any competence delegated by the general assembly of shareholders, according to the law;

- performs any duty provided by the special legislation applicable to the management of public undertakings;
- carries out the decisions of the general assembly of shareholders.

The Directorate shall inform the general assembly of shareholders, at least twice a year, regarding the following types of operations:

- procurement of products, services and works, regardless of their term, with a value exceeding 5,000,000 euro;
- initiation, settlement, exercise, abandonment of claims, dispute, arbitration, with a value exceeding 500,000 euro;
- commitments involving important obligations of the Company, with a value exceeding 5,000,000 euro;
- credits, regardless of their term, with a value lower than 50,000,000 euro;
- credit guarantees, with a value lower than 50,000,000 euro.

The Directorate has the obligation to obtain the approval of the Board of Supervisors for certain types of operations; for these operations, the Directorate is able to approve the concerned operation only after obtaining the approval of the Board of Supervisors. In case of a refusal, the Directorate can also request the approval of the Ordinary General Assembly of Shareholders, which will decide according to the law.

The General Assembly of Shareholders

The General Assembly of Shareholders is the management body of Transelectrica and decides upon the activity and economic policy of the Company. The general assembly can be ordinary or extraordinary and its specific attributions are set out in the Articles of Association.

Since the listing of its financial instruments on the regulated market of the BSE, Transelectrica undertook the obligation to respect the rights of issued financial instruments holders and to ensure them a fair treatment.

Thus, all financial instruments holders of the same securities category are treated in a fair manner and all financial instruments of the same type and from the same category offer the holders equal rights.

Each share offers rights to the holder as per the Articles of Association:

- voting rights in the General Assembly of Shareholders (one share = one vote);

- the right to elect and to be elected in the management bodies;
- the right to participate in profit distribution (dividend right).

Holding the share certifies the commitment to the Articles of Association.

All shareholders have the right to participate in the General Assembly of Shareholders, to exercise their voting rights and to express their point of view during debates.

The ordinary general assembly of shareholders has the following obligations and attributions:

- discusses, approves or amends the annual financial statements on the grounds of the reports presented by the Directorate, the Board of Supervisors and the financial auditor;
- approves the distribution of profit and determines the dividends;
- appoints and recalls BS members;
- appoints and dismisses the financial auditor and sets the minimum term of the financial audit contract;
- sets the general remuneration limits of the Directorate members;
- sets the level of remunerations for the current financial year of the Board of Supervisors members;
- gives its verdict on the management of Directorate and Board of Supervisors members, assesses their performance and discharges them, according to legal provisions;
- decides with regard to suing the Directorate and BS members, as the case may be, for damages incurred by the Company;
- sets the statement of expenditure and revenue and the investment plan for the financial year submitted for approval;
- decides regarding anything that falls within its competence pursuant to the applicable legislation;
- analyzes the BS reports with regard to the activity carried out;
- decides with regard to the pledging or renting one or more Company units.

The extraordinary general assembly of shareholders gathers any time it is necessary to make a decision on the following main aspects:

- changing the legal form of the Company;
- moving the Company's headquarters;
- changing the Company's object of activity;

- increasing the Company's share capital;
- reducing the Company's registered capital or restoring it by issuing new shares;
- merging with other companies;
- dividing the Company;
- anticipated dissolution of the Company;
- conversion of shares from one category to another;
- converting nominal shares into bearer shares or bearer shares into nominal shares;
- conversion of a category of bonds into another category or shares;
- issuing bonds;
- concluding documents to acquire, alienate, exchange or constitute as security certain assets from the Company's non-current ones with a value exceeding (individually or jointly) 20% of the total book value of Company non-current assets minus liabilities, during a financial year;
- any other changes in the articles of incorporation or any other decision that requires approval from the General Assembly of Shareholders.

In addition to the competencies and attributions mentioned in the paragraph above or by the law, the general extraordinary assembly of shareholders will decide on the following issues:

- conclusion by the Company of any type of loans or loan-type obligations, as a creditor;
- constitution or participation in the constitution of legally distinct entities, with patrimonial or non-patrimonial purpose, as well as equity participation in other companies;
- conclusion of credit agreements, with a period higher than or equal to 5 years, with a value higher than or equal to 50,000,000 EUR;
- lodging of guarantees with a value higher than or equal to 50,000,000 EUR;
- establishing the minimum value of the insured amount and the maximum value of the professional liability insurance premium of the Board of Supervisors members and the Directorate members respectively.

Internal Control

Internal control in the Company means the entirety of policies and procedures devised and implemented by its management and personnel, with a view to achieve the general objectives.

The internal managerial control's mission consists in providing internal administrative control in the Company with a view to achieve proper quality levels of the Company's attributions, as established in

accordance with its own mission, under regular, efficient and economic conditions.

The object of activity of the internal managerial control results from the activity targets of the subordinated organizational subunits, and it consists of:

- providing internal control of Company activities and in its organizational units;
- participating to detailed investigations and fraud examination commissions and proposing sanctions according to the area of competence;
- preventing the conflicts of interests when managing the company funds according to the area of competence;
- promoting loyal competition and antitrust policies by identifying, discouraging and sanctioning anti-competitive agreements, according to the area of competence.

The main objectives of internal control are executing systematic, ethical, economic and efficient operations, achieving the liability obligations, respecting the applicable legislation and regulations, protecting resources against losses and damage by waste, abuse, improper management, errors, frauds, irregular acts and monitoring, coordinating and methodologically guiding the implementation and development of the internal/managerial control system.

Operational Procedures have been developed for specific activities, which are reviewed every time needed. Thus operations, processes and activities are periodically reanalyzed in order to make sure they comply with the current rules, policies, procedures or other requirements.

Operational Procedures are available to all Company employees and have been posted on the Company's intranet portal. Through their structure, they establish separate tasks for each organizational structure/entity of the Company. Operational Procedures are applicable, enforced and verified in each individual entity when conducting the audits.

Public internal audit

Starting 2004, the Company organizes public internal audit through a specific structure. Based on the Organizational and Functional Structure valid starting 04.10.2018, approved by Directorate Decision no. 193/02.10.2018, the public internal audit (PIA) structure is subordinated to the Company's Directorate.

At the Company's level, audit activities take place based on its own rules, endorsed by the upper managing body (General Government Secretary) under no. 1911/11.06.2014. The self public audit internal activities are organized and performed in only 4 out of the 5 subsidiaries of CNTEE Transelectrica SA (OPCOM SA, SMART SA, TELETRANS SA and FORMENERG SA). The public internal audit activity is not performed in the subsidiary ICEMENERG SERVICE SA - this activity is provided by the Company's public internal audit (PIA) structure.

Role

- providing consultancy and insurance regarding the efficiency of risk management, control and governance systems, thus contributing to added value and making recommendations to improve them;
- assisting the Company management to reach the objectives and providing objective and detailed valuations about the legality, regularity, economy and efficiency of activities and operations carried out.

Regulations and principles governing the activity

- law 672/2002 regarding the public internal audit, with later additions;
- general public internal audit norms (GD 1086/2013);
- the internal auditor's code, which is meant to set up the ethical framework necessary for the internal audit profession;
- the internal audit charter determines the position of the internal audit structure in the public entity, defining the internal audit sphere of activity, the rights and obligations of internal auditors;
- the Company's organizational independence so as not to be subjected to

any kind of interference, starting with the determination of audit objectives, the actual performance of the works specific to the mission and up to the results notification;

- the individual objectivity, competency, professional conscience and continued professional training of auditors;
- integrity, the obligation to maintain the internal auditors' confidentiality and political neutrality.

Planning public internal audit activities

Annual planning is established based on the "2017-2021 Multiannual public internal audit plan", based on

the analysis of associated risks and requests from the members of the Directorate and the Board of Supervisors.

Since risks related to activities are generated by the economic and social environment where the activity is performed, risks should be revalued on a regular basis, so that they may be followed in dynamics.

Moreover, to perform fundamental risk analysis, as well as reduce the subjectivity of risk analysis, well defined risk analysis criteria should be used, explaining how risk analysis is actually performed and how risk score is actually set.

The risk analysis criteria used in the annual and multi-annual planning are as follows:

- likelihood of risk occurrence;
- seriousness of event consequences (impact level).

Public internal audit activities

12 public internal audit missions were undertaken in the Company in 2018, of which an ad-hoc mission. They referred to the following areas:

- budget;
- finance and accounting;
- public procurement;
- SCM/SCIM;
- specific functions.

All planned missions were completed in due time. Consequently, the plan was achieved 100%.

Considering the Methodological Guidelines for the exercise of public internal audit in the Company, the results of implementation and the progress in the implementation of recommendations reported by the audited entity/structure are analysed on a regular basis. The latter reports on the progresses witnessed in the implementation of recommendations to the Company's management and to the public internal audit structure on the upper hierarchical level.

216 recommendations were drawn up in 2018, of which:

- 165 recommendations implemented by the deadline;
- 11 partially implemented recommendations;
- 40 recommendations that have not been implemented and will be pursued until they are implemented.

The Quality Assurance and Improvement Programme was issued in the public internal audit

structure of the Company; the document was last updated in January 11, 2018.

Based on the provisions of pt. 2.3.7 of annex no. 1 to GD no. 1086/2013, a quality assurance and improvement programme is drawn up at the level of the public internal audit structure, under all aspects of internal audit, allowing for a continuous control of its effectiveness.

The quality assurance and improvement programme for internal audit activities must guarantee that

internal audit takes place according to the guidelines, instructions and Code on the ethical conduct of internal auditors and contribute to the improvement of the activity of the public internal audit structure.

Through its assurance and counselling missions, public internal audit adds value to the activities and supports the management to maintain effective internal control and the achievement of Company objectives.

Statement of compliance with the Corporate Governance Code of the BS

Provisions of the Code		Compliant	Partially compliant (reason for incompliance)
Section A – Responsibilities [of the Board of Supervisors]			
A.1.	TEL should have an internal regulation of the BS which includes the terms of reference/responsibilities of the BS and the key management functions of the company, applying, among others, the General Principles of Section A.	TEL's BS carries out its activities based on the applicable legislation, the Articles of Association, the Regulation on the organization and functioning of the Board of Supervisors and it is the decision maker in matters pertaining to the company's activity, except for those which, according to the law, fall under the authority of the General Assembly of Shareholders or of other commercial bodies.	
A.2.	Provisions for the management of conflict of interest should be included in the BS regulation. In any event, BS members should notify the BS of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quotate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	<p>These aspects are also detailed in the Rules of organization and operation of the BS;</p> <p>BS members are appointed by the Ordinary General Assembly of Shareholders, in compliance with the provisions applicable to companies admitted for trading and are selected based on the provisions of Government Emergency Ordinance no. 109/2011 on corporate governance of public companies.⁶ Furthermore, applicants are selected for a place in the BS in compliance with the provisions of art. 40 of the Articles of Incorporation for the enforcement of art. 34 of Law no. 123/2012;</p> <p>Details - in the Annual Report under the Corporate Governance section</p>	<p>At the same time, in the recruitment process, applicants must submit an affidavit on their independent status, attached to the participation documentation;</p> <p>The Company was not notified on the outcome of the selection for the reunion of the Ordinary General Assembly of Shareholders for the appointment of the BS according to Government Emergency Ordinance no. 109/2011 on corporate governance of public companies. BS members were provisionally appointed by the General Assembly of Shareholders for 4 months (possibility of extension for 2 months)</p>
A.3.	The BS should have at least five members.	The BS consists of seven members. Details - in the Annual Report under the Corporate Governance section	
A.4.	Not less than two non-executive members of the BS should be independent. Each member of the BS should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in terms of character and judgement.	<p>During 2018, two members holding a position submitted an affidavit to this purpose, thus declaring themselves as independent administrators: Mr Fanel MIHALCEA and Mr Ion CIUCULETE In 2019, by the date when the Annual Report is drawn up, most of the members of the Audit Committee have submitted statements based on which they are independent, respectively Mr.. Adrian MITROI, Mr. Fanel MIHALCEA, Mr. Gheorghe OLTEANU, Mr. Ion CIUCULETE, and Mr. Constantin DUMITRU.</p> <p>At the same time, in the recruitment process regulated by GEO 109/2011, applicants must submit an affidavit on their independent status, attached to the participation documentation;</p>	
A.5.	A BS member's other relatively permanent professional commitments and engagements, including executive and non-executive BS	<p>Details - in the Declarations of Interest posted on the Company's website, Human Resources section; https://www.transelectrica.ro/web/tel/declaratii-de-</p>	

⁶ See explanations under A.4.

Provisions of the Code		Compliant	Partially compliant (reason for incompliance)
	positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	<u>avere</u> ;	
A.6.	Any BS member should submit to the BS information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the BS.	The information is requested from any BS member on the date of appointment, by signing the statement to observe the provisions of art. 40 of the Articles of Incorporation in the enforcement of art. 34 of Law no. 123/2012;	
A.7.	TEL should appoint a BS secretary responsible for supporting the work of the BS.	The members of the BS secretariat were appointed by BS decision, and the persons who developed secretarial activities in 2018 were Ms Nicoleta Bratucu and Ms Irina Racanel.	
A.8.	The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the Chairman or the nomination committee and, if it has, it should summarize key action points and changes resulting from it. TEL should have a policy/guidance regarding the evaluation of the BS containing the purpose, criteria and frequency of the evaluation process.		Partially implemented - BS activities are analysed by shareholders in the Ordinary General Assembly of Shareholders, based on the submitted Activity Report, on an annual basis. - For 2018, Transelectrica has not had a policy to assess the activity of BS members
A.9.	The corporate governance statement should contain information on the number of meetings of the BS and the committees during the past year, attendance by directors (in person and in absentia) and a report of the BS and committees on their activities.	In 2018, the Board of Supervisors met in 35 meetings, attended by all or most of the members, in person or by representation. 4 meetings of the Audit Committee and 9 meetings of the Nomination and Remuneration Committee were held. A meeting of the Energy Security Council was also held. Details - in the Annual Report under the Corporate Governance section	
A.10.	The corporate governance statement should contain information on the precise number of the independent members of the BS.	See details for A.2;	
A.11.	The BS of TEL should set up a nomination committee formed of non-executives, which will lead the process for new BS appointments and make recommendations to the BS. The majority of the members of the nomination committee should be independent.	The nomination and remuneration committee issues proposals for the positions of BS and Directorate members, develops and proposes to the BS the procedure to select BS and Directorate members as well as other management positions, issues proposals pertaining to the remuneration of Directorate members and other management positions. The organization, operation and attributions are set out in the Rules of Organization and Operation of the BS. Details - in the Annual Report under the Corporate Governance section	Partially - see A.2
Section B – Risk Management and Internal Control System			
B.1	The BS should set up an audit committee, and at least one member should be an independent non- executive director. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least one member of the audit committee should have proven and adequate auditing or accounting experience. In the case of	The audit committee assists the BS in fulfilling its responsibilities in terms of financial reporting, internal control and risk management. The detailed attributions and responsibilities are stipulated in the Rules of Organization and Operation of the BS. Mr Adrian MITROI has proven specific experience. By the date when the Annual Report is drawn up, most members of the Audit Committee have submitted statements based on which they are independent.	

	Provisions of the Code	Compliant	Partially compliant (reason for non-compliance)
	Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee members should be independent.	Details - in the Annual Report under the Corporate Governance section	
B.2.	The audit committee should be chaired by an independent non- executive member.	By the date when the Annual Report is drawn up, the chairman of the Audit Committee, Mr Adrian MITROI, submitted a statement based on which they are independent.	
B.3.	Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Details in the Annual Report of the Audit Committee - Material of the Ordinary General Assembly of Shareholders for the meeting on the approval of Annual Financial Statements, published in the AGA section on the Company's webpage.	
B.4.	The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and their submission of relevant reports to the Board.	Details - in the Audit Committee Report, AGA section on the Company's webpage https://www.transelectrica.ro/web/tel/aga .	
B.5.	The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	Based on the Articles of incorporation of National Power Grid Company Transelectrica SA, the competence limits of the Directorate, BS and General Assembly of Shareholders regarding TEL operations. BS has the obligation to follow the Company's implementation of approval and implementation procedures for the transactions of the Company or of its subsidiaries, with the involved parties, as well as the best practices, to ensure substantial procedural correctness of transactions with involved parties (the transactions themselves), by using the criteria set out or recommended by the legislation and regulations on the capital market.	
B.6.	The audit committee should evaluate the efficiency of the internal control system and risk management system.	Details - in the Report of the Audit Committee of the BS on internal control systems and significant risk management systems for 2018 (material for the annual meeting of the General Assembly of Shareholders for the approval of Annual Financial Statements - https://www.transelectrica.ro/web/tel/aga)	
B.7.	The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	Details - in the Report of the Audit Committee of the BS on internal control systems and significant risk management systems for 2018 (material for the annual meeting of the General Assembly of Shareholders for the approval of Annual Financial Statements)	
B.8.	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual) or ad-hoc reports to be submitted of the Council thereafter.	Details - in the Report of the Audit Committee of the BS on internal control systems and significant risk management systems for 2018 (material for the annual meeting of the General Assembly of Shareholders for the approval of Annual Financial Statements)	
B.9.	No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related entities.	The Company has the obligation to ensure equal treatment for all holders of real estate, of the same type and class, and will provide them with all necessary information so that they can exercise their rights.	
B.10.	The BS should adopt a policy ensuring that any transaction of TEL with any of the companies with which it has close relations, that is equal to or more than 5% of the net	The approval of the BS is needed for the approval of certain types of operations, based on art. 21 (3) of the Articles of incorporation, and the shareholders' approval is needed for the operations under art. 14 (2)	

Provisions of the Code		Compliant	Partially compliant (reason for non-compliance)
	assets of TEL (as stated in the latest financial report), should be approved by the BS following an obligatory opinion of the BS's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to reporting requirements.	and (3) of the Articles of incorporation. Moreover, with a view to meeting the reporting obligations based on art. 144 B (4) of the Regulation no. 5/2018 of ASF on financial instrument issuers and market operations, combined with the provisions of art. 82 of Law no. 24/2017 on financial instrument issuers and market operations, the financial auditor of TEL analyses transactions with affiliated entities on a semestrial basis. The auditor's report is sent to BSE and ASF and is published on the TEL website, section Investor relations / Current reports.	
B.11.	The internal audits should be carried out by a separate structural division (internal audit department) within TEL or by retaining an independent third-party entity.	The Company's public internal audit activity is carried out via the Company's own audit structure, thus complying with the requirement set forth by Law no. 672/2002 on public internal audit, article 10, par 1 republished, as subsequently amended and supplemented. As per the organizational chart ⁷ there are also organizational entities within TEL, namely the Public Internal Audit, Integrated Management Department,, Control Department	
B.12.	To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the BS via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	According to the Regulations on the organization and functioning of organizational entities involved; Details - in the Annual Report, Corporate Governance section and in the Report of the Audit Committee of the BS on internal control systems and significant risk management systems for 2018 (material for the annual meeting of the General Assembly of Shareholders for the approval of Annual Financial Statements)	
Section C – Fair Rewards and Motivation			
C.1.	TEL should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review.	As per the applicable regulations, the Company annually notifies the General Assembly of Shareholders via the Report of the Nomination and Remuneration Committee. Details - in the Annual Report under the Corporate Governance section, including the Company's website, where the mandate contract is published, AGA/Corporate Governance section	
Section D – Building Value through Investors' Relations			
D.1.	TEL should have an Investor Relations function and the person(s) responsible or the organizational unit should be indicated to the general public. In addition to information required by legal provisions, TEL should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	In its structure, Transelectrica has specialized organizational entities both for the Investor Relations and for the Shareholder Relations (<u>contact</u>), Documents are available at https://www.transelectrica.ro/web/tel/relatii-investitori	
D.1.1	Principal corporate regulations: the articles of association, general shareholders' meeting procedures;	Available on the TEL website https://www.transelectrica.ro/regulament-de-guvernanta-corporativa , and the AGA Procedure is present in each Call list/Addendum to the call list, Investor relations/AGA section	
D.1.2	Professional resumes of the members of TEL's governing bodies, a BS member's other professional commitments, including	Documents are published on the TEL website, in the Investor Relations/Corporate Governance/Board of Supervisors and Directorate section - <i>Biographical notes and CVs</i> ;	

⁷ https://www.transelectrica.ro/documents/10179/39811/Organigrama+TEL_1_+aug_2018.pdf/07c466a7-8d8e-4e96-9240-1504fd0b31e3,

Provisions of the Code		Compliant	Partially compliant (reason for incompliance)
	executive and non-executive Board positions in companies and not-for-profit institutions;	(https://www.transelectrica.ro/web/tel/quvernanta-corporativa).	
D.1.3	Current reports and periodic reports (quarterly, half-yearly and annual reports) – at least as provided at item D.8 – including current reports with detailed information related to non-compliance with the present Code;	Relevant documents are available on TEL's website, under the Investor Relations/Current Reports and Periodical Reports section, link: https://www.transelectrica.ro/web/tel/relatii-investitori ;	
D.1.4	Information related to general assemblies of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional resumes; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	Documents are available on TEL's website, under the Investor Relations/AGA section, link: https://www.transelectrica.ro/web/tel/aga ,	
D.1.5	Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	Documents are available on TEL's website, under the Investor Relations section, link https://www.transelectrica.ro/web/tel/relatii-investitori ;	
D.1.6	The name and contact information of a person who should be able to provide knowledgeable information, upon request;	relatii.investitori@transelectrica.ro , contact phone - Shareholders: +40.21.303.59.48 contact phone - Investor relations +40.21.303.56.67; the data is also published on the TEL website, link: https://www.transelectrica.ro/web/tel/contact-ri ,	
D.1.7	TEL presentations (e.g. investor presentations, quarterly results presentations etc.), financial statements (quarterly, half-yearly, annual), auditor reports and annual reports.	Documents are available on TEL's website, under the Investor Relations section, link: https://www.transelectrica.ro/web/tel/rapoarte-periodice ,	
D.2	TEL should have an annual dividend or other shareholders' benefits distribution policy, proposed by the Directorate and adopted by the Board of Supervisors, as a set of guidelines which TEL intends to follow regarding the distribution of net profit. The annual shareholders' distribution policy principles should be published on TEL's website.	The Company's profit is allocated based on the provisions of GEO 64/2001 on profit allocation in national companies, public companies, companies with public capital (in full or in part), as well as autonomous public companies. On March 28th, 2016, the shareholders approved an annual dividend distribution policy ⁸ . In 2018, TEL distributed no dividends from the obtained profits. In December 2018, TEL shareholders approved, based on the request of the majority shareholder, the distribution/re-distribution of sums in the accounts "retained earnings" and/or "other reserves", of 66,705,852.99 lei, as dividends (gross dividend per share: 0.91 lei, date of commencement of dividend payment 25.01.2019);	

⁸ https://www.transelectrica.ro/documents/10179/3235082/03_Propunere+Politica+de+dividend+TEL.pdf/a03e6232-5f57-420b-902f-a98cd611d450,

Provisions of the Code	Compliant	Partially compliant (reason for incompliance)
D.3	<p>TEL should adopt a policy with respect to forecasts, whether they are made publicly available or not. Forecasts represent the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, half-yearly or quarterly reports. The forecast policy should be published on the Company's website.</p>	<p>The Company's activity is regulated by the National Regulatory Authority in the field of Energy.</p> <p>Not implemented in 2018. – since no selection process was undertaken based on Government Emergency Ordinance no. 109/2011 on the corporate governance of public companies, hence no Administration Plan was approved</p>
D.4.	<p>The rules of the general assembly of shareholders should not restrict the participation of shareholders in general assemblies and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general assembly of shareholders;</p>	<p>TEL respects all rights of issued financial instruments holders and ensures a fair treatment regardless of the number of shares held and makes sustained efforts in order to accomplish an effective, active and transparent communication in order for the shareholders to exercise their rights in an unprejudiced manner;</p>
D.5.	<p>The external auditors should attend the general assembly of shareholders when their reports are presented in these meetings.</p>	<p>✓</p>
D.6.	<p>The BS should present to the annual general assembly of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to the decision of the general assembly.</p>	<p>AGOA materials for the April 24/25, 2018 meeting – Report of the BS Audit Committee on internal control and significant risk management systems for 2018</p>
D.7.	<p>Any professional, consultant, expert or financial analyst may participate in the shareholders' assembly upon prior invitation from the Board. Accredited journalists may also participate in the general assembly of shareholders, unless the Chairman of the Board decides otherwise.</p>	<p>Accredited journalists may also participate in the general assembly of shareholders, provided that they inform the Directorate beforehand.</p>
D.8.	<p>The quarterly and half-yearly financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on-quarter and year-on-year terms.</p>	<p>Relevant documents are available on TEL's website, under the Investor Relations/Periodical Reports section, link https://www.transelectrica.ro/web/tel/relatii-investitori;</p>
D.9.	<p>TEL should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the Investor Relations section of TEL's website at the time of the meetings/conference calls.</p>	<p>As per the Annual Financial Communication Calendar of TEL, approved and forwarded to the capital market institutions, BSE and FSA, the Company has planned in 2018 four meetings with financial analysts, investment consultants, brokers and investors for presenting the financial results (https://www.transelectrica.ro/web/tel/calendar-financiar)</p>
D.10	<p>If TEL supports various forms of artistic and cultural expression, sporting activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of TEL makes part of its business mission and development strategy, it should publish the policy guiding its activity in this field.</p>	<p>The document is available on TEL's website, under the About Us/Corporate Social Responsibility section, link: https://www.transelectrica.ro/web/tel/responsabilitate-sociala-corporativa.</p>

15. Corporate social responsibility

The Corporate Social Responsibility Policy

All modern organizations are assessed beyond their economic performances, management quality and communication policies, in terms of their contribution to the social life of the community they are a part of.

Social responsibility is a management process by which the Company aims at helping develop a sustainable and successful Romanian society.

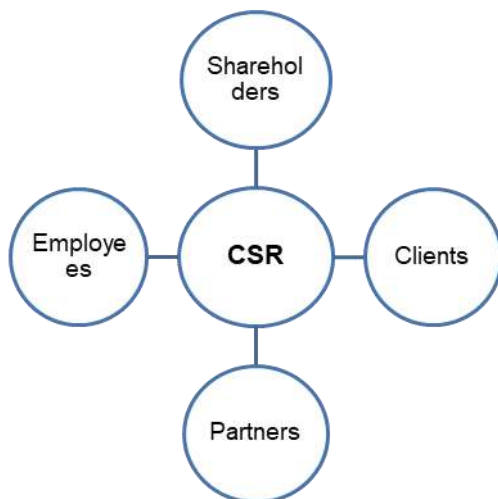
We are involved in solving the social issues of the community where we work and we support enhanced access to education in disadvantaged areas.

The Company considers the interests of society and is responsible towards its employees, shareholders, community and environment.

Social responsibility is an integral part of the Company's business strategy and helps reinforce market position and maintain reputation.

The CSR vision of the Company is to provide national values such as innovation, team spirit, respect for diversity and commitment. They lie at the basis of the Company's performance.

Figure 40: CSR policy – stakeholders



CSR fields and actions

Through its corporate social responsibility policy, the Company focuses on the following fields and actions included in a long-term strategy:

Areas	Actions
<input type="checkbox"/> sArt and culture	<input type="checkbox"/> Donations
<input type="checkbox"/> Education and training	<input type="checkbox"/> Sponsorships
<input type="checkbox"/> Humanitarian	<input type="checkbox"/> Patronage acts
<input type="checkbox"/> Community development	

In 2018, Transelectrica focused its CSR activities in fields such as: art and culture, education and training, humanitarian actions, environment, community development, responsibility towards employees and corporate volunteer actions.

Art and culture

Objective: Enhancing the popularity and quality of artistic and cultural events.

Diversity and creativity are values we prize and promote in the artistic and cultural field.

- We cooperate in the organization of theatre and classical music festivals, in the organization of events of pupil and student associations or cultural foundations, in the creation of artistic works, etc.

Education and training

Objective: Supporting young people studying in the energy field, so as to develop their education and professional training.

Young people are the most important value for Romanian society. We are active in the higher education environment, through partnerships with student associations, as well as other initiatives.

- We cooperate with faculties in the energy sector by equipping research laboratories and providing student scholarships.
- We provide students in the energy sector with the possibility to take part in the activity of Transelectrica under the form of technical visits with the company.

Humanitarian actions

Objective: Supporting disadvantaged areas so as to improve the living standards.

We focus on people and we always try to help the disadvantaged.

- We can provide support to associations for the protection of retired persons from the energy

system, foundations and associations for disabled children.

- Moreover, whenever needed, we are also involved in beneficial actions to help persons and settlements affected by natural disasters.

Environment

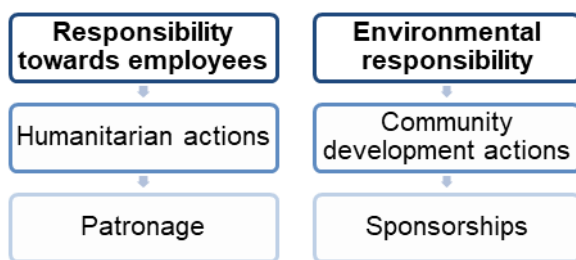
Objective: Ensuring environmental protection and quality improvement, as well as promoting activities resulting in lower pollutant emissions.

Corporate social responsibility could also be perceived as based on personal social responsibility, on the care and availability of each individual to build his/her existence in close relation with the environment, in accordance with the values promoted by the company.

Our environmental policy is committed to a responsible performance of all specific activities, with a proper focus on environmental impact and sustainable development.

This includes environment protection and environment protection conditions sustainable development. EU requirements and prerequisites imply a new approach of global environmental issues, in terms of environmental effects and pressure, as well as all consequences of socio-economic development. Concretely, corporate social responsibility actions should have environmental aspects and methods to significantly reduce the environmental impact of our activity at their core.

Figure 41: Actions performed in 2018



Community development

Objectives: Taking part in the sustainable development of local projects and improving energy infrastructure.

- Transelectrica envisages financial support to the construction and refurbishment of schools and cultural sights, with priority on the areas where the Company holds transmission subsidiaries.

- We also support involvement in disadvantaged areas, especially in terms of facilitating access to electricity.

Social responsibility towards employees

The Company's objective regarding social responsibility toward employees implies providing support to Company employees and their families in case of major health issues.

Corporate volunteer actions

Objective: Performing volunteering with a view to solving community issues.

Employer-supported volunteering is any effort of the Company to encourage employees and/or former employees (now retired) to take part in community volunteering and support them in their involvement endeavours.

The company's executive management encourages and supports the employees' participation as volunteers in various actions and fund raising campaigns and proposes concrete projects for them to provide their time and dedication to improve relations between employees through team activities.

Project eligibility criteria

Transelectrica will only support projects or organizations able to ensure the achievement of objectives set out in the Corporate social responsibility strategy, as previously mentioned.

At the same time, Transelectrica wants to support projects/organizations sharing the same values and proving to be beneficial to society.

Company sponsorships CANNOT be accessed by:

- Political parties or organizations whose activity is similar to a political party;
- Public institutions, except for educational institutions (school, kindergarten, university, etc.), museums, hospitals and other cultural and health institutions headquartered in Romania;
- Cult units, religious cults and/or other religious associations and foundations;
- Natural persons or legal entities subject to conflict of interest;
- Organizations/institutions aiming at obtaining profit;
- Natural persons or legal entities declared in previous sponsorships;
- Beneficiaries subject or expected to be subject to judicial reorganization, dissolution, liquidation or suspension of activity;

- Beneficiaries/organizations with final convictions for a crime;
- Beneficiaries/organizations who infringed a previous financing and/or donation and/or sponsorship contract with Transelectrica;
- Persons who are affiliated or whose relatives up to the 3rd degree are affiliated to political parties or to any other similar organization;

Based on art. XIV of GEO no. 2/2015 on the amendment and supplementation of normative acts, as well as other measures, the business operators stated under art. 1 of Government Ordinance no. 26/2013 on the reinforcement of financial discipline in certain business operators where the state or territorial administrative units are single or majority shareholders or directly or indirectly hold majority participation, approved as amended by Law no. 47/2014 (a category the Company is a part of), providing donations and sponsorships in money, based on the legislation in force, meet the following thresholds for their award:

- At least 40% of the approved amount, in the medical and health field;
- at least 40% of the approved amount in the fields of education, society and culture for the supply of equipment, services, actions or any other activities related to these fields, national programmes included;
- no more than 20% of the approved amount, for actions and other activities, as well as for supplementing the provisions of the first paragraphs.

The sponsorship policy

The sponsorship criteria established by the Company are as follows:

- Transparency: Sponsorships must be transparent, their beneficiaries must be known, and the purpose of use must be disclosed and verifiable;
- Purpose: The donated amount must contribute to a purpose that is relevant to the previously described sector;
- Cost: The cost required for the implementation of the project/action subject to sponsorship has to be supported and detailed;
- The beneficiary's reputation/reliability: The beneficiary's integrity must be checked as far as possible;

- The strategic framework for sponsorships: Sponsorships must be in accordance with Transelectrica's strategy;
- Benefits provided to the Company: The beneficiary must provide Transelectrica with opportunities of visibility and reciprocity in business with a financial impact;
- Previous relations with *Transelectrica*: A positive previous experience has a positive impact on the evaluation of the new demand.

The sponsorship or donation is assessed by the Company based on assessment criteria.

- The beneficiary must submit a concise report to the Corporate Social Responsibility Office after the completion of the Donation/Sponsorship process, mentioning all the tangible results implemented by them.
- The Company must generally monitor the following:
 - The compliance with the written contract and the Company's policies;
 - The achievement of goals regarding the sponsorship or donation;
 - The proper management and record keeping;
 - The submission of reports;
 - Benefits for the Company and the community.

All sponsorship/donation requests shall be made in writing to the Corporate Social Responsibility Office, including the following details (download [the online form here](#)):

- Name of the organization/beneficiary, phone number, address and contact person;
- Purpose of the action/programme/event support is asked for, including substantial information;
- The required amount;
- The results to be obtained with the granted support;
- The benefits resulting from the granted support.

Therefore, Transelectrica, as a part of public life, has firm duties toward society.

Community involvement is needed not only to ensure our commercial success, but also for obtaining the respect of the communities we perform work in, contributing to the development of a sustainable and successful Romanian society.

This is why the projects we choose to be involved in have to go beyond the business area and be as close as possible to the needs of people and of the

environment, to actively take part in the improvement of the life quality and living standard.

Our commitment is to support strategic partnerships in these fields and convince employees, clients or even business partners to join us by example.

The main CSR projects in 2018

In 2018, we chose to be involved in fields such as: education and training, humanitarian actions, environment, responsibility towards employees and corporate volunteer actions.

The amount stipulated and approved in the Budget of revenues and expenses for 2018, for sponsorship, corporate social responsibility actions was 800,000 lei.

Expenditure for 2018, of 705,250 lei, was distributed along the following fields:

- Medicine and health: 256,250 RON
- Education, society and sports: 297,000 RON
- Other activities: 152,000 RON

In 2018, the Company decided to provide financial aid of 218,250 lei to 10 persons with various medical disorders, so as to cover their treatment expenses.

Moreover, the Company provided a 8,000 lei sponsorship to the Association Spitale Curate in the “Zi cu fapte bune” project, consisting of a thematic party with the opportunity of the Children’s Day for children in the Fundeni Clinical Institute, the Bucharest Oncology Institute and Marie Curie and 30,000 lei to the Association Mia’s Children, to support the project “Health and responsibility”, to detect diseases (hepatitis, TBC, diabetes, HIV/AIDS, psychological diseases) and for their suitable treatment.

In 2018, the Company pursued its social responsibility actions initiated in the last years and became involved in new comprehensive programmes, being more and more visible and constant, supporting associations, non-governmental organizations and energy/technology education institutions, thus helping children who study in the energy sector, but not only.

The Energy Technical College of Cluj-Napoca

The Company became a partner of the Energy Technical College of Cluj-Napoca, by supporting the project “Be a science teacher for a week!”, consisting in the students’ participation in competitions, hand-made device manufacturing, boards, patterns,

portfolios, as well as scientific communication sessions.

Value of the sponsorship contract 20,000 RON

Dimitrie Gusti Technological High School

Moreover, together with the Dimitrie Gusti Technological High School, Transelectrica supported the project “Refresh to technical education”, equipping the technical laboratory with new devices.

Value of the sponsorship contract 30,000 RON

The Ferdinand I Energy Technical College of Timisoara

Another major project the Company was a part of, together with the Ferdinand I Energy Technical College of Timisoara, was the reconstruction and equipment of the practice workshop with new devices.

Value of the sponsorship contract 20,000 RON

The Energy Technical College of Bucharest

In 2018, the Company supported the project “Efficient activity with a modern support”, consisting in the upgrade of office equipment.

Value of the sponsorship contract 45,000 RON

The Energy Technical College of Craiova

The Company supported the Energy Technical College of Craiova in the upgrade of office equipment to optimize teaching activity and motivate students for technical education.

Value of the sponsorship contract 20,000 RON

The Romanian National Committee Association – CIGRE

In 2018, the Company and the Romanian National Committee Association – CIGRE undertook the project “Next Generation of Energetics” awarding prizes to research papers defended by students/MSc students/PhD students in energy universities at the international conference RSEEC 2018.

Value of the sponsorship contract 9,000 RON

The National Red Cross Society of Romania

The Company partnered the Tulcea branch in the project “Daruiam impreuna”, distributing food and hygiene and sanitation products to poor families in Tulcea.

Value of the sponsorship contract 20,000 RON

Together with the Neamt subsidiary, Transelectrica took part in the action supporting flood victims by providing assistance to affected persons and rebuilding homes and auxiliary facilities.

Value of the sponsorship contract 20,000 RON

The Association for Educational Robotics and Science WRO

In 2018, the Company supported the SuperFly robotics team by supplementing the budget required for participation, as a Romanian representative, in the WRO Friendship Invitational Tournament of Lapu-Lapu, Cebu, Philippines, with a competition robot.

Value of the sponsorship contract 24,000 RON

In 2018, the Company was also involved in the sports community, supporting sports clubs for the organization of sports competitions or for the purchase of the required sports equipment.

Sport Club Municipal Râmnicu Vâlcea

The Company partnered Sport Club Municipal Râmnicu Vâlcea to support the female handball team, participating in the national league and the EHF cup.

Value of the sponsorship contract 44,000 RON

The Sports Club Danco Pro Communication

The company supported the organization of the sports event "CUPA DANCO PRO", during September 3-5, 2018.

Value of the sponsorship contract 30,000 RON

The Sports Club of Faurei

In 2018, the Company supported the competitive activity of junior and senior football teams in the 3rd league of FRF.

Value of the sponsorship contract 20,000 RON

The European Association for Human Protection and Child Protection

The company was a partner in the project "Give some smile to disadvantaged children in the rural environment", where 200 disadvantaged families and children in the rural environment received food and clothing.

Value of the sponsorship contract 5,000 RON

The Foundation Museum of Romanian and Universal Caricature

In the 2018 centennial year, the Company supported the editing and printing of the books "The Story of the Union" and "The Story of the Flag", given out in 9 events, as well as the project "We light and colour", giving out the books "The Story of the Union" to children on the first day of school (September 1-15).

Value of the sponsorship contract 65,000 RON

The European Association for Film Promotion

The Company supported the project "A marathon between ages", i.e. a feature film for the entire family, starting from sensitive issues faced by Romanian society.

Value of the sponsorship contract 87,000 RON.

Environmental responsibility

Environmental protection is an important objective to the Company, with a view to the Company's sustainable development. Thus, the environmental protection policy belongs to the general one, aiming at maintaining a good environmental management system, preventing and reducing pollution, compliance with legal national and European requirements, and sustainable development.

The 2018 environmental objectives aimed at maintaining a state-of-the-art environmental management system, as well as pollution prevention and reduction so that the environmental impact of the power transmission grid can comply with the limits of national and European requirements. Objectives were achieved by preventive and corrective measures included in the annual environmental management program.

To achieve these objectives, the Company applied measures to reduce the environmental impact of both operational and of maintenance & investment activities, which meant construction-installation works, so in 2018 no particular environmental protection issues were reported.

Describing the environmental impact of the PTG

High voltage electric installations mainly consisting of overhead lines and transformation & connection stations are installations likely to have a significant environmental impact given the technical complexity of installations but also the land areas taken up and the lengths of tens or even hundreds of km, usually crossing the territory of several counties.



No pollutants are discharged in the environment during normal operation of PTG installations. Certain chemical substances of

pollutant nature can be accidentally leaked in the environment in case of non-tight equipment, wrong operation, failures or during construction and maintenance operations.

Environmental aspects for technology and construction are identified and assessed from the first design stage. The environmental management plan is elaborated according to them (for construction, operation and dismantling of installations), which includes measures to prevent pollution or to reduce the environmental impact, as

well as the monitoring plan for environmental factors.

In terms of impact, environmental aspects related to the construction, operation and maintenance are classified into:

➤ **physical**, seen in:

- soil damage with the opening of new ways of access, uncovering and excavations
- land occupation with site organization, including warehouses
- damage to the flora with the systematic deforestation of vegetation
- damage to the fauna (fragmentation of the habitat, electrocution, etc.)
- damage to birds and flight devices (air obstacles on the flight lanes, collision, electrocution, etc.)
- waste generation (ceramics, glass, concrete, metals, waste oil, packaging, rubbish, etc.)
- damage to the population and fauna with the noise of the tools, means of transport, etc.
- damage to the population and fauna with the noise of the corona effect in high voltage installations
- land occupation with OHL routes and substation locations
- danger of electrocution or contact burns or due to the fall of OHL close to road crossings, railways, water, buildings, etc.
- danger of fire due to damages in the insulation or the accidental contact of conductors against objects or dry vegetation
- damage to the population and fauna with the noise and vibration caused by the operation or vibration of PTG elements
- the sound and light effects of the corona phenomenon
- influences of the electromagnetic field on telecommunication facilities or other power lines at their crossings and contact
- effects of the electromagnetic field on living entities

➤ **chemical**, such as: soil and/or water pollution through accidental leakage of fuel, oil and other chemical substances

- air pollution by:
- the release of burn gas (SO_x, CO_x, NO_x, COV, suspended particles) from heating installations or means of transport

- releases of sulphur hexafluoride (SF₆) – accidental leakage during gas handling or due to non-tight equipment
 - release of powders due to constructions and assembly works
 - release of volatile organic compounds from dyes and solvents, etc.
 - ozone and nitrogen oxides – corona effect at high voltage
 - sulphuric acid vapours – from accumulator batteries
- **socio-economic**, such as disturbance of social activities, including relocation of population

➤ **visual and psychological**, affecting the landscape and causing fear due to the closeness and the visual and sound effects of the PTG.

In 2018 in terms of environmental impact:

- no accidental pollution of significant environmental impact was recorded;
- there were no environmental complaints;
- generated waste was disposed of/capitalized at a 76.41% rate, the rest being stored.

Impact indicators

Table 31: Areas occupied by electric lines and substations

Entity	No safety area [m ²]		With safety area [m ²]	
	Substations	OHL	Substations	OHL
Total 2018	3,980,544	3,205,655	7,123,765	520,529,940

Underground and terrestrial sources of soil and water pollution

No noxious substances are discharged on ground, in underground or terrestrial waters during normal operation of PTG installations. Accidental pollutions can occur due to non-tight/broken equipment containing dangerous substances or electro-insulating oil, or to defects in the oil regeneration/supply/discharge installations into/from the equipment.

Car oil/fuel leaks can also occur from transportation machinery and means during construction and maintenance work (the oil leaked in the environment was retained by absorbent biodegradable earth).

Air pollution sources

Direct emissions

During construction, maintenance and normal operation of PTG installations, no significant pollutant amounts are discharged in the atmosphere.

During construction, maintenance and normal operation of PTG installations, the following atmospheric emissions can occur: particulate matter - during construction work, flue gas - from cars, electric generating units and thermal plants, ozone in negligible amounts (Corona effect), sulphur hexafluoride - as a result of non-tight equipment or improper gas handling.

Flue gas (SO_x, CO_x, NO_x, COV, particulate matter etc.) can result from fires or explosions.

High voltage OHLs generate atmospheric pollution by ozone and nitrogen oxides after Corona discharges occurring around active conductors, especially during rains. The additional contribution of such pollutant substances is not major and cannot lead to exceeding the legal threshold values, a level beyond which there is risk for human health.

Wastewater Sources

Electricity transmission processes do not generate technological waste water. Waste water generated on the location of PTG installations is *domestic waste water* from human activities (directly discharged into the city drainage or collected and transported to a station treating urban waste water, then is discharged on ground or in terrestrial waters), *rainwater* collected in the oil-containing equipment tanks and in concreted manholes storing waste and equipment (can contain oil from leaks) which are mechanically treated in water-oil separators and discharged in the city drainage or collected and transported to a station treating urban waste water or discharged on ground or in terrestrial waters while observing the maximum admissible limits for pollutants disposed in the environment.

Generating waste

No direct waste results from electricity transmission. Waste comes from the construction and maintenance activity, as well as from human actions. Waste quantities are different from one year to another,

depending on the volume of investment and maintenance work.

Table 32: Waste management

Generated waste (t)	Capitalized waste (t)	Disposed waste (t)	Stored waste (t)	Waste management indicator: disposed, capitalized waste/generated waste
5115.76	1075.12	2834.02	1206.62	76.41%

Electromagnetic field generated by PTG installations

Transformer/connection substations and the 220 kV and 400 kV overhead lines have a relatively low impact nearby, which can be found only around PTG installations. A great part of disturbing effects are owed to electric induction (into non-grounded metal objects or structures) and to interference phenomena (radio interference).

Constructive solutions adopted for high voltage lines and substations provide proper protection against the exposure of living bodies to electromagnetic fields, in order to diminish the environmental impact of such installations.

In accordance with specific studies carried out near the 220 kV and 400 kV overhead lines, the intensity of the electric field decreases with distance, so at a distance of ca. 25-30 m from the line axis, the field intensity is zero.

Acoustic pollution

Noise can be produced during construction due to the executed works and the operation of equipment and cars. During operation, acoustic pollution can come from the noise produced by operation & vibration of PTG installations, or by Corona discharges around active conductors.

The noise level of Corona effects at a 25 m distance from the active conductor ranges from 53 dB during rain and 33 dB in fine weather.

Impact on fauna

The impact over fauna is significant, especially over birds that collide with PTG installations or are even electrocuted by such installations in their migration corridors or protected areas.

The main migration corridors of various types of birds have been identified in Banat, Dobrogea and the Danube Delta regions.

- ***Impact on vegetation***

The generated waste was disposed of/capitalized via licensed companies.

The impact on vegetation is determined by the final or temporary land occupation and removal of vegetation exceeding a certain height within the safety areas of PTG installations, in order to prevent fires. This impact can be significant only in protected areas.

Measures to prevent and/or limit the environmental impact

The main measures taken in 2018 to prevent and/or limit environmental impact were the following:

- construction or maintenance of drainage networks for domestic waste water and/or rainwater;
- installing water-oil separators to the oil equipment tanks and storage platforms;
- building concreted platforms for temporary storage of equipment and waste;
- maintenance of oil or SF6 equipment to prevent leaks;
- painting the towers of overhead lines (OHL) using colors adequate for the landscape;
- deforestation/ maintenance of OHL safety corridors;
- restoring/developing the land to bring it to its initial state (after completion of works);
 - monitoring the quality of waste water from Company substations and offices and proposing solutions to reduce pollution according to the requirements of environmental and water management permits;
 - waste collection, sorting, transportation and capitalization/disposal.
- developing environment management plans for maintenance, refurbishment/ modernization projects.



RON 3.6 mn Environment protection expenses

Total environmental protection expenses amounted to 3.6 mn lei (ca. 778 thousand EUR), which were

included in the operational, maintenance and investment expenses.

Compliance with legal requirements

Company managed objectives (269 objectives: transformer & connection substations, overhead electric lines, offices etc., licensed or under re-licensing processes) comply with legal environmental protection requirements, the licensing degree being 99.26% (35 permits). Maintenance and investment operations carried out in 2018 were according to legal and regulatory requirements (environmental and/or water management

endorsements, as the case may be).

Generated waste was managed according to legal requirements and was disposed of/capitalized by licensed companies, thus paying the 35 lei in taxes to the Environmental Fund for emissions from stationary sources. The measures imposed by regulatory and control authorities in the environmental protection and water management field were fulfilled in full, as the Company monitored environmental factors (air, water, soil, noise, electromagnetic field, waste) all throughout 2018 according to the requirements set forth by regulatory documents for environment and water management.

All the environmental information was accurately and timely reported according to the legal and regulatory requirements and those resulting from controls performed by regulatory and control bodies.

In 2018, ST Constanta was sanctioned by the National Environmental Guard of Galati for the temporary storage (until capitalization) of waste oil (code 13 03 07*) resulting from the maintenance works undertaken by SMART SA in the Smardan, Barbosi and Filesti substations belonging to CE Galati. ST Constanta filed and submitted complaint no. 3893/26.03.2018 to the Court of Galati.

The complaint was admitted on 21.01.2019 and the relevant protocol of the National Environmental Guard was cancelled. The procurement procedure

for waste oil collection and capitalization services was started.

Thus, the implementation of the Company's environmental policy, as well as the implemented environmental performance are seen in:

- the proper management of waste resulting from maintenance and technological upgrade activities;
- the reduction and measurement of pollutant emissions into the environment;
- the reasonable use of natural resources;
- the periodic monitoring of environmental factors (water, air, soil, noise, electromagnetic field, waste);
- upgrade and refurbishment of installations with state of the art technology helping prevent or reduce pollution;
- ensuring that all company's employees are aware of environmental legislation and comply with it, by means of information, training and motivation actions

Preventive and corrective actions

Transelectrica envisages that this future activity should reduce the environmental negative impact of installations by:

- dimensioning installations so as to reduce the intensity of the electromagnetic field on the soil, the occupied land, the impact on birds;
- replacing equipment containing electro-insulating oil;
- replacing porcelain insulators with composite insulators;
- reducing sulphuric acid emissions by replacing accumulator batteries;
- reducing pollutant emissions into burn gases;
- assembling anti-bird devices on newly constructed OHL;
- reducing sound pollution by assembling ventilators (on auto transformers) with a low noise; assembling electro-generating groups with noise and vibration dampers.



Photo: Gutinas 400/220/110 kV substation

Transelectrica, as a transmission system operator, believes it has a major responsibility towards future generations and permanently strives to identify sustainable economic solutions to develop and modernize its installations according to EU environmental protection requirements.

Annex 1 - Articles of incorporation amended in 2018

The Decision of the Extraordinary general assembly of shareholders no. 16/21.12.2018 approved the addition of the following activities to the Company's scope of activity: 7219 Other research and experimental development on natural sciences and engineering and 4222 Construction of utility projects for electricity and telecommunications and the consistent amendment of the Articles of incorporation by adding the following text to art. 6 (b), based on Note no. 49125/14.11.2018.:

- "Research and development on natural sciences and engineering (Research and development in engineering and technology) - NACE code 7219" and
- "Construction of utility projects for electricity and telecommunications (telecommunication lines and long-distance and urban power grid lines) - NACE code 4222".

Annex 2 - Appointment/recalling acts issued in 2018

Directorate

- According to BS Decision no. 1/15.01.2018
 - the mandate of interim members and Chairman of the Directorate is extended for: Georgeta-Corina Popescu, Mircea-Toma Modran, Dan-Valeriu Ardelean, Florin-Cristian Tătaru and Andreea Georgiana Florea.
- By BS Decision no. 21/14.03.2018
 - the following interim members of the Directorate are appointed for a four-month mandate: Georgeta-Corina Popescu, Dan-Valeriu Ardelean, Florin-Cristian Tătaru and Andreea Georgiana Florea.
- By BS Decision no. 37/20.04.2018
 - Mr Adrian Constantin Rusu is appointed as an interim member of the Directorate for a mandate until 16.07.2018.
- By BS Decision no. 53/24.05.2018
 - The Board of Supervisors takes note of the resignation of Ms Georgeta-Corina Popescu starting 01.06.2018.
- By BS Decision no. 58/08.06.2018
 - Constantin Saragea is appointed as an interim member of the Directorate for a mandate until 16.07.2018.
- By BS Decision no. 64/11.06.2018
 - the mandates of the following persons were extended for 2 months: Adrian Constantin Rusu, Andreea Georgiana Florea, Constantin Saragea and Adrian-Mircea Teodorescu and Viorel Vasii were appointed interim members of the Directorate for a 4-month mandate.
- By BS Decision no. 93/23.11.2018
 - The members of the Board of Supervisors met on 23.11.2018 to revoke the Directorate membership of Mr Constantin Saragea as of that date.
- By BS Decision no. 100/21.12.2018
 - Adrian Constantin Rusu, Andreea Georgiana Florea, Constantin Saragea, Adrian-Mircea Teodorescu and Viorel Vasii are revoked as interim members of the Directorate
- By BS Decisions No. 101 -105/21.12.2018
 - the following interim members of the Directorate are appointed for a four-month mandate: Marius Dănuț Carașol, Andreea Georgiana Florea, Constantin Saragea, Claudia Gina Anastase and Adrian Savu. This is the composition of the Directorate as of 31.12.2018.

The Board of Supervisors

- By Decision no. 1/10.01.2018 of the General Assembly of Shareholders,
 - Ms Beatrice AMBRO was dismissed as a member of the Board of Supervisors and Mr Constantin DUMITRU was appointed as a member of the Board of Supervisors, with a mandate expiring on 30.03.2018
- By Decision no. 4/29.04.2018 of the General Assembly of Shareholders,
 - the following were appointed members of the Board of Supervisors, starting 31.03.2018: Gheorghe OLTEANU, Cristian-Eugen RADU, Liviu ILAȘI, Constantin DUMITRU, Fănel MIHALCEA, Ion CIUCULETE and Alin-Sorin MITRICĂ, while the Decision no. 5 of the General Assembly of Shareholders/29.03.2018 set the duration of the mandate for 2 months, until 30.05.2018
- By Decision no. 7/29.05.2018 of the General Assembly of Shareholders,
 - the following were appointed members of the Board of Supervisors, starting 31.05.2018: Gheorghe OLTEANU, Adrian MITROI, Liviu ILAȘI, Constantin DUMITRU, Fănel MIHALCEA, Ion CIUCULETE and Alin-Sorin MITRICĂ, while the Decision no. 8 of the General Assembly of Shareholders/29.05.2018 set the duration of the mandate for 4 months
- By Decision no. 11/28.09.2018 of the General Assembly of Shareholders,
 - the following were appointed members of the Board of Supervisors, starting 30.09.2018: Gheorghe OLTEANU, Adrian MITROI, Liviu ILAȘI, Constantin DUMITRU, Fănel MIHALCEA, Ion CIUCULETE and Alin-Sorin MITRICĂ, for a two-month mandate
- By Decision no. 13/26.11.2018 of the General Assembly of Shareholders,
 - the following were appointed members of the Board of Supervisors, starting 30.11.2018: Gheorghe OLTEANU, Adrian MITROI, Liviu ILAȘI, Constantin DUMITRU, Fănel MIHALCEA, Ion CIUCULETE and Alin-Sorin MITRICĂ, for a four-month mandate.

Annex 3 - Major agreements entered by the company in 2018

According to the Decision of the Extraordinary General Assembly of Shareholders no. 4/29.04.2015 regarding the agreements signed in 2018 for the purchase of goods, services and works with a value greater than 500,000 euro/purchase (for purchases of goods and works) and of 100,000 euro/acquisition respectively (for services)

No.	Agreement number	The Scope of the Contract	Duration	Present		Agreement type	Legal basis	Acquisition procedure
				Ron mn	EUR mn			
0	1	2	3	4	5	6	7	8
1	C 398/2018	Car fuel for the car fleet and diesel generating sets of CNTEE Transelectrica SA	24 months	6,983.83	0.00	Supply	Law 99/2016 + GD 394/2016	Open bidding
2	C 370/2018	Motor cars to complete the Company's car fleet	3 months	2,744.18	0.00	Supply	Law 99/2016 + GD 394/2016	Open bidding
3	SB 35/2018	Replacement of AT2 220/110 kV in the Gheorgheni substation	12 months	6,088.19	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
4	C 190/2018	Upgrade of the 400(220)/110/20 kv substation of Munteni	34 months	43,306.17	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
5	C 185/2018	Replacement of AT and transformer in power substations - Step 2, phase 2 - LOT I (8 x 200 MVA ATs)	43 months	0.00	8,497.75	Works	Law 99/2016 + GD 394/2016	Open bidding
6	C 186/2018	Replacement of AT and transformer in power substations - Step 2, phase 2 - LOT II (4 x 16 MVA ATs)	25 months	0.00	1,125.47	Works	Law 99/2016 + GD 394/2016	Open bidding
7	C 145/2018	Technical upgrade of the 110 kv Medgidia Sud substation	29 months	0.00	10,681.32	Works	Law 99/2016 + GD 394/2016	Open bidding
8	BC 556/2018	RK – București Sud-Pelicanu 400 kV OHL	48 months	37,693.30	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
9	C 129/2018	Batch 1 – Mobile bays of 400 kV	8.5 months	0.00	1,328.80	Supply	Law 99/2016 + GD 394/2016	Open bidding
10	C 130/2018	Batch 2 – Mobile bays of 220 kV	240 days	0.00	1,933.54	Supply	Law 99/2016 + GD 394/2016	Open bidding
11	C 131/2018	Batch 3 – Mobile bays of 110 kV	215 days	0.00	1,291.98	Supply	Law 99/2016 + GD 394/2016	Open bidding
12	C 120/2018	Intervention beams system	6 months	4,399.84	0.00	Supply	Law 99/2016 + GD 394/2016	Open bidding
13	C 111/2018	Connecting the Isaccea-Varna 400 kV OHL and the Isaccea-Dobrudja 400 kV OHL in the Medgidia Sud 400 kV substation, stage II – 400 kV OHL d.c., connections in the Medgidia Sud substation	18 months	41,504.51	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
14	C 110/2018	Technical upgrade of the Smârdan 400/110/20 kV substation	66 months	107,194.85	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
15	C 100/2018	Converting the Porțile de Fier-Reșița-Timișoara-Săcălaz-Arad axis to the 400 kV voltage / Reșița 400/220/110 kV substation – secondary equipment and related services	28 months	0.00	2,437.67	Supply	Law 99/2016 + GD 394/2016	Negotiation WITHOUT prior invitation
16	C 84/2018	Replacement of EMS SCADA AREVA system components - hardware component	38 months	19,244.97	0.00	Supply	Law 99/2016 + GD 394/2016	Open bidding
17	C 80/2018	Technical upgrade of the Hășdat 220/110 kV substation	30 months	49,728.01	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
18	CT 687/2018	Upgrade of the tele-protection and telecommunications system in the Cernavodă substation	22 months	3,958.32	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
19	TM 32/2018	Technical upgrade of the Oțelărie Hunedoara 220 kV substation	14 months	12,604.29	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
20	SB 14/2018	Major maintenance for the Alba - Șugag - Gălceag 220 kV OHL (execution)	36 months	9,789.24	0.00	Works	Law 99/2016 + GD 394/2016	Open bidding
21	C 62/2018	Computing – hardware and software – desktop PC – (framework agreement)	24 months	6,208.76	0.00	Supply	Law 99/2016 + GD 394/2016	Open bidding
22	C 54/2018	Technical upgrade of the Craiova Nord 220/110 kV substation	30 months	0.00	9,886.80	Works	Law 99/2016 + GD 394/2016	Open bidding
23	CT 676/2018	RC – Cernavodă - Constanța Nord CNE 400 kV OHL st. 1-66	24 months	2,357.85	0.00	Works	Law 99/2016 + GD 394/2016	Simplified procedure
24	CT 677/2018	RC – Cernavodă - Gura Ialomiței CNE 400 kV OHL circ. 1 st. 1-64	24 months	2,822.83	0.00	Works	Law 99/2016 + GD 394/2016	Simplified procedure

25	BC 569/2018	Services: mowing, tree cutting and vegetation removal in order to prevent fires in electric substations managed by TB Bucharest	36 months	581.57	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
26	C 468/2018	Maintenance services for the balancing market platform DAMAS	36 months	0.00	819.25	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT prior invitation
27	CT 724/2018	Specific guard, monitoring and intervention services to the objectives of TB Constanta, for 4 months	4 months	790.90	0.00	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT prior invitation
28	BA 729/2018	Specific guard services and intervention to the objectives of TB Bacau	36 months	7,623.87	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
29	SB 39/2018	Cleaning & hygienic services in the locations of TB Sibiu	36 months	851.48	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
30	C 05/2009 AA 6	Addendum 6 to contract 05/2009 "Services providing business continuity and post- disaster recovery"	12 months	0.00	652.80	Services	Law 114/2011	Negotiation WITHOUT prior invitation
31	BC 560/2018	Guard and intervention services for TB Bucharest	5 months	1,776.79	0.00	Services	Law 99/2016 + GD 394/2016	Own procedure
32	BA 724/2018	Specific guard and intervention services for the objectives of TB Bacau	3 months	597.17	0.00	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT prior invitation
33	CR 41/2018	Specialized guard services for the objectives of TB Craiova for 3 months	3 months	481.83	0.00	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT prior invitation
34	C 177/2018	Subsequent contract no. 1 to the master agreement no. c 161/2018 - "mobile phone and mobile internet services"	15 months	0.00	159.28	Services	Law 99/2016 + GD 394/2016	Re-offering
35	SB 28/2018	Specific guard services, monitoring and intervention to the objectives of TB Sibiu	36 months	6,678.43	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
36	BC 558/2018	Services for the elaboration of topographic and land registration documentation for the registration of expropriated land for the 400 kV d.c. Cernavoda-Stalpu OHL investment with a connection to the Gura Ialomitei substation	12 months	942.30	0.00	Services	Law 99/2016 + GD 394/2016	Simplified procedure
37	C 161/2018	Mobile phone and mobile internet services (master agreement)	36 months	0.00	382.27	Services	Law 99/2016 + GD 394/2016	Open bidding
38	CT 703/2018	Mowing and removal of vegetation in the TB Constanta substations	24 months	474.03	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
39	C 136/2018	Maintenance services in the field of telecommunications, information technology and computer science at CNTEE Transelectrica SA level	48 months	106,977.47	0.00	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT prior invitation
40	BC 555/2018	Maintenance services for the passages of the OHL in tree crown cover areas	36 months	553.39	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
41	PT 19/5878/2018	Maintenance services for the passages of the 220-400 kV OHL in tree crown cover areas	36 months	4,164.75	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
42	C 93/2018	Support service for the SAP HR/PY licenses (framework agreement)	48 months	881.85	0.00	Services	Law 99/2016 + GD 394/2016	Simplified procedure
43	CJ 8/2018	Specialized security and intervention services for the Cluj transmission branch objectives	36 months	5,643.58	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
44	TM 30/2018	Repair and maintenance services of buildings	24 months	748.29	0.00	Services	Law 99/2016 + GD 394/2016	Simplified procedure
45	TM 29/2018	Converting the Porțile de Fier – Anina – Reșița – Timișoara – Săcalaz – Arad axis to the 400 kV voltage; Timișoara – Arad 400 kV OHL, (phase III) (planning)	32 months	728.94	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
46	C 55/2018	Revolving credit line amounting to 100 mil lei	12 months	1,672.92	0.00	Services	Law 99/2016 + GD 394/2016	Own procedure
47	C 48/2018	Maintenance of the tele-metering system related to the wholesale electricity market	36 months	4,296.39	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
48	TM 11/2018	Specialized security and intervention services for the Timișoara TB objectives	36 months	10,035.85	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding
49	C 21/2018	Maintenance of the local metering system at the level of the CNTEE "Transelectrica" SA electric substations	36 months	4,559.80	0.00	Services	Law 99/2016 + GD 394/2016	Open bidding

Annex 4 - List of Transelectrica's subsidiaries

- The Company for the Electric Transport Network Maintenance "SMART" SA - J40/8613/2001 - Bucharest, 33 General Gheorghe Magheru Blvd., 1st district, code 010325, www.smart-sa.ro;
- The Electricity and Gas Market Operator Company "OPCOM" SA – J40/7542/2000 – Bucharest, 16-18 Hristo Botev Blvd., 3rd district, code 030236, www.opcom.ro;
- The Company for Telecommunication and IT Services in Electricity Transmission Grids "TELETRANS" SA – J40/12511/2002 – Bucharest, 16-18 Hristo Botev Blvd., 3rd district, code 030236, www.teletrans.ro;
- Company for Training Romania's Power Engineers "FORMENERG" SA – J40/2265/2002 – Bucharest, 3 Gheorghe Sincai Blvd., 4th district, code 040311, www.formenerg.ro;
- The Company Subsidiary "ICEMENERG - SERVICE" SA – J40/11414/2003 – Bucharest, 8 Energeticienilor Blvd. 3rd district, code 032092, www.icemenerg-service.ro

List of persons affiliated to the company

Company's subsidiaries:

- SMART
- OPCOM
- TELETRANS
- FORMENERG
- ICEMENERG-SERVICE

All contracts concluded with affiliated persons amounting to more than 50,000 euro were reported under Current Reports, according to legal provisions.

Annex 4 - Disputes

On 31.12.2018 the Company was involved in the following disputes amounting to more than 100,000 Euro (466,390 Lei at the BNR exchange rate):

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
1	7238/120/2012	The Court of Dambovită	SC ECO Energy SRL	Insolvency procedure – joint-stock companies - upon the debtor's request		TEL was included in the receivables table with 24,736,065.84 lei Term: 25/02/2019
2	2033/111/2007 2033/111/2007* 2033/111/2007**	Court of Bihor Court of Appeal of Oradea The High Court for Cassation and Justice Court of Appeal of Oradea The High Court for Cassation and Justice Court of Appeal of Oradea	Appellant-plaintiff: Transelectrica through the Romanian State + Transelectrica by Cluj Branch Respondent in appeal, third parties: Mihes Cristian Radu, Mihes Marius-Tudor, Popa Florica Loredana, Corb Erika, Luca Ionut-Bogdan, Luca Viorica, Appellant defendants: Mester Lavinia Eugenia, Mester Traian Appellant: Prosecutor's Office from the Court of Appeal of Oradea	Call Expropriation as per Law 33/1994	Expropriation as per Law 33/1994 Indemnities 275,310 EUR	Settlement in brief: Admits as founded the civil appeal filed by the appellant-defendants MEȘTER TRAIAN and MEȘTER LAVINIA EUGENIA and the request to join the appeal filed by the plaintiff TRANSELECTRICA S.A. BUCUREȘTI through TRANSELECTRICA S.A. – CLUJ TRANSMISSION BRANCH, representing the Romanian state, against the respondents in appeal, third parties LUCA VIORICA, LUCA IONUȚ-BOGDAN, MIHEȘ CRISTIAN RADU of Oradea, MIHEȘ MARIUS-TUDOR, POPA FLORICA-LOREDANA and CORB ERIKA, against the civil sentence no. 628/20.09.2007 of the Court of Bihor, which it partially amends, i.e. Ascertaines the real estate in kind consisting of extra-locality arable land of 636 m2 area, under new cadastre no. 12779 consisting of old cadastre no. 8630/19 written in CF NDF 7648 Oradea defendants' property is impacted by the building of the 400 kV trans-European OHL Oradea – Bekecsaba – tower 7. Decides expropriation for public utility of national interest of such real estate of 636 m2 area instead of 50 m2 and establishes the quantum of compensations to 5,088 Euro instead of 477 Euro, sum payable in Lei at the official exchange rate on the effective payment date. Decides the Land Book registration of the ownership right of the Romanian state on the surface of 636 sqm for the above mentioned real estate, as expropriation, instead of 50 sqm. Admits the intervention requests in the interest of the plaintiffs in appeal Mester Traian and Mester Lavinia Eugenia, formulated by accessory third parties: LUCA VIORICA, LUCA IONUȚ-BOGDAN, MIHEȘ CRISTIAN RADU, MIHEȘ MARIUS-TUDOR, POPA FLORICA-LOREDANA and CORB ERIKA. It maintains the other provisions of the appealed ruling. It compels the appellant-plaintiff TRANSELECTRICA S.A. BUCHAREST, by TRANSELECTRICA SA, TRANSMISSION BRANCH CLUJ to pay to the respondent in appeal third party Luca Viorica 1500 Lei, law suit expenses in appeal. FINAL. Appeal within 15 days from notification. Ruled in open court - Decision 375/2016 26.04.2016 Ruling no. 2055: Denies the exception of appeal nullity stated by the recurrent defendants Mester Lavinia Eugenia and Mester Traian. Admits the appeals stated by the appellant-plaintiff National Power Grid Company TRANSELECTRICA SA Bucharest representing the Romanian State and by the recurrent-defendants Mester Lavinia Eugenia and Mester Traian against Ruling 375 of 26 April 2016, pronounced by the Court of Appeal of Oradea, Civil Section I. Repeals the contested ruling and sends the case for re-judgment to the same court of appeal. Irrevocable. Denies the request to join the appeal filed by the appellant-plaintiff TRANSELECTRICA S.A. BUCUREȘTI through TRANSELECTRICA S.A. – CLUJ TRANSMISSION BRANCH, representing the Romanian state. Admits the intervention requests in the interest of the

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						plaintiffs in appeal Mester Traian and Mester Lavinia Eugenia, formulated by accessory third parties: LUCA VIORICA, LUCA IONUȚ-BOGDAN, MIHEȘ CRISTIAN RADU, MIHEȘ MARIUS-TUDOR, POPA FLORICA-LOREDANA and CORB ERIKA. Admits the civil appeal filed by appellant-defendants Mester Traian and Mester Lavinia Eugenia against the respondent plaintiff TRANSELECTRICA S.A. BUCUREȘTI through TRANSELECTRICA S.A. – CLUJ TRANSMISSION BRANCH, representing the Romanian state, against the civil sentence no. 628/C of 20.09.2007 by the Court of Bihor, which it partially amends, i.e. Compels the expropriating plaintiff to provide indemnities to the defendants of 1,039 EUR in total, to be paid in lei at the NBR rate on the actual payment date, of which 600 EUR the equivalent value of the expropriated land and 439 EUR the equivalent value of the damage caused by expropriation. It maintains the other provisions of the appealed sentence that do not infringe this decision. Final. Appeal within 15 days from notification. Ruled in open court - Decision 1293/18.12.2018
3	41911/3/2014 41911/3/2014*	Court of Bucharest Bucharest Court of Appeal ICCJ	Plaintiff: Transelectrica Defendant I. SC Gallup Organization Romania SRL Defendant II. Stelian Baicusi and others	Claims	4,958,587.72 RON	Settlement in brief: Admits the exception of functional incompetency of section VIII from Bucharest Tribunal. Referring the file to the registration office from the civil sections of Bucharest Tribunal. No appeal. Ruled in open court on 19.02.2015.Doc: Conclusion (disinvestment) 19.02.2015. Denies the appeals as groundless. Compels the plaintiff in appeal to pay 6,250 Lei law suit expenses (representing reduced lawyer's fee) to defendant in appeal Gallup Organization Romania SRL. Appeal within 30 days from notification. Ruled in open court - Decision 2269/18.12.2017 TEL filed an appeal on 26.03.2018. The cause is in the screening procedure with ICCJ It admits, in principle, the appeals filed by Transelectrica SA and the defendant The Gallup Organization Romania SRL against decision no. 2269 of December 18, 2017 of the Court of Appeal of Bucharest - Civil Section V. It sets the hearing for the appeal for January 30, 2019 , Committee C3-NCPC, 9.00 hours, in open court, with summons to the parties.
4	17284/3/2015	Court of Bucharest Bucharest Court of Appeal ICCJ	Plaintiff: SC Dagesh Rom SRL Defendant: Transelectrica	Claims	2,784,950 Lei + 168500 RON	Denies the request - Settlement in brief: 1. Admits the exception of prescription with respect to the claims represented by: - the rent difference asked for the time interval 04.03.2012 - 12.05.2012; - penalties associated to the sums claimed as rent difference calculated for 04.03.2012 - 12.05.2012; - difference of service fee demanded for 04.03.2012 - 12.05.2012; - penalties associated to the sums claimed as service fee difference calculated for 04.03.2012 - 12.05.2012. Denies such claims as prescribed. 2. Denies the other claims as groundless. 3. Compels the claimant to pay 2250 Lei to the defendant as law suit expenses. 4. The judgment can be appealed within 30 days from the communication. The appeal will be submitted to the Bucharest Tribunal, Civil Section VI. Ruled in open court - Decision 7230/15.11.2016. Settlement in brief: Admits the appeal. The contested sentence is partly changed. Admits the application for summons, meaning that it orders the defendant to pay the plaintiff the amount of 76,265.23 lei as service fee difference for the year of 2012 and the amount of 76.265,23 lei as late payment penalties. The rest of the provisions of the appealed sentence are maintained. Orders the defendant/appellant to pay to the plaintiff/appellee the amount of 31,877.45 lei as legal costs for both first instance as well as the appeal. With right of appeal within 30 days from notification. The appeal shall be lodged before the Bucharest Court of Appeal – Section VI Civil. Ruled in open court - Decision 810/2018 20.04.2018 The case is in the screening procedure The first court term will be set later on.

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
5	43152/3/2014	Court of Bucharest	SC ICPE Electrocond SA – debtor under insolvency Transelectrica SA - creditor	Insolvency procedure	Request to be recorded in the creditors' list for 2,705,330.98 lei.	Settlement in brief: Defers judging the case to enable the judiciary administrator to take the necessary steps in order to continue the reorganisation plan. Term: 08/10/2018 Based on art. 175 (1) of Law no. 85/2014 on the procedures for insolvency prevention and insolvency, closes the insolvency procedure against debtor ICPE ELECTROCOND TECHNOLOGIES SA, since the reorganization plan has been fulfilled. Based on art. 179 of Law no. 85/2014, the procedure termination sentence will be notified to the General Department for Public Finance of Bucharest and to the Trade Register Office attached to the Court of Bucharest, so as to include the mention. This sentence will be notified to all creditors of the debtor ICPE ELECTROCOND TECHNOLOGIES SA and published in the Bulletin of insolvency procedures. Enforceable. Appeal within 7 days from ruling notification by publication in the Bulletin of Insolvency Procedures, to be submitted to Bucharest Tribunal, Civil Section VII. Pronounced by providing the solution to the parties through the court's registration office - Decision 5884/2018 22.10.2018
6	2177/99/2012/a40 2177/99/2012	Court of Iasi	CET SA Iasi – debtor under insolvency Transelectrica SA - creditor	Insolvency procedure	Recorded in the creditors' list for 1,935,308.24 Lei	Denies the appeals expressed by the recurrent contenders. Term to continue the procedure 12.03.2019 Settlement in brief: Refutes the judiciary reorganisation plan of debtor SC CET SA (COMBINED HEAT AND ELECTRICITY PLANT IASI), seated in Iasi, Calea Chisinaului 25, and registered with ORC under no. J22/677/2002, CUI 14718982. In accordance with the provisions of article 107 para 1 let. B from Law 85/2006 on insolvency procedure decides beginning the general bankruptcy procedure of debtor SC CET SA (COMBINED HEAT AND ELECTRICITY PLANT IASI), Calea Chisinaului 25, registered with ORC under no. J22/677/2002, CUI 14718982. In accordance with the provisions of article 107 para 2 from the Law on the insolvency procedure, designates provisionally as liquidator the judiciary administrator MANAGEMENT REORGANIZARE LICHIDARE IASI SPRL seated in Iasi, str. Aleea Nicolina 82, Iasi County, registered with the Register of Professional Companies under no. 0120/31.12.2006, which will carry out the attributions provided in article 25 of the law. In accordance with the provisions of article 107 para 2 from the Law on the insolvency procedure, decides dissolving the debtor company and taking away the debtor's administration right. Sets for 21.03.2014 the maximum term to submit management to the judiciary liquidator, together with the list of documents and operations performed after opening the procedure. Decides notifying the initiation of the bankruptcy procedure to the debtor, to creditors and to the Office of the commercial register from Iasi Tribunal, to make such mention by publishing in the Bulletin of insolvency procedures. In accordance with article 113 from the Law on insolvency procedure, decides sealing the goods of the debtor's stocks, blocking the real estates, the social parts and carrying out the other liquidation operations. Document: Intermediary ruling 17.09.2014 .
7	2183/115/2010	The Court of Caras Severin	CET ENERGOTERM RESITA SA– debtor under insolvency Transelectrica SA - creditor	Insolvency procedure	Recorded in the creditors' list for 1,516,714.71 Lei	Term: 14/02/2019

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
8	9089/101/2013/a 152	The Court of Mehedinti	RAAN - debtor in bankruptcy Transelectrica SA - creditor	Bankruptcy procedure	Request to be recorded in the creditors' list for 89,360,986.06 lei.	Transelectrica SA was included with 11,264,777.30 Lei in the table of the debtor RAAN, in the category of liabilities resulting from the debtor's continued activity, as the sum requested by Transelectrica, 89,360,986.06 Lei, but 78,096,208.76 Lei were not recorded in the preliminary liability table on grounds that —it is not found in RAAN's accounting book as an owed amount. Moreover, the request for 78,096,208.76 Lei was expressed late being associated to the 2011 – 2013 period, therefore the liability request should have been expressed when the insolvency procedure began, namely on 18.09.2013. An appeal to the Table was filed. The Mehedinti Court approved the evidence with the audit expertise. Trial date was set on 22.03.2018 To acknowledge the answer to the objections against the Expertise report. Solution: resuming the case to provide additional evidence. Suspended until the settlement of file no. 4013/2/2016 pending with ICCJ.
9	6473/111/2013	Court of Bihor	SC Electrocentrale Oradea – debtor under insolvency Transelectrica SA - creditor	Insolvency procedure	Request to be recorded in the creditors' list for 641,673.13 lei	In accordance with article 107 para 1 let. B) from the Law on insolvency procedure, decides opening the bankruptcy procedure for the debtor SC Electrocentrale SA. Appoints the provisional judiciary liquidator CITR- Bihor Branch SPRL seated in Oradea str. Roman Ciorogariu no. 24, that will carry out the attributions provided in article 25 of the law and whose retribution will be set later, depending on the settlement. In accordance with article 107 para 2 from the Law on insolvency procedure, decides dissolving the debtor company and taking away the debtor's administration right. Establishes the maximum term to submit the management to the liquidator, together with the list of documents and operations performed after opening the procedure on 18 January 2018. In accordance with article 61 and article 109 from the Law on insolvency procedure decides notifying the procedure opening to the debtor, the creditors and to the Office of the Commercial Register from Bihor Tribunal, through the Bulletin of Insolvency Procedures, in view of making the mention based on article 61 from the Law on insolvency procedure. Sets the deadline for the submission of claims arising in the proceedings to February 26, 2018. Sets the deadline to check up the liabilities, to elaborate, display and notify the additional liability table on 16 March 2018. Sets the term to settle possible contestations on 28 March 2018 and to display the final consolidated liability table on 11 April 2018. Sets the case hearing term on 11 April 2018, room 66, 9:00 h. Establishes the liquidator's task to set the date of the creditors' assembly meeting and to convene the debtor's creditors. Decides the liquidator to send notifications to all creditors. Decides communicating the decision to the law courts in whose jurisdiction is the debtor, as well as to all the banks where it has opened accounts. In accordance with article 113 from the Law on insolvency procedure, decides sealing all goods from the debtor's stocks and carrying out the other liquidation operations. Enforceable. Appeal within 30 days from notification, to be submitted to Bihor Tribunal. Document: Intermediary ruling 14/2018 / 10.01.2018 Term: 06/02/2019
10	873/1259/2008	Court of Arges	Creditor: DGFP, Transelectrica Debtor: SC Termoficare 2000 Pitesti SA	Insolvency procedure Transelectrica filed an appeal to register with the creditors' table so as to recover the debt	Recorded in the creditors' list for 3,903,604.27 lei	Term for procedural furtherance: 16/04/2019

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
11	4328/110/2013	Court of Bacau	CET SA Bacau – debtor under insolvency Transelectrica SA - creditor	Insolvency procedure	Request to be recorded in the creditors' list for 1,484,636.78 lei	Term for procedural furtherance: 18/04/2019
12	29322/3/2014	Court of Bucharest	SC ENNET GRUP SRL – debtor under insolvency CNTEE Transelectrica SA - Creditor	Insolvency procedure	Request to be recorded in the creditors' list for 3,277,527.03 lei.	Term – 11.03.2019 – to continue the procedure
13	1867/90/2010	Court of Valcea	SC Total Electric Oltenia SA	Insolvency procedure – joint-stock companies – UPON THE DEBTOR'S REQUEST	Recorded in the creditors' list 14,085,415.27	Term: 10/04/2019
14	47478/3/2012 170/3/2014 47478/3/2012*/a1	Court of Bucharest	SC PETPROD SRL Transelectrica SA - creditor	Insolvency procedure – joint-stock companies – UPON THE DEBTOR'S REQUEST	30,047,752.90 RON	We are enrolled in the statement of affairs of the debtor S.C. PETPROD S.R.L, for 30,046,403.79 lei
15	20190/3/2015	Court of Bucharest Court of Appeal of Bucharest	Plaintiff: Transelectrica Defendant: SC Dagesh Rom SRL Defendant: Adrian Baicusi	Claims	1,353,963.60 Lei + interest	Settlement in brief: Rejects as ill-founded the exception regarding the defendant's lack of passive process status, as invoked by him in his response. Partially admits the exceptions regarding the prescription of the right to action in a material sense, as invoked by the defendants in their responses. Finds that the material right to action for amounts due before 29.05.2012 is prescribed and rejects the demand regarding such amounts, for prescription reasons. Dismisses as ill-founded the lawsuit filed by the plaintiff TRANSELECTRICA S.A. against the defendants DAGESH ROM S.R.L. and Baicusi Adrian. Dismisses as ill-founded the plaintiff's request for reimbursement of legal expenses. Partially admits the request of the defendant DAGESH ROM SRL to reimburse legal expenses and compels the plaintiff to pay 5,000 lei to it, as a reduced lawyer fee. Dismisses as ill-founded the request of the defendant Baicusi Adrian for the reimbursement of legal expenses. With right to file an appeal within 30 days from the communication of this ruling, to be submitted to the Bucharest Tribunal, Civil section VI. Document: Ruling 13.04.2018
16	5302/2/2013 12107/3/2017	Court of Appeal of Bucharest ICCJ Court of Bucharest	Appellant respondent P Transelectrica, ANRE Appellant respondent R Conaid Company	Administrative dispute Ascertaining the unjustified refusal to conclude and sign PTG connection addendum and/or contract, obligation to sign addendum	Obligation to pay 722,756,000 Euro, representing unrealised profit according to the business plan and 17,419,508.07 Lei – actual expenses registered in account books	In accordance with article 413 par 1 item 1 from the Civil procedural code, it suspends judging the case. Appeal during the entire suspension. The appeal is submitted to the Court of Appeal Bucharest. Ruled in open court on June 24, 2014. Document: Conclusion - Suspension 24.06.2014. Settlement: Admits the appeal – Admits the appeal with cancellation; decides re-referral to court Settlement details: Ruling no. 2148/29.06.2016. Rejects the exceptions invoked by the appellant - plaintiff S.C. Conaid Company S.R.L., via insolvency administrator RVA Insolvency Specialists SPRL, and by the appellant - defendant National Company for Energy Transportation Transelectrica S.A. Admits the second appeal filed by the defendant National Company for Energy Transportation Transelectrica S.A. against the hearing protocol of

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
				and/or contract for PTG connection		February 18th, 2014 and the civil sentence no. 1866 of June 11th, 2014, pronounced by the Court of Appeal Bucharest – Administrative and Fiscal Section VIII. Partially invalidates the contested protocol and judgment and refers the case to the Bucharest Court – Civil Section VI, for settlement of the application of the plaintiff sought against the National Power Grid Company Transelectrica S.A. Maintains the other provisions of the sentence concerning the plaintiff's action against the National Regulatory Authority for Energy. Rejects the appeals of the plaintiff Conaid Company S.R.L. via insolvency administrator RVA Insolvency Specialists SPRL and the intervener Duro Felguera S.A. against the civil sentence no. 1866 of June 11th, 2014 pronounced by the Bucharest Court of Appeal – Administrative and Fiscal Section VIII. Rejects the appeal filed by the defendant National Power Grid Company Transelectrica S.A. against the hearing protocol from March 25th, 2014, pronounced by the Bucharest Court of Appeal - Administrative and Fiscal Section VIII. Final. Ruled in open court on June 29, 2016. Settlement in brief: Admits the plea of inadmissibility. Dismisses the application as inadmissible. Rejects the application for leave to intervene in the applicant's interest. With right of appeal within 30 days from notification. Such appeal is submitted to the Court of Bucharest, Civil Section VI. Document: Ruling 4364/23.11.2017 New file 36755/3/2018 with the same scope as 16bis
16bis	36755/3/2018	Court of Bucharest	R: Conaid Company SRL P: Transelectrica	Claims and ascertaining of the unjustified denial of the addendum to the PTG connection contract C154/2012	17,216,093.43 lei, incurred damages and 100,000 EUR, estimated non-achieved benefit	Under preliminary procedure
17	8207/62/2011	Court of Brasov	CET SA BRASOV – debtor under insolvency Transelectrica SA - creditor	Insolvency procedure	Recorded in the creditors' list for 4,303,741.44 lei	To continue the steps and capitalise the assets from the debtor's inventories, to settle all disputes and register the real estate, it pronounces the term on 27.09.2018.

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
18	22846/301/2012 49134/3/2012 disjuncted 3198/2/2015 Re-registered in court re-referral under no. 44223/3/2016	JS Bucharest Court of Bucharest Court of Appeal of Bucharest ICCJ Court of Appeal of Bucharest Court of Bucharest	3 of R: PETPROD SRL I: Transelectrica	Claims - 11,328,252.77 lei		<p>Denies as groundless the inadmissibility exception. Admits the exception of prematurity of the main request. Sets the hearing for 7.11.2013, with summons to the parties. Appeal with the judgment on the merits. Document: Ruling conclusion 26.09.2013</p> <p>Settlement in brief: Denies the main request as prematurely expressed. Admits part of the re-conventional request. Obliges the appealed claimant Petprod to pay 21,701,281.92 Lei to the appealing claimant Transelectrica. Obliges the appealed defendant to pay to appealing claimant Transelectrica the sum of 221,128.82 Lei as law court expenses. The judgment can be appealed within 15 days from the communication. Ruling 6799/28.11.2013</p> <p>Settlement in brief: To admit the appeal filed by the appellant S.C. PETPROD S.R.L. against the ruling of 26.09.2013. Cancels in part the conclusion appealed against and refers the case to re-trial by the same law court, to settle the main request. Maintains the other provisions of the conclusion. Separates the judgment of appeals filed by the parties against civil sentence 6799/2013 pronounced by Bucharest Tribunal - Civil Section VI. Based on art. 36 of Law no. 85/2006. According to article 36 of Law 85/2006 suspends the judgment of appeals filed by the parties against the civil sentence 6799/2013. Final. Appeal in 15 days from notification. Ruled in open court. Document: Ruling 872/26.05.2015</p> <p>Filed appeal</p> <p>Denies as groundless the appeal filed by the recurrent defendant TRANSELECTRICA S.A. against civil ruling 872 of 26 May 2015, pronounced by the Appeal Court Bucharest – Section VI Civil. Admits in part the request for law suit expenses expressed by the plaintiff in appeal-claimant. Compels the appellant-defendant TRANSELECTRICA SA to pay 4,500 Lei to the plaintiff-claimant SC PETPROD SRL by the Judiciary Administrator SCP INSOLVENCY AGENCY BANAT SPRL, as law suit expenses – lawyer’s fee. Irrevocable.</p> <p>Settlement in brief: Based on art. 36 of Law no. 85/2006. Suspends the judgment of appeals filed by the parties against the civil sentence 6799/2013. Final. Appeal in 15 days from notification. Ruled in open court. Document: Conclusion - Suspension 26.05.2015</p> <p>Hearing 20.09.2016 – CAB maintains the suspension</p> <p>Hearing with TMB: 15.03.2017.</p> <p>Rejects the action as submitted, as ill-founded. Rejects the plaintiff's request to order the defendant to pay the legal costs, as groundless. Appeal right within 15 days from notification. Pronounced at public hearing on 29 March 2017. Document: Ruling 1074/29.03.2017</p>
19	18499/3/2013	Court of Bucharest	Popescu Mina: Plaintiff TRANSELECTRICA SA : Defendant	Claims – 1,500,000 lei		<p>Settlement in brief: Denies the request to add the body of proof with the assessing technical expertise as useless to the case. Pronounces the exceptions of the absence of active processual capacity, absence of passive processual capacity and inadmissibility as fundamental defence. Denies the case as groundless. Appeal right within 30 days from notification. Pronounced in open court - Document: Ruling 1404/24.11.2015</p> <p>Settlement in brief: Admits the request, decides returning the stamp fee in quantum of 1431 Lei paid in this file by receipts 104913/23.04.2015, 207352/22.05.2015 and 248/10.06.2015. Enforceable. Appeal within 30 days from notification. Appeal to be submitted to Bucharest Tribunal, Civil section III. Ruled in open court - Document: Session conclusion RULING 19.04.2016</p>

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20	3616/101/2014	The Court of Mehedinti	Plaintiff: RAAN Defendant: Transelectrica	Claims	1,090,831.70 RON	Settlement in brief: Admits the action. Compels the defendant to pay 1,090,831.70 Lei representing the value of invoice 1300215/31.12.2013 to the claimant. Acknowledges the claimant has not asked for law suit expenses. Appeal right within 15 days from notification, which will be submitted to Mehedinti Tribunal. Ruled in open court - Document: Ruling 127/10.10.2014.
	3616/101/2014*	CA Craiova ICCJ CA Craiova Court of Bucharest Bucharest Court of Appeal				Settlement in brief: DEC: A.R. Denies the appeals as devoid of interest. The judgment can be appealed within 30 days from the communication. Appeal to be submitted to the Appeal Court Craiova. Document: Ruling 843/05.11.2015 Filed appeal Admits the appeal of defendant National Power Grid Company Transelectrica SA against ruling 843/2015 of 5 November 2015 pronounced by the Appeal Court Craiova, Section II Civil, which it repeals and sends the case for re-judgment to the same court as appeal instance. Final. Admits the appeals. Repeals the sentences and sends the case for competent settlement to Bucharest Tribunal, Civil section VI. Final. Document: Ruling 124/07.09.2017 Admits the action. The sum was enforced by RAAN in 2014. Filed appeal within the legal term, which was rejected as groundless.
21	5595/120/2010	The Court of Dambovitza CA Ploiesti	Plaintiff: Transelectrica Defendant: SC Eco Energy SA	Claims	16,604,203.24 RON	Solution DB Court in short: Rejects the action as pointless. Document: Ruling 1269/03.12.2018 Solution CA Ploiesti in short: Admits the appeal. Changes the sentence in full and finds that the lawsuit has not been prescribed. Maintains the suspension of judgment. Irrevocable. Ruled in open court. Document: Ruling 2473/11.06.2018 Admits the request. Returns to the appellant the sum of 85,072.5 lei representing a difference of the legal stamp fee that was not due, paid by money order no. 1652/8.06.2018 issued by the appellant with BCR SA. Irrevocable. Ruled in open court. - Document: Ruling conclusion 28.06.2018
22	40814/3/2014	Court of Bucharest Court of Appeal of Bucharest ICCJ	Plaintiff: OPCOM SA Defendant: CNTEE Transelectrica SA	Claims	582,086.31 Euro (2,585,161.72 lei) + 84,867.67 lei interest	Settlement in brief: Admits the application for summons filed by plaintiff Romanian Gas and Electricity Market Operator - OPCOM S.A. against defendant "Transelectrica" S.A. Orders the defendant to pay the plaintiff the amount of 582,086.31 euro, representing the amount paid by the plaintiff in the defendant's stead from the fine in the amount of 1,031,000 euro, imposed by the Decision of the European Commission on March 5th, 2014 in the case no. AT.39984 and of the lawful interest related to the amount of 582,086.31 euro, calculated on June 11th, 2014 and up until the day of the actual payment. Orders the defendant to pay the plaintiff the amount of 37,828.08 lei, as legal expenses. Appeal right within 30 days from notification. The appeal shall be lodged at the Bucharest Court - Civil Section VI. Pronounced in open court today, July 24th, 2015. Document: Ruling 4275/2015 / 24.07.2015 Hearing scheduled for: 10/10/2016 Settlement in brief: Admits the appeal. Changes the appealed civil sentence completely, meaning that it rejects the application for summons as ill-founded. Obliges the claimant plaintiff in appeal to pay 16,129.49 Lei law suit expenses, as judiciary stamp fee. With appeal within 30 days from notification. Ruled in open court - Document: Ruling 1517/10.10.2016

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						<p>Term: 13/03/2018</p> <p>To admit the appeal filed by the recurrent-claimant Electricity and Natural Gas Market Operator OPCOM SA against ruling 1517/10.10.2016, pronounced by the Court of Appeal of Bucharest, Civil Section V. Invalidates the contested decision and refers the case to the court of appeal. Final.</p> <p>CAB settlement: Denies the appeal as groundless. Compels the appellant to pay 26,070.31 Lei to the respondent as law suit expenses. With appeal within 30 days from notification. Such appeal is submitted to Bucharest Tribunal, Civil Section V. Ruled in open court - Document: Ruling 1813/01.10.2018</p> <p>An appeal was filed on 27.11.2018</p>
23	1284/101/2015 24206/3/2015	The Court of Mehedinti Court of Bucharest Court of Appeal of Bucharest	Plaintiff: RAAN Defendant: Transelectrica	Claims	11,637,439.66 RON	<p>Settlement type: Declines jurisdiction</p> <p>Settlement in brief: Admits the exception of territorial incompetency. Declines ruling competency in favour of Bucharest Tribunal, Civil Section VI. No appeal. Ruled in open court - Document: Ruling 41/2015 22.05.2015</p> <p>Settlement in brief: Upholds the application in the way it was completed. Obliges the defendant to pay 17,805,680.17 Lei to the claimant, as amount of the bonus and penalties. Dismisses the application for granting legal expenses, lodged by the plaintiff, as ill-founded. The judgment can be appealed within 30 days from the communication. The appeal will be submitted to the Bucharest Tribunal, Civil Section VI. Ruled in open court - Document: Ruling 6075/2015 / 03.11.2015</p> <p>Filed appeal</p> <p>Settlement in brief: In accordance with article 413 para 1 item 1 of NCPC, it admits the suspension request filed by the claimant plaintiff in appeal by means of the judiciary liquidator EURO INSOL SPRL. According to article 413 para 1 item 1 NCPC, it decides suspending the appeal settlement until final solving of file 9089/101/2013/a152 on the docket of Mehedinti Tribunal. Appeal right during the entire suspension time. Appeal during the entire suspension. The appeal shall be lodged at the Bucharest Court - Civil Section V. Ruled in open court - Document: Conclusion - Suspension 12.01.2017</p>
24	7566/101/2014 26024/3/2015	The Court of Mehedinti Court of Appeal of Craiova Court of Bucharest	Plaintiff: RAAN Defendant: Transelectrica	Claims Amount 10,048,628.86 lei	10,048,628.86 RON	<p>Settlement in brief: Admits the action. Appeal within 30 days from notification. Ruled in open court - Document: Ruling 16/2015 / 04.02.2015</p> <p>Filed appeal</p> <p>Settlement type: Decides re-referral to the first court or the relevant court</p> <p>Settlement in brief: Admits the appeal. Cancels the sentence and refers the case for settlement to the Tribunal of Bucharest, Civil Section VI. Final - Document: Ruling 509/2015 / 30.06.2015</p> <p>Term: 28.11.2016 Suspends the case according to article 413 (1) NCPC against article 411 (1) NCPC. With appeal based on art. 414 (2) NCPC. Ruled in open court - Document: Conclusion - Suspension 28.11.2016</p>
25	3269/3/2015 1015/2/2018 – new no.	Court of Bucharest Court of Appeal	Plaintiff: Transelectrica Defendant SMART S.A.	Claims	566,773.42 RON	<p>Settlement in brief: Admits the exception of inadmissibility. Rejects the entire request as inadmissible. With right of appeal within 30 days from notification. The appeal shall be lodged at the Bucharest Court - Civil Section VI. Ruled in open court - Document: Ruling 3592/11.10.2017</p> <p>Filed appeal</p> <p>Denies the appeal as groundless. Final Ruled in open court - Document: Ruling</p>

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						348/09.09.2016
26	3294/2/2015	Court of Appeal of Bucharest ICCJ	R: Transelectrica P: Ministry of Energy, Small & Medium-Sized Enterprises and of Business Environment, successor of the department for energy - Intermediate Body for Energy	Annulment of administrative deed, annulment of decision 238925/03.12.2014		Settlement in brief: Admits the action. Cancels decision 238925/25.03.2014 and the ascertaining note of irregularities 237432/09.10.2014, which also establishes the financial corrections. Decides returning to the claimant the sum of 2,190.150.20 Lei with the interest provided in the fiscal procedural code, from payment date until actual repayment. Denies the request to return the stamp fee. Appeal right. Ruled in open court today, 27.10.2015. Document: Ruling 2756/27.10.2015 The demand is admitted. Decides adding the civil sentence 2756/27.10.2015, meaning it obliges the defendant to pay 400 Lei as law suit expenses to the claimant. Appeal within 15 days from notification. Ruled in open court - Document: Ruling – addition to the decision 1426/26.04.2016 Filed appeal – the case is in the screening procedure The first court term will be set later on.
27	4569/107/2015	Court of Alba	R: Transelectrica P: ROMENERGY INDUSTRY SRL	Claims	11,881,453.01 RON	Admits the civil action filed by the plaintiff Transelectrica SA. Compels the defendant to pay 10,608,353.71 Lei as claims to the claimant. Obliges the defendant to pay 122,419.53 Lei as judiciary expenses to the claimant. The judgment can be appealed within 30 days from the communication. Pronounced at public hearing on 9 June 2016 according to the provisions of article 396 of the Civil procedural code. Document: Ruling 1088/09.09.2016. Transelectrica is recorded with 16475047.45 Lei in the creditors' list of file 2088/107/2016.
28	45397/3/2015	Court of Bucharest Court of Appeal of Bucharest ICCJ	R: Transelectrica P: TRADING COMPANY OET - OBEDINIENI ENERGIINI TARGOVTSI OOD – BUCHAREST BRANCH	Claims	637,206.01 RON	Admits in part the prescription exception. Admits in part the suing request. Compels the defendant to pay 636,842.31 Lei to the claimant. Compels the defendant to pay 9973.42 Lei to the claimant, as law suit expenses. The judgment can be appealed within 30 days from the communication. The appeal will be submitted to the Bucharest Tribunal, Civil Section VI. Placed at the parties' disposal by means of the registry - Document: Ruling 3956/24.06.2016 Settlement in brief: Admits the request to amend the material error. Decides amending the material error from the considerations and the disposition of civil sentence 3956 of 24.06.2016 pronounced by Bucharest Tribunal, Section VI Civil, meaning that the sum of law court expenses the defendant was compelled to pay was 13,501.56 Lei instead of 9,973.42 Lei, as erroneously mentioned initially. The judgment can be appealed within 30 days from the communication. The appeal will be submitted to the Bucharest Tribunal, Civil Section VI. Ruled in open court. Document: Conclusion - amending the material error 28.07.2016 Filed appeal Settlement in brief: Denies the appeals as groundless. Final. Ruled in open court - Document: Ruling 635/2017 / 30.03.2017 The parties filed an appeal. Settlement details. 07.12.2017: Cancels as non-stamped the appeal filed by the recurrent-defendant OET ROMANIA LTD BULGARIA BUCHAREST BRANCH against civil ruling 635/2017 of 30 March 2017 pronounced by the Appeal Court Bucharest, Civil Section V. No appeal.
29	4486/121/2015	Court of Galati	R: Transelectrica P: SC ARCELORMITTAL	Claims	2,671,266.50 RON	Admits the prescription exception only with respect to the delay penalties calculated for 01.01.2012-23.03.2012, inclusive, provided in invoice 13760/26.11.2014. Denies the exception

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
		Court of Appeal Galati ICCJ Court of Appeal Galati (re-judging)	GALATI SA			<p>of inadmissibility as groundless. Partially admits the lawsuit. Orders the defendant to pay the plaintiff the amount of 2656221.60.lei representing the equivalent value of penalty invoices. Denies the rest of the claims. Based on art. 453 C. proc. code orders the defendant to pay the plaintiff the amount of 30167.22 lei, as legal expenses. Appeal within 30 days from notification. Ruled in open court today - Document: Ruling 113/01.04.2016</p> <p>According to article 442 Civil procedural code corrects the material error occurred in civil sentence 113/01.04.2016 of Galati Tribunal, namely instead of 2,656,221.60 Lei the defendant was obliged to pay as the value of penalty invoices, the actual correct amount of 2,468,419 Lei will be inscribed, and instead of 30,167.22 Lei representing law suit expenses the defendant was obliged to pay, the actual correct sum of 28,289.19 Lei will be written. Appeal within 30 days from notification.</p> <p>Document: Conclusion - amending the material error 13.05.2016 Filed appeal CIV. DEC. NO. 151/A Rejects as groundless the appeals against civil sentence 113/2016 and the ruling of 13.05.2016 in file 4486/121/2015 of Galati Tribunal, Civil Section II - Document: Ruling 151/26.09.2016 Filed appeal Term: 21.09.2017.</p> <p>Defers the pronouncement one week. Admits the appeal. Refers the case for re-judgment to the Appeal Court Galati that on 02.02.2018 decided as follows: Civil ruling 17/A Admits the appeals filed by the claimant in appeal the National Power Grid Company Transelectrica SA in contradiction with the defendant in appeal SC ArcelorMittal SA Galati against civil sentence 113/01.04.2016 and the 13.05.2015 conclusion pronounced by Galati Tribunal. Changes in part the appealed sentence in this sense: Denies as groundless the exception of prescription invoked by the defendant's objection. Admits the suing filed by claimant National Power Grid Company Transelectrica SA in contradiction with defendant SC ArcelorMittal SA Galati and compels the defendant to pay 2671266.5 Lei to the claimant representing the amount of penalty invoices. Admits the accessory request and compels the defendant to pay 30317.66 Lei to the claimant as law suit expenses, representing the judiciary fee of stamp fund. Repels the dispositions contradicting this decision and maintains the other provisions of the ruling appealed against. Changes entirely the 13.05.2015 hearing session conclusion of Galati Tribunal and consequently ascertains the material error amendment expressed in the case remains groundless. Admits the accessory request and compels the intimated defendant to pay 2650.98 Lei to the claimant in appeal as law suit expenses representing judiciary stamp fee for appeal and action. Appeal right, which will be submitted to the instance the decision of which is appealed against within 30 days from notification. Pronounced by placing the settlement to the parties' disposal by means of the court registry - Document: Ruling 17/2018 / 02.02.2018</p>
30	627/107/2016	Court of Alba	R: Transelectrica P: ROMENERGY INDUSTRY SRL	Claims	1,748,339.29 Lei	Settlement in brief: Cause suspended based on art. 75 of L.85/2015. Doc: Conclusion - Suspension 21.09.2016

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
31	7226/3/2016	Court of Bucharest	Defendant: Energy Holding Plaintiff: Transelectrica	Claims	1,073,561.72 Lei	Admits in part the restricted and amended suing request. Compels the defendant to pay 1,050,000 Lei to the claimant as price for the services provided according to the fiscal invoice 6080 of 23.11.2015 and 14,129.79 Lei as delay penalties. Compels the defendant to pay 14, 916.48 Lei to the claimant as law suit expenses. The judgment can be appealed within 30 days from the communication. The appeal will be submitted to the Bucharest Tribunal, Civil Section VI. Document: Ruling 5375/2016 / 16.09.2016 Filed appeal. On the hearing of 4.03.2017, the court approved the accounting expertise evidence. Term: 13.06.2017 for conducting the expertise and summoning by means of the judiciary administrator. The defendant went insolvent on 08.05.2017. Suspended. Resumed for ascertaining termination of the file based on art. 75 of the Law on insolvency. Hearing scheduled for: 26.06.2018 Settlement in brief: Admits the appeal. The appealed sentence is partly cancelled. Terminates the lawsuit for the payment of 7573.96 lei i.e. late payment penalties included in invoice no. 3590/27.02.2016 and 1857.97 lei i.e. late payment penalties included in invoice no. 17773/17.02.2016. Appeal right within 30 days from notification. The appeal shall be lodged at the Bucharest Court - Civil Section VI pending nullity. Ruled in open court on 26.06.2018. Document: Ruling 1367/2018 / 26.06.2018
32	3694/3/2016	Court of Bucharest	Plaintiff: RAAN Defendant: Transelectrica	Claims	15,698,721.88 RON	Suspended until settlement of file 3014/2/2014 pertaining to appeal for annulment of ANRE decision.
33	9089/101/2013/a140	The Court of Mehedinti	Plaintiff: Transelectrica Defendant: RAAN	Claims	86,513,430.37 RON	Suspended until settlement of file 3014/2/2014, pertaining to appeal in order to cancel a decision of ANRE. No. and file date
34	1396/90/2016	Court of Valcea	Transelectrica - creditor CET Govora - debtor	Request to be recorded in the creditors' list TP	28,200,440.31 RON	CNTEE Transelectrica SA was enlisted in the Preliminary table with total liability of 28,200,440.31 Lei, according to the Company's request. We mention that the liability of 21,962,243.71 Lei, representing principal and penalties associated to invoice 8116/08.04.2016, has been recorded under the suspensive condition of pronouncing a final court ruling in favour of ANRE under file 2428/2/2014 on the docket of the Appeal Court Bucharest, pertaining to cancelling decision 738/28.03.2014 of ANRE.
35	1196/93/2016	Court of Ilfov	Transelectrica – plaintiff UGM Energy Trading - defendant	Claims	3,422,293.07 RON	Hearing scheduled for: 20/09/2016 In accordance with article 75 para 1 from Law 85 / 2014 regarding insolvency, it finds the lawful suspension has occurred.
36	1705/93/2016/A2	Court of Ilfov	UGM Energy Trading SRL – debtor under insolvency	Claims	3,515,687.51 RON	29.06.2016 – opening the general insolvency procedure, 14.08.2016 – deadline for the submission of the receivable statement The liability was admitted for an amount of 3,515,687.51 Lei, representing the value of invoices issued by our company for services provided to debtor UGM Energy Trading SRL, calculated by 29.06.2016, when the general insolvency procedure was initiated; the liabilities amounting to 200 Lei and 41,331.59 Lei claimed by our Company as judiciary stamp fees were denied. An appeal to the table was submitted within legal term. Hearing term of such appeal: 09.02.2017. Appeal rejected as groundless The tribunal decided on 03.08.2017 to open the bankruptcy procedure.
37	2088/107/201	Court of Alba	R: Transelectrica - creditor	Request to be	16,112,165.18 RON	30.06.2016 – opening of the general insolvency procedure, 16.08.2016 – The entire sum was

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
	6		P: ROMENERGY INDUSTRY SRL- DEBTOR	recorded in the creditors' list		admitted. It established the term on 23.04.2018 in order to continue the bankruptcy procedure by means of capitalising the assets and recovering the trade receivables. The liquidator will draft and submit to the case: - the monthly activity reports set forth by paragraph 1 of Article 21 of Law no. 85/2006, on the 15th of each month for the previous month; - the summary report every 120 days, foreseen in the final part of paragraph 1 of Article 21 of Law no. 85/2006, for the verification term, 5 days before the term. Document: Ruling conclusion 29.01.2018.
38	7958/2/2016	Bucharest Court of Appeal	R: Transelectrica P: Ministry of Energy - OIE	Appeal to Decision no. 232127/20.05.2016		Settlement in brief: Denies as groundless the exception of inadmissibility for items 3 and 5 of the case. Admits the exception of inadmissibility for item 4 of the case (pertaining to compelling the defendant to approve the settlement of sums rejected for repayment by notifications associated to the repayment demands 1-3) and denies this request item as inadmissible. Denies the remaining case as groundless. Appeal within 15 days from notification. The appeal will be submitted to the Bucharest Appeal Court, Section VIII pending nullity. Ruled in open court - Document: Ruling 1359/12.04.2017 An appeal was filed, Hearing: 23/01/2020
39	35304/3/2016	Court of Bucharest	Debtor: Electrocentrale Bucuresti SA Creditor: Transelectrica SA	Insolvency - Request to be recorded in the creditors' list	2,286,832.15 RON (dc. Sum of 1,739,926.66 lei, not compensated)	Settlement type: The demand is admitted. Settlement in brief: Admits the request of debtor SC ELECTROCENTRALE BUCURESTI SA seated in Bucharest 6, Splaiul Independentei 227, registered in the Commercial Register of Bucharest Tribunal under J40/1696/2003, Single registration (fiscal) code 15189596. In accordance with article 71 para 1 of Law 85/2014 on the insolvency preventing and insolvency procedures, opens the general procedure against debtor SC ELECTROCENTRALE BUCURESTI SA. Sets the following deadlines: a) deadline for creditors to submit their opposition to initiate the procedure - 10 days from notification, as well as the opposition settlement term that will not exceed 5 days from the expiry date of their submission; b) deadline to record the demand to have one's liabilities admitted over the debtor's assets – 08.12.2016; c) deadline to heck up the liabilities, to draw up and publish the preliminary liability table in the ulletin of Insolvency Procedures – 05.01.2017; d) deadline to complete the liability table – 02.02.2017; Term for procedural furtherance: 21.02.019
40	105/2/2017	Court of Appeal of Bucharest Judge's Office of Resita	R: Transelectrica P: LOCAL COUNCIL OF RESITA - PUBLIC SERVICE DEPARTMENT FOR PUBLIC AND PRIVATE DOMAIN MANAGEMENT OF RESITA	appeal to the execution against the enforceable title no. 181/13.12.2016 and summons no. 182/13.12.2016	4,259,531.72 RON	Settlement in brief: Rejects the exception of material and territorial non-competence claimed by the appellant. Admits the appeal filed by the appellant TRANSELECTRICA SA against the respondent MUNICIPALITY OF RESITA, THROUGH ITS MAYOR. Cancels the enforceable title no. 181/13.12.2016 and the summons no. 181/13.12.2016, issued against the appellant in the enforcement file no. 181/13.12.2016. Rejects the request to suspend forced execution as groundless. Compels the defendant to pay 1000 Lei to the appellant as law suit expenses, representing legal stamp fee. Appeal right within 10 days from notification, to be submitted to the Judge's Office of Resita. Pronounced by providing the settlement to the parties through the court's registration office, based on art. 396 (2) of the Civil Proc. Code. - Document: Ruling 1681/19.09.2018

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
41	40958/3/2016	Court of Bucharest	Plaintiff: Transelectrica Defendant SMART S.A.	Claims	2,797,095.21 lei, VAT included + 1,211,694.26 lei accessories	Based on art. 413 (1) pt. (1) NCPC, it suspends the judgment of the case until the final settlement of file 1658/3/2014. Appeal during the entire suspension. Ruled in open court - Document: Conclusion - Suspension 07.06.2017
42	3256/85/2016	Court of Sibiu	Plaintiff: Transelectrica Defendant GOG METAL SRL and ELECTRO Construct System SRL	Claims	756,770 RON	Settlement in brief: Admits the suspension request filed by the claimant TRANSELECTRICA SA through its answer to the notice. Decides suspending the case until settlement of file no. 1658/2/2014 pending with the Court of Appeal of Bucharest. With right to appeal during the suspension of the lawsuit. Ruled in open court - Document: Conclusion - Suspension 02.03.2017
43	7282/3/2017	Court of Bucharest	C: Transelectrica and others D: Arelco Energy SRL	Bankruptcy procedure	1,878,467.85 lei receivable to be recovered	Liability admitted in the preliminary liability table. Procedure term: 26.03.2019 to continue with the procedure, to recover receivables
44	4452/3/2017 Lucian Anton Alina Teodoru	Court of Bucharest	C: Transelectrica and others D: Arelco Power SRL	Bankruptcy procedure	20,996,030.49 RON	Admitted liability of 20,041,519.94 Lei, mentioning that 954,510.55 Lei were settled by compensation. Initially the sum requested and admitted was 21,025,161 Lei. Term for procedural furtherance: 22/03/2019
45	1372/3/2017		C: Transelectrica D : Transenergo Com	Insolvency procedure	6,850,000.98 RON	The requested liability was admitted mentioning that: out of the total, an amount of 1,983.36 Lei is taken (compensated); 69,808.42 Lei, of which 48642,11 Lei liability settled by TEL by enforcing the SGB and 21,166.31 Lei, liability deemed current, the amount of invoices issued after opening the insolvency procedure Term for procedural furtherance: 23/01/2019
46	345/40/2017	Court of Botosani	R: Transelectrica P: Elsaco Energy SRL	Claims	9,198,673.80 Lei	Term: 26/09/2017 In accordance with article 75 of Law 85/2014 as against article 412 NCPC, suspends judging the case. Appeal during the entire suspension. Ruled in open court - Document: Conclusion - Suspension 26.09.2017
47	10085/3/2017	Court of Bucharest	R: Electromontaj SA P: SMART SA Transelectrica SA	Claims	121099,16 EUR, equivalent value of absence of use of intervention towers 100,000 Euro, which could have been obtained from the operation of towers	Term: 12/04/2019
48	3052/99/2017	Court of Iasi	Debtor: Fidelis Energy SRL	Insolvency procedure	2,219,985 lei, invoices + 200 Lei, the judiciary stamp fee	The liability of 2,219,985 Lei was recorded in the Preliminary table. The sum of 200 Lei of the judiciary stamp fee was not recorded. Term for procedural furtherance: 23/01/2019
49	14733/3/2017	Court of Bucharest Court of Appeal of Bucharest	Debtor: Energy Holding SRL	Insolvency procedure	1,199,910.16 lei, invoices and judiciary stamp fees, accounting expert fee	We were recorded in the Preliminary table with 1,179,545.28 Lei as invoice values, and 20,364.88 Lei were denied as judiciary stamp fee and accounting expert's fee. Contestation of the preliminary table was filed for the denied amount. It was denied as groundless. Hearing for the appeal: 22.03.2018. Denies the appeal as groundless. Final.
50	2236/118/2017 and	Court of Constanta	Debtor: Elcomex IEA SA C: Transelectrica	Insolvency procedure	31,189,486.75 RON	The liability was entered for the creditors' table. Payment request appeal

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
	2236/118/2017/a11 – payment request appeal	CA CT				Hearing scheduled for: 15/06/2018 Settlement in brief: Rejects as groundless the appeal against the judicial administrator's action to reject the payment request filed by the appellant National Power Grid Company Transelectrica SA against the respondent Pricewaterhouse Coopers Business Recovery Services IPURL, as the judicial administrator of the debtor Elcomex IEA SA. Appeal right within 7 days from notification by publication in the BPI. Appeal to be submitted to the Court of Constanta, Civil section II. Ruled in open court - Decision 987/15.06.2018. Hearing scheduled for: 28/10/2018 Settlement in brief: Dec. 579 - red. jud. C.M. Denies the appeal as groundless. Final. Pronounced by placing the settlement to the parties' disposal by means of the court registry - Document: Ruling 579/05.11.2018
51	24552/3/2017 35865/3/2018	Court of Bucharest	R: Transelectrica P: Asito Kapital	Payment ordinance - claims Request for cancellation	31,180,857.96 RON	Term: 24/10/2017 Settlement in brief: Admits the request. Orders the debtor to pay 2,237,750.83 Euro (equivalent of 9,948,592.64 Lei at 4.4458 Euro/Lei exchange rate) within 20 days from notification of this ruling, representing unreturned down payment secured by the indemnity letter BR-1500544/18.11.2015 for down payment and 4,821,022.53 Euro (equivalent of 21,233,265.32 Lei at 4,4041 Lei/Euro exchange rate) representing unreturned down payment secured by indemnity letter BR-1500520/29.07.2015 for down payment; 200 Lei as law suit expenses. With cancellation request right within 10 days from notification Document: Ruling 4067/2017 / 07.11.2017 Term of cancellation request: 19/02/2019
52	3093/3/2017	Court of Bucharest Court of Appeal of Bucharest	C: Transelectrica D: Electrocentrale Bucuresti	Appeal to the preliminary liability table		Denies the request filed by contender NATIONAL POWER GRID COMPANY TRANSELECTRICA SA seated in Bucharest 3, Str. Olteni 2-4 in contradiction with debtor ELECTROCENTRALE BUCHAREST SA, by its special administrator, seated in Bucharest 6, Splaiul Independentei 227 and the judiciary administrator KPMG RESTRUCTURING SPRL seated in Bucharest 1, Sos. BUCHAREST-PLOIESTI 69-71 ground floor, app. CAM. 25, postal code 013685, pertaining to contestation of the preliminary liability table. Appeal within 7 days from ruling notification by publication in the BPI, to be submitted to Bucharest Tribunal, Civil Section VII. Ruled in open court - Document: Ruling 3999/2017 / 22.06.2017 Settlement type: Groundless Settlement in brief: Denies the appeal as groundless. Final. Ruled in open court - Document: Ruling 2112/21.11.2017
53	20223/3/2017	Court of Bucharest	R: Teletrans P: Transelectrica	Claims 4.634.841,31 lei, equivalent value Performance bond. Contract C243/2010 and 293,496.69 lei legal interest.		Hearing scheduled for: 18/05/2018 Denies the request of Teletrans as groundless.
54	16216/3/2017	Court of Bucharest	R: Teletrans P: Transelectrica	Ascertaining action for achievement of contractual obligations and		Term: 25/02/2019

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
				claims		
55	28458/3/2017	Court of Bucharest	R: RAAN P: Transelectrica	Claims – regularisation of Jan-Dec 2016 bonus, Decision 347/2017 of ANRE	2,106,843.49 RON	Settlement in brief: Admits the suspension request filed by the claimant. Suspends judgment until final settlement of file 9089/101/2013/a152 on the docket of Mehedinti Tribunal. Denies the defendant's suspension as remaining objectless. Appeal right during entire suit suspension, to the superior instance. The appeal will be submitted to the Bucharest Tribunal, Civil Section VI. Ruled in open court - Document: Conclusion - Suspension 25.10.2017
56	7141/2/2017	Bucharest Court of Appeal	C: Transelectrica I: ANAF	Cancellation of enforcement title no. 13540/22.08.2017	91823180 Lei	Settlement in brief: Admits the exception of the material incompetence of the Appeal Court Bucharest, SCAF. Declines the case settlement competence in favour of Law Court of Bucharest District 1. No appeal. Ruled in open court - Document: Ruling 478/08.02.2018
57	28460/3/2017	TMB	R: RAAN P: Transelectrica	Claim suit	12,346,063.10 Lei (Nov 15 – Apr 16 bonus; regularisation of 2015 bonus; delay penalties)	Term: 05/12/2017 Suspended until final settlement of file 9089/101/2013/a152 on the docket of Mehedinti Tribunal.
58	33009/3/2017	Court of Bucharest	D: Photovoltaic Green Project C: Transelectrica s.a.	Insolvency procedure	Request to be recorded in the creditors' list for 693,073.51 lei	Transelectrica was recorded in the Preliminary liability table with the total sum of 693,073.51 lei Term to continue the procedure, to draw up the Final table after drawing up the Evaluation Report for the debtor's assets: 28/01/2019
59	39867/3/2017	TMB/CAB	R. Bodu Sebastian	Presidential ordinance suspending AGA decision on dividends distribution		Term: 10/11/2017 Denies the request as groundless. Mr Bodu Sebastian filed an appeal, which was denied by CAB as groundless.
60	39863/3/2017	TMB	R. Bodu Sebastian	Annulment action to repeal AGA decision 11/2017 on dividends distribution		Hearing scheduled for: 23/05/2018 Denies the request as groundless.
61	37673/3/2017 555/3/2018	TMB	C. TEL D. ENOL GRUP SA	Request issuance of payment ordinance	2,541,312.00 RON	Settlement in brief: Denies as groundless the request to issue payment ordinance demanded by creditor TRANSELECTRICA, in contradiction with debtor ENOL GRUP SA. Denies as groundless the creditor's request to have the law suit expenses paid. Acknowledges the debtor reserved the right to request separately law suit expense. With right to file annulment request within 10 days from the communication of this ruling, to be submitted to the Bucharest Tribunal, Civil section VI. Pronounced on 24.11.2017 and placed at the parties' disposal by the instance registry. Document: Final conclusion (disinvestment) 24.11.2017 TEL filed an annulment request registered under no. 555/3/2018. Hearing scheduled for: 26/06/2018

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						Settlement in brief: Rejects the request in annulment as groundless. Takes note of the separate request regarding legal expenses. Final. Ruled in open court Document: Ruling No. 2120/26.06.2018
62	48509/3/2017	TMB	R: Transelectrica P: SMART	Claim suit	7,652,449 Lei + interest	Hearing scheduled for: 24/04/2018 suspended
63	47332/3/2017	TMB	R: FF Wind Energy International P: Transelectrica	Annuling the cancellation statement / claim suit	32,777,167.35 lei, prejudice from termination of PTG connection contract 85/2011 45,000,000 Euro (devaluation of company)	Settlement in brief: Rejects the law suit, as stipulated, classifying it as ill-founded. Acknowledges the claimant has not asked for law suit expenses. Appeal right within 30 days from notification. In accordance with article 425 para 3 and of article 471 para 1 from the Civil procedural code, the appeal and the appeal reasons are submitted to Bucharest Tribunal, Civil Section VI. Sent to the parties via registry today, December 28, 2018. Document: Ruling 3891/28.12.2018
64	5180/301/2018	Judge's Office of District 3	Creditor: Stefan Ionita + 116 FNI indemnified Creditor: Ion Miclea Debtor: Treasury of Bucharest Seized third party: Transelectrica	Validation of seizure	2,089,042.69 RON	Hearing scheduled for: 11/09/2018 Hearing scheduled for: 20/09/2018 Denies the request as groundless. The creditors filed an appeal.
65	8993/299/2018	Judge's Office of District 1	Contender: Transelectrica Respondent: ANAF - DJAMC	Appeal to the execution Execution file 13328043/61/90/1/2017/267761 – 30.08.2017/267764 – 31.08.2017 Suspension of forced execution	47092295 lei + 44,730,885 lei.	Hearing scheduled for: 17/04/2018 Settlement in brief: 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 Litigation. Appeal right during the entire suspension; appeal to be submitted to the Law Court of Bucharest 1. . Ruled in open court. Document: Conclusion - Suspension 17.04.2018
66	5660/85/2017 separated from file no. 3847/85/2017	Court of Sibiu	R: Electromontaj Sibiu Defendants: Vero SRL Siemens SA, Transelectrica SA, SMART SA	Claims	118,781 EUR+VAT	Settlement in brief: Denies the exception for the prescription of the material right to action invoked by the defendant SMART SA. Partially admits the civil action filed and stipulated by the plaintiff S.C. ELECTROMONTAJ CARPAȚI S.A., headquartered in Sibiu, against the defendant SC SMART SA, headquartered in Bucharest and, consequently: Compels the defendant SC SMART SA to pay the following amounts to the plaintiff: - 14,572 EUR+ VAT in lei equivalent at the NBR exchange rate on the payment date, the equivalent value of the erection of 38 concrete foundations. - 98,280 EUR+ VAT in lei equivalent at the NBR exchange rate on the payment date, the difference for double channels performed instead of simple channels. Denies the rest of the claims. Admits the exception regarding the defendants' lack of passive process status: CNTEE TRANSELECTRICA SA, headquartered in Bucharest and SC SIEMENS SRL, headquartered in Bucharest and, consequently: Rejects the action filed by the plaintiff S.C. ELECTROMONTAJ CARPAȚI S.A. against these defendants. Finds that the rest of the exceptions invoked by the two defendants are obsolete: TRANSELECTRICA SA and SC SIEMENS SRL., i.e.: prescribing the material right to action, the plaintiff's lack of active process

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						status, inadmissibility of the action, insufficient stamp for the suit, lack of interest. Compels the defendant SC SMART SA to partially pay legal expenses of 7,631.96 lei to the plaintiff, i.e. stamp fee. Appeal right within 30 days from notification. The appeal statement will be filed to the Court of Sibiu. Ruled in open court - Document: Ruling 327/27.06.2018
67	807/85/2015	Court of Sibiu / Court of Appeal of Alba Iulia	R: Electromontaj Sibiu P: Vero SRL Respondents for guarantee: Siemens SA, Transelectrica SA, SMART SA	Claims/call for guarantee		Partially admits the civil action filed by plaintiff S.C. VERO S.R.L., insolvency, by judicial liquidator INSOLVENȚA SM SPRL, against the defendant ELECTROMONTAJ CARPAȚI S.A., and, consequently: Compels the defendant to pay the following amounts to the plaintiff: -14,572 EUR+ VAT in lei equivalent at the NBR exchange rate on the payment date, the equivalent value of the erection of 38 concrete foundations. - 98,280 EUR+ VAT in lei equivalent at the NBR exchange rate on the payment date, the difference for double channels performed instead of simple channels + 112,421 lei + VAT representing expenses for the procurement of Mecano shelves. Denies the rest of the claims. Compels the defendant to pay the plaintiff legal expenses of 10,494.11 lei, i.e. travel, accommodation and subsistence expenses. Appeal right within 30 days from notification. The appeal statement will be filed to the Court of Sibiu. Ruled in open court - Decision 515/07.07.2017 Solution of the Court of Appeal of Alba: To reject the appeals filed by plaintiff SC Vero SRL Negrești Oaș in insolvency, through the judicial liquidator Insolventa SM SPRL Satu Mare and by the defendant SC Electromontaj "Carpați" SA Sibiu against civil sentence no. 515/7.07.2017 given by the Court of Sibiu in file no. 807/85/2015. Rejects the request on legal expenses. With right of appeal within 15 days from notification. Ruled in open court - Decision No. 1/11.01.2018
68	1802/2/2018	Bucharest Court of Appeal	C: Transelectrica I: ANAF – DGAMC and the General Directorate for the Settlement of Appeals	Appeal to the administrative fiscal act dec. no.f-mc 439/30.06.2017		Hearing scheduled for: 05/03/2019
69	30570/3/2017	Court of Bucharest	R: Teau Toni Ion P: Transelectrica	Claims	3,814,768 lei as the net value of the variable component of mandate contracts no. C356/18.12.2013 and C419/13.11.2014, as well as the legal penalty interest	Settlement in brief: Admits the law suit filed by the plaintiff TEAU ION TONI against the defendant TRANSELECTRICA S.A. Compels the defendant to pay 3,814,768 Lei to the claimant as the net value of the variable component of mandate contracts no. C356/18.12.2013 and C419/13.11.2014, as well as the legal penalty interest based on art. 3 par. 2.1 of G.O. 13/2011 for the above mentioned amount calculated from the due date of each instalment until actual payment. Orders the defendant to pay the plaintiff the amount of 86,279.25 lei legal expenses. Appeal right within 30 days from notification. Appeal to be submitted to Court of Bucharest – Civil Section VI. Pronounced by placing the settlement to the party's disposal by means of the court registry Document: Ruling 1994/2018 / 21.06.2018

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
70	20764/3/2017*	Court of Bucharest	R: Bugica Radu P: Transelectrica	Claims	2,175,209 lei + 190,671 lei, equivalent value of the variable component of OAVT compensation, 108,462.55 lei legal interest	Settlement in brief: The demand is admitted. Compels the defendant to pay the plaintiff: - the sum of 2,175,209 lei, i.e. the gross value of the variable component of compensation - the sum of 190,671 lei, representing the difference between the net value of compensation that would be paid at present and the net value of the compensation to be paid on the due date - the sum of 108,462.55 lei, representing legal interest calculated until 20.07.2017, as well as the legal interest calculated based on art. 3 (2) ind. 1 of G.O. no. 13/2011 on the debt of 2,365,880 lei, from 21.07.2017 until full payment. Compels the defendant to issue and notify certificates OAVT 2015 and 2016, indicating the correct number of 90,000 OAVTs payable to the plaintiff. Compels the defendant to pay 44,408.76 Lei to the plaintiff as law suit expenses, regarding stamp fee and lawyer fee. Appeal right within 30 days from notification. The appeal shall be lodged at the Bucharest Court - Civil Section VI. Ruled in open court - Document: Ruling 2160/2018 / 04.07.2018
71	43557/3/2017	Court of Bucharest	R: Vaduva Constantin P: Transelectrica	Claims	2,175,210 lei, equivalent value of the variable component of OAVT compensation, legal interest	Settlement in brief: Admits the law suit filed by plaintiff Vaduva Constantin against the defendant CNTEE Transelectrica SA. Compels the defendant to pay the plaintiff 2,171,210 lei as the net value of the variable component of compensation, the amount of 773,687.71 lei as the performance bonus, both payable based on the mandate contract no. C18/27.01.2014, as well as the penalty legal interest, based on art. 3 par. 2 1 of GO no. 13/2011 for the above mentioned amount calculated from the due date of each instalment until actual payment. Orders the defendant to pay 39,859.10 Lei as law suit expenses to the plaintiff, of which 36,659.10 lei for legal stamp fees and 3,500 lei for reduced lawyer fee. Dismisses as ill-founded the request of the defendant for the reimbursement of legal expenses. Appeal right within 30 days from notification. Appeal to be submitted to Court of Bucharest – Civil Section VI. Pronounced by placing the settlement to the party's disposal by means of the court registry - Document: Ruling 3287/2018 / 31.10.2018
72	6606/3/2016	Court of Bucharest Bucharest Court of Appeal	R: Sandu Danut Leonard P: Transelectrica	Claims	424,485 RON	Settlement of the Court of Bucharest in brief: Admits the request. Orders the defendant to pay the plaintiff 424,485 lei as the value of options for virtual Transelectrica shares as a performance bonus, with the related legal interest calculated from the due date: 14.02.2014 - until full payment. Orders the defendant to pay 11,949 lei as legal expenses to the plaintiff. Appeal right within 30 days from the notification. Document: Ruling 4310/19.07.2016 CAB settlement: Settlement in brief: Admits the appeal. Fully changes the appealed sentence, i.e. the action is rejected as not founded. With appeal within 30 days from notification. The appeal shall be submitted to Bucharest Tribunal, Civil Section V. Ruled in open court - Document: Ruling No. 1163/05.06.2018
73	43560/3/2017	Court of Bucharest	R: Octavian Lohan P: Transelectrica	Claims	1,332,958 lei + 773,681.37 lei	Settlement in brief: Rejects the suing request. Appeal within 30 days from notification. The appeal will be submitted to the Bucharest Court Civil Section VI. Ruled in open court - Document: Ruling 2172/09.07.2018
74	42104/3/2017	Court of Bucharest	R: Visan Gheorghe P: Transelectrica	Claims	683,138 lei + 19881.80 lei	Settlement in brief: Admits the law suit. Compels the defendant to pay the plaintiff: - the sum of 683,138 lei, representing the value of options for virtual Transelectrica shares, updated with the inflation ratio, as of 3.11.2017 until full payment; - the sum of 19881.80 lei for the legal interest applicable to the payable amounts as variable compensation until 3.11.2017, as well as

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						subsequently, until full and effective payment; - the sum of 68,134 lei, representing the equivalent value of options for virtual Transelectrica shares, with a due date on 15.11.2017, updated with the inflation ratio, as of 27.02.2018 until the payment date; - the sum of 784.01 lei representing the legal interest applicable to the payable amounts as variable compensation until 5.06.2011, as well as subsequently, until full and effective payment; Compels the defendant to pay 17390.56 Lei to the claimant as law suit expenses. Appeal right within 30 days from notification. The appeal shall be lodged at the Bucharest Court - Civil Section VI. Ruled in open court - Document: Ruling 3124/2018 / 17.10.2018
75	42676/3/2017	Court of Bucharest	R: Diaconu Ciprian P: Transelectrica	Claims	1,137,762 lei + 36,806.38 lei	Settlement in brief: The demand is admitted. Orders the defendant to pay the plaintiff 1,137.762 lei as the equivalent value of options for virtual Transelectrica shares payable as variable compensation updated with the inflation ratio until actual payment. Orders the defendant to pay the plaintiff 36,806.38 lei as the penalty legal interest for the payable principal, calculated until September 17, 2019, as well as subsequently, until actual payment. Compels the defendant to pay 22,164.62 Lei to the claimant as law suit expenses. With right of appeal within 30 days from notification. Ruled in open court - Document: Ruling 3657/2018 / 06.12.2018
76	10835/3/2017	Court of Bucharest	R: Pirvulescu Cristian Daniel P: Transelectrica	Claims - payment ordinance	343,897 lei + 309,821,30 lei + 1,493,967 lei + legal interest	Settlement in brief: Denies the request as groundless. With right of request in annulment within 10 days from notification. Document: Final conclusion (disinvestment) 04.06.2018
77	5354/3/2017*	Court of Bucharest Bucharest Court of Appeal ICCJ	R: Artopolescu Petrisor P: Transelectrica	Claims	1,887,648 Lei + legal interest	Settlement of the Court of Bucharest in brief: The demand is admitted. Orders the defendant to pay 1,887,648 lei i.e. the value of the package of 90,000 OAVT, as well as the related legal interest, until effective payment. Orders the defendant to reimburse the plaintiff for legal expenses of 22,881.48 lei. Appeal right within 30 days from notification. The appeal shall be lodged at the Bucharest Court - Civil Section VI. Ruled in open court - Document: Ruling 4449/05.12.2017 Settlement of the Court of Bucharest in brief: Classifies the appeal as void. Appeal within 30 days from notification. The appeal shall be submitted to the court whose decision is appealed. Ruled in open court - Document: Ruling No. 1108/16.05.2018 TEL filed a request to suspend the execution of the sentence and an appeal. The suspension request was rejected by ICCJ.
78	5013/3/2018	Court of Bucharest	R: Chimirel Catalin Lucian P: Transelectrica	Claims - payment ordinance	302,573.65 lei + 7446.20 lei	Rejects the law suit filed by the plaintiff Chimirel Cătălin-Lucian against the defendant-debtor CNTEE Transelectrica S.A., as groundless. Cancellation request right is available within 10 days from communication. Ruled in open court - Document: Final conclusion (disinvestment) 03.07.2018
79	43480/3/2017	Court of Bucharest	R: Chimirel Catalin Lucian P: Transelectrica	Claims	150813 + 44529.09 lei	Hearing scheduled for: 19/09/2018 Denies the request as groundless.
80	6642/3/2018	Court of Bucharest	C: Transelectrica D: ELCEN	Appeal to payment request	56,680,387 RON	Settlement in brief: Partly admits the expert's request to increase the expertise fee. Decides to increase the expertise fee by 1500 lei. Orders the debtor to pay 1500 lei to the account of BLEJ, i.e. expertise fee difference. Decides to issue notices to BLEJ and to the expert, mentioning that the expertise fee was increased up to a total of 4000 lei. It rejects as unfounded the exception for the late appeal invoked by the defendant in the appeal. It admits the appeal filed against the measure of the judicial administrator. It compels the debtor to pay the appellant

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
						the amount of 56,680,387 RON i.e. the non-paid difference for the Overcompensation decision no. 476/30.03.2017 and the invoice series TEL17COG no. 17948/30.03.2017. It admits the request that the debtor should be compelled to pay legal expenses. It compels the debtor to pay the appellant 2500 RON as legal expenses, representing a stamp fee and a provisional expertise fee. Appeal right within 7 days from notification. Appeal to be submitted to Court of Bucharest - Civil Section VII. Ruled in open court - Document: Ruling 7834/ 21.12.2018
81	20117/3/2018	Court of Bucharest	R: Pogonaru Andrei Mihai P: Transelectrica	Claims - OAVT	2,435,333.04 lei, debt and interest	Settlement in brief: Partly admits the law suit, as stipulated. Orders the defendant to pay the plaintiff 1,437,343 lei as the equivalent value of options for virtual Transelectrica shares payable as variable compensation for the period November 2013-November 2014, the amount of 184,562.29 lei, for the legal interest calculated until 13.06.2018, as well as the legal interest calculated as per art. 3 (2) of GO no. 13/2011 on the debt of 1,437,343 lei, from 14.06.2018 until full payment. Orders the defendant to pay the plaintiff 91,080.45 lei as the equivalent value of options for virtual Transelectrica shares payable as variable compensation for the period November 2014-November 2015, the amount of 6543.28 lei, for the legal interest calculated until 13.06.2018, as well as the legal interest calculated as per art. 3 (2) of GO no. 13/2011 on the debt of 91,080.45 lei, from 14.06.2018 until full payment. Rejects the rest of the suing request, as groundless. Orders the defendant to pay 31,133.43 Lei as law suit expenses to the plaintiff, of which 26,133.43 lei for legal stamp fees and 5,000 lei for reduced lawyer fee. Dismisses as ill-founded the request of the defendant for the reimbursement of legal expenses. Appeal right within 30 days from notification. The appeal shall be lodged at the Bucharest Court - Civil Section VI. Ruled in open court Document: Ruling 3743/12.12.2018
82	21711/3/2018	Court of Bucharest	C: Romsilva D: Transelectrica	Payment ordinance	2,737,897.99 RON	Settlement in brief: To reject the exception regarding the defendant's lack of passive process status, as ill-founded. To reject the request regarding the issue of the payment ordinance, as not admissible. The court acknowledges that the defendant has requested no law suit expenses. Appeal right within 10 days from notification. Ruled in open court Document: Final conclusion (disinvestment) 17.07.2018
83	2867/97/2018	Court of Hunedoara	C: Transelectrica P: Complexul Energetic Hunedoara	Payment ordinance	2,104,636.88 RON	Settlement: to admit the request. Ordinance no. 778 given on 14.08.2018
84	34248/3/2018	Court of Bucharest	R: Radu Cernov	Claims - OAVT	2,185,278.91 lei, principal debt + interest	Under preliminary procedure
85	38852/3/2018	Court of Bucharest	R: Pirvulescu Cristian Daniel P: Transelectrica	Claims - OAVT	2,122,360.28 RON	Under preliminary procedure
86	42435/3/2018	Court of Bucharest	R: Neagu Carmen P: Transelectrica	Claims - OAVT	2,819,476.65 RON	Under preliminary procedure
87	30324/299/2018	Judge's Office of District 1	R: Artopolescu Petrisor P: Transelectrica	Claims - OAVT	65937 RON	Under preliminary procedure
88	34310/3/2018	Court of Bucharest	R: Smeianu Ion P: Transelectrica	Claims - OAVT	391,387.38 Lei + interest	Under preliminary procedure
89	4055/97/2018	Court of Hunedoara	C: Transelectrica D: Complexul Energetic Hunedoara	Payment ordinance - claims	1,372,993 RON	Rejects the request for payment ordinance. Cancellation request right is available within 10 days from communication Document: Ruling No. 1203/13.12.2018

No.	File no.	Court	Parties to the dispute and status	Scope	Disputed amount	Court / settlement terms
90	3153/115/2018	The Court of Caras Severin	R: Transelectrica P: Ciudanovita Commune	Claims	527,336.7 Lei + legal interest	Term: 06.02.2019 – declined to Section II
91	3156/115/2018	The Court of Caras Severin	R: Transelectrica P: Goruia Commune	Claims	522,678.76 Lei + legal interest	Hearing scheduled for: 11/03/2019
92	3157/115/2018	The Court of Caras Severin	R: Transelectrica P: Ezeris Commune	Claims	1,860,506.85 Lei + legal interest	Declined to Section II
93	3154/115/2018	The Court of Caras Severin	R: Transelectrica P: Municipality of Resita	Claims	4,705,341.91 Lei + legal interest	Declined to Section II
94	3155/115/2018	The Court of Caras Severin	R: Transelectrica P: Directia Silvica CS	Claims	5,019,485.05 Lei + legal interest	Term: 25/03/2019
95	3158/115/2018	The Court of Caras Severin	R: Transelectrica P: Dognecea Commune	Claims	940.88,27 Lei + legal interest	Declined to Section II on 06.02.2019
96	4055/97/2018	Court of Hunedoara	C: Transelectrica D: Complexul Energetic Hunedoara	Payment ordinance - claims	1,372,993 RON	Rejects the request for payment ordinance. Cancellation request right is available within 10 days from communication Document: Ruling No. 1203/13.12.2018
97	2494/115/2018*	The Court of Caras Severin	R: Municipality of Resita P: Transelectrica	Claims	6,389,297.58 + legal interest	Term: 11.03.2019
98	2434/115/2018	Court of Bucharest Civil S IV	R: Romsilva Caras Severin P: Transelectrica Timișoara transmission branch	Claims	2,433,608.52 annual lease for the temporary occupation of the land in the national forest fund + late payment penalties from the due date of the lease 31.01.2018. 304298.47, equivalent value of the final disposal of the land from the national forest fund, equivalent value of the loss in the enhanced exploitation of wood + late payment penalties from 10.05.2015	Settlement in brief: To admit the exception of functional non-competence. The file should be submitted to Civil Section VI of the Bucharest Court, for settlement. No appeal. Ruled in open court, Document: Final conclusion (disinvestment) 22.01.2019

Annex 5 - Glossary

“ANRE”	National Regulatory Authority for Energy
“ARB”	Asset regulatory base
“BSE”	Bucharest Stock Exchange, regulated market operator for trading Shares
“CLA”	Collective Labor Agreement entered at the Company level
“EEC”	European Economic Community
“WPP”	Wind Power Plant
“PHPP”	Photovoltaic Power Plant
“TPP”	Thermal Power Plant
“PSHP”	Pumped-Storage Hydropower Plant
“NPP”	Nuclear power plant
“Company”, “CNTEE”	National Power Grid Company Transelectrica SA
“OTC”	Own Technological Consumption
“BS”	Board of Supervisors
“CSR”	Corporate Social Responsibility
“d. c.”	Double circuit
“NPD”	National Power Dispatcher
“EBIT”	Earnings Before Interest & Tax
“EBITDA”	Earnings Before Interest, Taxes, Depreciation and Amortization
“EBT”	Earnings Before 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
“Euribor”, “Libor”, “Robor”	Interbank Interest Rates
“Formenerg”	Company for Training Romanian Power Engineers FORMENERG SA
“Group”	The company and its subsidiaries
“GD 627/2000”	Government Decision no. 627/2000 on reorganizing the National Electricity Company - S.A., published in Romania's Official Journal no. 357 of July 31st, 2000
“GD”	Government Decision
“Icemenerg Service”	Company "ICEMENERG-SERVICE" Bucharest, subsidiary of the National Power Grid Company "Transelectrica" SA
“IFRS”	International Financial Reporting Standards
“ISO”	Independent System Operator
“ITO”	Independent Transmission Operator
“KPI”	Key Performance Indicator
“OHL”	Overhead Power Line
“Leu” or “Lei” or “RON”	The official currency of Romania
“OG”	Official Gazette of Romania
“GO”	Government Ordinance
“ONRC”	The National Trade Register Office
“OPCOM”	Romanian Electricity Market Operator OPCOM SA

“TSO”	Transmission and system operator
“GEO”	Government Emergency Ordinance
“pa”	Per annum
“CMBC”	The Centralized Market for Bilateral Contracts
“PCR”	The agreed Price Coupling of Regions for the future Single European Market for Electricity
“BM”	Balancing Market
“PCI”	Projects of Common Interest
“DAM”	Day-Ahead Market
“PTG”	Power Transmission Grid, national and strategic interest electric grid with a nominal voltage greater than 110 kV
“NPS”	National Power System
“Smart”	The Company for Maintenance Services for the Power Transmission Grid SMART SA
“FSS”	Functional System Service
“TSS”	Technological System Service
“TEL”	Stock exchange symbol for Transelectrica
“Teletrans”	The Company for Telecommunication and IT Services in Electricity Transmission Grids TELETRANS SA
“TSR”	Total Shareholder Return
“EU”	European Union
“UM”	Unit of measurement
“USD” or “US dollars”	American Dollar, the official currency of the United States of America
“WACC”	Weighted Average Cost of Capital