



**NATIONAL POWER GRID
TRANSELECTRICA SA**

**QUARTERLY REPORT
January – September
2019**

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**REPORT REGARDING THE ECONOMIC – FINANCIAL ACTIVITIES OF
NPG TRANSELECTRICA SA**

**according to provisions of Article 67 of Law no. 24/ 2017 on the capital market and Regulation
no.5 / 2018 issued by the Financial Supervision Authority (ASF)
for the period ended on 30 September 2019**

Date of the report:	November 15 th 2019
Company name:	NATIONAL POWER GRID COMPANY TRANSELECTRICA SA, managed under two-tier system
Registered office:	Bucharest, No. 33 Gen. Gheorghe Magheru Blvd., 3 rd district, ZIP code 010325
Working location:	Bucharest, No. 2 - 4, Olteni Street, 3 rd District, ZIP code 030786
Phone / fax numbers:	004 021 303 5611/ 021 303 5610
Unique registration code:	13328043
Number in the Commercial Register:	J40/ 8060/ 2000
LEI Code (Legal Entity Identifier)	254900OLXOUQC90M036
Company's establishment date:	July 31 st , 2000 / OUG 627
Share capital:	733,031,420 RON, subscribed and paid
Regulated market where the issued securities are traded:	Bucharest Stock Exchange, Premium Category
The main features of the issued securities:	73,303,142 shares with a nominal value of 10 RON / share, dematerialized, registered, ordinary, indivisible shares, freely tradable from August 29 th , 2006 under the TEL symbol.
Total market value:	1,510,044,725 RON (21 RON/share on 30.06.2019)
Applied accounting standard:	International Financial Reporting Standards
Audit:	The quarterly financial statements drafted on September 30 th , 2019 are not audited

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

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the 9 months ended on 30 September 2019 were elaborated in accordance with the International Accounting Standard 34 “Interim Financial Reporting” and provide accurate image in compliance with the actual situation of assets, liabilities, financial position, profit and loss account of NPG Transelectrica SA.

This report comprises fair complete information about the economic-financial situation and activities of NPG Transelectrica SA.

Bucharest, 06 November 2019

**Claudia-Gina
ANASTASE**

**Directorate
Chairman**

**Adrian
SAVU**

**Directorate
Member**

**Andreea Georgiana
FLOREA**

**Directorate
Member**

**Luca-Nicolae
IACOBICI**

**Directorate
Member**

**Virgiliu
IVAN**

**Directorate
Member**



Key figures 9M 2019 vs 9M 2018

KEY FIGURES

FINANCIAL HIGHLIGHTS

RON	1,783	mn	▼	-3%	Revenues
				y/y	
RON	299	mn	▼	-12%	EBITDA
				y/y	
RON	74	mn	▼	-25%	Net profit
				y/y	
TWh	41.29		▲	0.1%	Charged energy volume**
				y/y	

OPERATIONAL

2.29%	*	▼	-0.26	pp	OTC
			y/y		
31.79		▼	-2%		Transported energy***
TWh			y/y		

INVESTMENTS

RON	169	mn	▲	50%	Acquisition of tangible and intangible assets
				y/y	
RON	57.44	mn	▼	-71%	Fixed assets recorded in the accounts (commissioning)
				y/y	

OTC – One's Own Technological Consumption (losses)

* Share of one's own technological consumption in the electricity taken over by the electricity transmission grid (transmitted energy)

** The charged quantity is defined by the electricity amount extracted from public interest networks (transmission and distribution networks), less the electricity exports

*** The transmitted quantity is defined by the power amount physically flowed in the transmission network

Note: For reading facility and result understanding, certain figures provided in graphs and/or tables use RON million as measuring unit and are rounded up to it. This presentation convention might determine in certain circumstances minor differences between totalling figures and totals obtained by summing up the components.



Financial data

The summary of the financial results on September 30th, 2019 is provided in the tables below. The financial results have not been audited, and their extended variant for the same time interval is provided in Annexes to this Report.

Separate statement of profit or loss					
[RON mn]	9M 2019	9M 2018	Δ	Δ (%)	2018
	1	2	3=1-2	4=1/2	5
Charged energy volume [TWh]	41.29	41.27	0.03	0.1%	55.78
ALLOWED PROFIT ACTIVITIES					
Operating revenues	907	852	55	6%	1.180
Transmission and other revenues on the electricity market	809	771	38	5%	1.070
Functional system services	60	47	12	26%	64
Other revenues	39	33	5	15%	46
Operating expenses	582	498	84	17%	740
System operating expenses	268	212	56	26%	309
Repairs and maintenance expenses	73	65	8	13%	91
Personnel expenses	158	137	22	16%	189
Other expenses	82	84	(2)	(2%)	152
EBITDA	325	354	(29)	(8%)	440
Depreciation	210	226	(16)	(7%)	298
EBIT	116	128	(13)	(10%)	142
ZERO PROFIT ACTIVITIES					
Operating revenues	876	980	(105)	(11%)	1,541
Technological system services revenues	470	482	(12)	(2%)	637
Balancing market revenues	405	498	(93)	(19%)	904
Operating expenses	902	995	(93)	(9%)	1,582
Technological system services expenses	497	497	0	0%	678
Balancing market expenses	405	498	(93)	(19%)	904
EBIT	(26)	(14)	(12)	(84%)	(40)
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)					
Operating revenues	1,783	1,832	(49)	(3%)	2,722
Operating expenses	1,484	1,493	(9)	(1%)	2,322
EBITDA	299	340	(41)	(12%)	400
Depreciation	210	226	(16)	(7%)	298
EBIT	89	114	(25)	(22%)	101
Net finance result	(6)	(6)	0	1%	(8)
EBT - Profit before income tax	83	108	(25)	(23%)	93
Income tax	9	10	(1)	(9%)	12
Net profit	74	98	(24)	(25%)	81

Separate statement of financial position				
[RON mn]	9M 2019	2018	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	2,900	2,988	(89)	(3%)
Intangible assets	32	23	9	40%
Financial assets	82	80	1	2%
Total	3,013	3,091	(78)	(3%)
Current assets				
Inventories	38	35	3	8%
Trade and other receivables	781	1,064	(283)	(27%)
Other financial assets	80	-	80	n/a
Cash and cash equivalents	272	482	(210)	(44%)
Total	1,170	1,581	(410)	(26%)
Total assets	4,184	4,672	(488)	(10%)
Shareholders' Equity	2,829	2,809	20	1%
Non-current liabilities				
Long term borrowings	128	144	(16)	(11%)
Other non-current liabilities	475	520	(44)	(9%)
Total	603	664	(60)	(9%)
Current liabilities				
Short-term borrowings	109	53	56	n/a
Other current liabilities	642	1,146	(504)	(44%)
Total	751	1,199	(448)	(37%)
Total liabilities	1,354	1,863	(509)	(27%)
Total shareholder's equity and liabilities	4,184	4,672	(488)	(10%)

Separate statement of cash flows				
[RON mn]	9M 2019	9M 2018	Δ	Δ (%)
Cash flows before changes to working capital	266	342	(76)	(22%)
Cash flows from operating activities	83	354	(271)	(77%)
Net cash from operating activities	66	336	(271)	(80%)
Net cash used in investing activities	(246)	(96)	(150)	n/a
Net cash used in financing activities	(30)	(110)	79	72%
Net increase/decrease in cash and cash equivalents	(210)	131	(341)	n/a
Cash and cash equivalents as at 1 January	482	521	(39)	(7%)
Cash and cash equivalents at the end of the period	272	651	(380)	(58%)

OPERATIONAL RESULTS

Charged volume of energy

In January – September 2019 the total quantity of electricity charged for services provided on the electricity market (41.29 TWh) registered slight 0.1% increase compared to the same period of 2018 (a -0.03 TWh difference is found between the two time intervals).

Operational revenues

Total operational revenues achieved in the first 9 months of 2019 decreased 3% compared to the similar interval of last year (RON 1,783 mn at 9M 2019 compared to RON 1,832 mn at 9M 2018), mainly determined by operational revenues associated to the zero profit activities (technological system services and the balancing market).

The segment of **profit allowed activities** registered slight 6% revenue increase (RON 907 mn at 9M 2019 compared to RON 852 mn at 9M 2018), determined by the growth of the tariff valid in the reporting period. On 01.07.2019 the tariffs approved by ANRE under Order 81/24.06.2019 came into force.

In the first 9 months of 2019 revenues from the allocation of interconnection capacities registered increase of RON 10.7 mn compared to 9M 2018, corresponding to the utilisation degree of interconnection capacity by traders on the electricity market.

The allocation mechanism of interconnection capacities consists in organising annual, monthly, daily and intraday bids. The annual, monthly and intraday bids are explicit – bidding only the transmission capacity, and the daily one with Hungary are implicit – the capacity is allocated simultaneously with the energy through the coupling mechanism.

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

Beginning with 2016 the UIOSI principle was applied on the Bulgarian border, and beginning with 2017 on the Serbian frontier as well. In accordance with such principle participants that do not use the capacities they win at annual and monthly bids are remunerated (by Transelectrica) for such capacity. The unused capacity is later sold under daily bids. There is reverse sense on

the Hungarian border, namely MAVIR remunerates the participants for unused capacities.

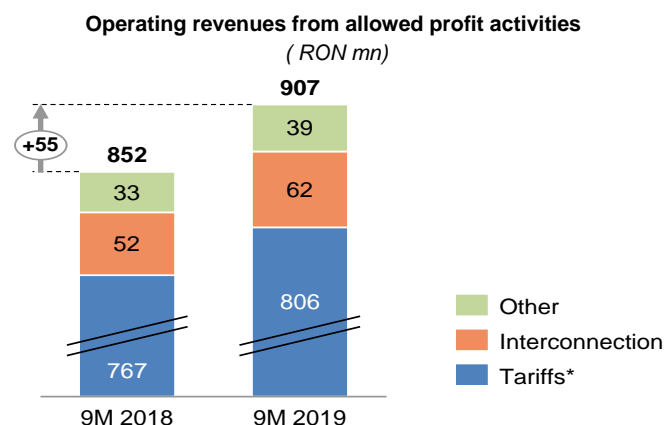
The market allocating the interconnection capacities is fluctuating as prices evolve depending on the demand and need of market participants to procure interconnection capacity. .

Net revenues from the allocation of interconnection capacity are used according to the provisions of article 22 para (4) of ANRE Order 53/2013 and of article 16 para (6) of Regulation (EC) 714/2009, as financing source for investments aimed at upgrading and developing the interconnection capacity with neighbouring systems.

Reactive energy revenues decreased in January - September 2018 by RON 3.6 mn since the consumption of reactive electricity absorbed from RET by Arcelor Mittal Hunedoara dropped, as they commissioned (in the steel works) a SVC (Static Var Compensator) type piece of equipment compensating the reactive energy. Thus such reduced revenues from reactive energy are owed to Arcelor Mittal Hunedoara that took local measures to improve the power factor, reduce the reactive power absorbed from RET and implicitly reduced the invoices for reactive energy.

Revenues from energy transactions for OTC were mainly obtained by selling the excess energy on the Intraday Market managed by OPCOM and under the BRP CIGA Energy, on the Balancing Market.

Revenues from OTC transactions were higher by RON 2.8 mn in the studied period of 2019 compared to the same interval of 2018 since the imbalances of Transelectrica had opposite direction from the imbalances of BRP CIGA ENERGY and thus it was better to sell the excess energy in the BRP than selling it on the Balancing Market.



**transmission tariff, functional system services, reactive energy, unplanned exchanges DAM, ITC, OTC transactions*

Revenues from zero-profit activities decreased 11% (RON 876 mn at 9M 2019 against RON 980 mn at 9M

2018), mainly determined by 19% drop of revenues on the balancing market (from RON 498 mn at 9M 2019 to RON 405 mn at 9M 2019)

In January - September 2019 revenues from technologic system services registered decrease by RON 11.9 mn compared to the same interval of 2018, determined by diminished regulated tariff approved by ANRE and an insignificant 0.1% increase of electricity quantity delivered to consumers, namely 25,831 MWh.

Balancing market revenues decreased by RON 92.6 mn compared to the same period of last year as a consequence of:

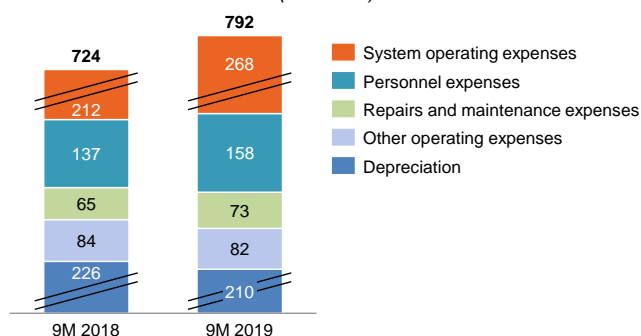
- Reduced negative imbalance registered for electricity suppliers on the balancing market as a result of their providing better balancing in the first 9 months of 2019 compared to 9M 2018;
- The manner in which contracting is achieved on the markets before the balancing one and little participation of electricity generators on the day-ahead and intraday electricity market;
- The development of hydraulicity;
- Highly unpredictable and volatile output from renewable sources (especially wind);
- The development of the average deficit price registered on the balancing market;
- The development of the electricity demand as winter was milder than in 2018.

Operational expenses

Total operational expenses (amortisement included) achieved in the 9M of 2019 registered slight drop (1%) compared to the same period of last year (RON 1,694 mn against RON 1,718 mn at 9L 2018).

As regards the **profit allowed activities** segment, expenses (amortisement included) registered 9% increase (RON 792 mn at 9M 2019 compared to RON 724 mn at 9M 2018).

Operating expenses from allowed profit activities
(RON mn)



OTC: In the first 9 months of 2019 expenses regarding one's own technological consumption were greater by

RON 39 mn compared to the same period of 2018, because the average procurement price for electricity necessary to cover OTC within RET increased.

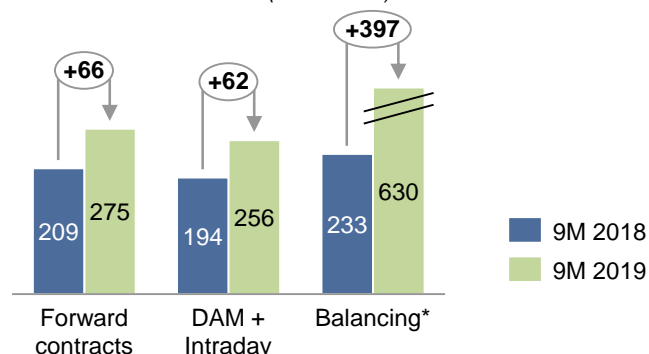
Such expenses are electricity procurement on the free electricity market, namely the Centralised Market of Bilateral Contracts (PCCB), the Day-Ahead Market (PZU), the Balancing Market (PE) and the Intraday Market (PI) in order to cover one's own technological consumption (OTC / losses) within RET.

The differences between the hourly quantities actually achieved and those procured after transacting on the PCCB, PZU and PI are compensated on the Balancing Market (PE) during the operational day.

Beginning with 18.01.2018 the Contract of "Electricity procurement to cover imbalances from notified quantities associated to technological electricity losses in electricity transmission networks by transferring the balancing responsibility" C380/06.10.2014 became effective, concluded between NPG Transelectrica SA and CIGA ENERGY SA, which reduced the procurement prices of energy on the balancing market.

Average acquisition prices

(RON/ MWh)



*Preliminary values, the average price was calculated at the net value (purchases-sales) and does not take into account the PRE services.

Analysing the average price development of forward contracts in 2018 – 2019 one can notice a clearly rising trend with positive slope, no oscillations, of the price registered in 2018. Moreover the energy selling offers on the PCCB were much more reduced in quantitative terms against the existing purchase offers, which makes demand exceed neatly the offer and the concluding bid price - higher.

In January 2019 OTC expenses were higher because the average price of contracts concluded on the PCCB with delivery in January 2019 was of 287.44 Lei, 36% higher than the price of January 2018. This price trend was justified by 120% higher prices of certificates for greenhouse gas effects (ETS) at the beginning of 2018. As of 1 January 2019 the "Market stability reserve" (MSR) became effective, which imposes a limited number of certificates for greenhouse gas effects. Such

measure impacted mainly the coal-fired generating power plants, which determine the market marginal price in many cases.

This was mirrored in the average price of contracts concluded on this market with delivery in January - September 2019, which was 275 Lei, 31% higher than the price of January -September 2018.

At European level prices are impacted by the separation of the bidding zone Germany – Austria into two distinct zones beginning with 1 October 2018. The average procurement price of electricity on the PZU was higher at 9M 2019 than in the similar period of last year, against a background of demand exceeding the electricity offer all over Europe.

In January 2019 Romania was predominantly importer of electricity, because certain generating power plants were unavailable, which has led to significant price increase on the Day-Ahead Market (PZU). Thus in January 2019 the average price on the PZU was two times higher than the price recorded in January 2018.

In the following months there was a decreasing trend in the average price of electricity procured on the PZU and on the bilateral contracts market as compared to the price of January 2019. Nevertheless, given the other factors influencing electricity procurement, OTC costs remained higher than in the similar period of 2018.

The difference between the electricity actually consumed to cover the OTC and the electricity procured represents imbalances, which are automatically covered by the Balancing Market.

In 2018 the thresholds that limited the minimum and maximum price of deficit electricity were removed, which led to significant increase of the average procurement price of deficit energy.

Thus taking into consideration the total average price on all markets, a medium price of 284 Lei/MWh follows at 9L 2019, compared to the average procurement price of 205 Lei/MWh at 9L 2018.

Congestions: Congestions (network restrictions) are demands of electricity transmission beyond the technical capacity limits of the grid, and corrective activities are required from the transmission and system operator; they occur whenever during operational scheduling or during real time operation the power flow between two system nodes or zones leads to trespassing the operational safety parameters of an electric power system.

In January – September of this year RON 1.7 mn congestion expenses were recorded, as determined by the safety criterion N–1 being provided when the 220 kV OHL Fantanele - Gheorgheni was unavailable because

of bad meteorological conditions and of N–1 provision in section 4, while the 400 kV OHL Iernut – Sibiu Sud was taken out of operation as planned.

Expenses with electricity consumption within RET substations: they increased RON 2.8 mn in January - September 2019 compared to the same period of 2018, determined by the growing trend of electricity prices and especially by the higher firm prices than last year to conclude contracts on the competitive electricity market in 2019.

Functional system services: The associated expenses grew RON 17.6 mn in January - September 2019 compared to January - September 2018, mainly determined by higher expenses on the balancing market and on the day-ahead market with respect to unplanned electricity exchanges with the neighbouring countries that are interconnected to the SEN.

Inter TSO Compensation (ITC) expenses:

The monthly payment obligations / collection rights for each transmission and system operator (TSO) are established under the compensation / settlement mechanism for the effects of the electricity transmission grid (RET) being used for electricity transits in-between the TSO-s of the 35 countries that adopted this ENTSO-E mechanism.

In 01 January 2019 – 30 September 2019 these expenses were RON 1 mn higher than in the similar period of last year.

The **zero-profit activities** segment recorded 9% lower costs (RON 902 mn at 9L 2019 compared to RON 995 mn at 9L 2018), mainly determined by the lower expenses on the balancing market.

The Company procures **technological system services** from generators SEN in view of maintaining operational safety within SEN as well as the quality of transmitted electricity at parameter values provided in applicable technical norms.

Such services are contracted as follows:

- Under regulated regime according to Governmental Decisions and the Decisions of the National Regulatory Authority in the Energy Domain (ANRE);
- By means of competitive mechanisms.

The cumulated value of expenses for technological system services in the first 9 months of 2019 is almost equal to the cumulated value of STS expenses made in the first 9 months of 2018 (9L 2019 compared to 9L 2018: increase of RON 0.03 mn)

The value of costs for STS procurement in January - September 2019 was mainly determined by the following factors:

- Procurement prices for technological system services on the competitive market were higher in comparison with the procurement prices of 2018 for RS (frequency restoration reserve) and RTR (electricity high wave).

A significant influence over the increase of procurement prices for technological system services on the competitive market was generated by higher prices recorded on the electricity market in January - September 2019.

- Procurement prices of technological system services for RTL (replacement reserve) on the competitive market were lower in comparison with the procurement prices of 2018, because a higher competition occurred for this kind of reserve.

An important influence for the higher procurement Price of STS on the competitive market was also determined by a very high concentration of the market for technological system services for the frequency restoration reserve and electricity high wave during the studied interval, as well as by higher prices registered on the electricity market.

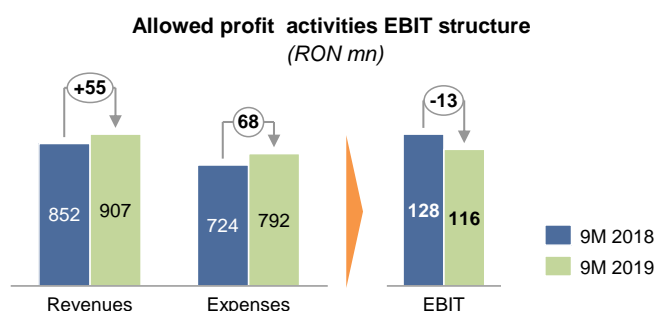
During the reported period the Company procured technological system services under regulated regime according to ANRE decisions and to applicable legal regulations.

The Company is re-invoicing the technological system services procured from generators to ANRE-licensed electricity suppliers, which eventually benefit of such services.

In the following period estimations are that development trend of prices for procuring technological system services will be maintained, in compliance with the achievements from the first 9 months of 2019.

Operational result

Profit allowed activities registered RON 116 mn result in 9L 2019, decreasing from RON 128 mn at 9L 2018, mainly because of higher costs on the electricity market which were not compensated by increased revenues in the analysed period, and owing to the impact of OUG 114/2018, namely RON 26.6 mn in 9L 2019 compared to RON 2.2 mn in 9L 2018



EBIT generated by **zero-profit activities** registered negative RON 26 mn result compared to the RON 14 mn loss recorded in the same period of last year.

Thus in January - September 2019 revenues from technological system services were RON 12 mn smaller than the expenses made for procurement of technological system services. The loss was caused by a lower regulated tariff and higher expenses for technological system services when the procurement price of RS (frequency restoration reserve) and RTL (replacement reserve) was higher on the competitive market.

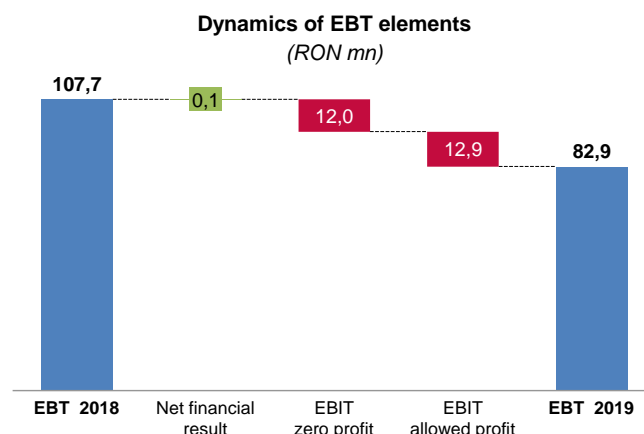
This amount diminishes the Company's gross profit registered on 30 September 2019.

In case the electricity quantities which are applied STS and SSF tariffs will be those estimated for 2019, revenue increases can be registered during this time interval in accordance with the new tariffs established under ANRE Order 81/2019 (13.05 Lei/MWh for STS, namely 1.84 Lei/MWh for SSF).

Gross result (EBT)

Gross profit decreased 23% from RON 108 mn at 9L 2018 to RON 83 mn at 9L 2019.

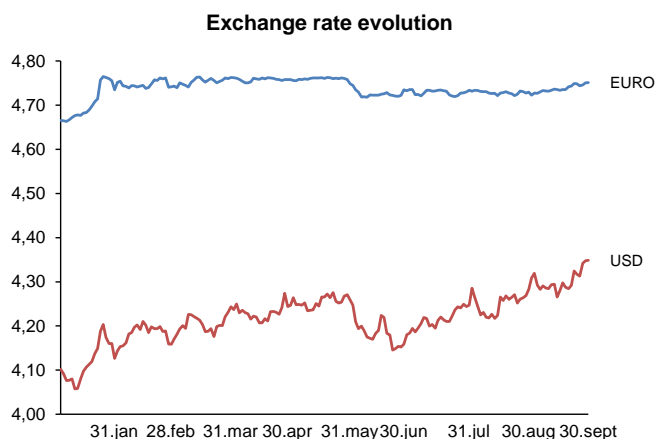
The profit dynamics between the registrations of 9L 2018 compared to 9L 2019, broken down into the constitutive components of profit, is provided in the graph below:



Financial result

The net financial result registered in 9L 2019 was negative and amounted to RON 6 mn. This was mainly influenced by the development of the national currency's exchange rate against the foreign currencies the Company has contracted bank loans in (Euro) to finance its investment plans.

The development of the Lei/Euro and Lei/USD exchange rates in January - September 2019 is provided in the graph below:



Net result

Net profit decreased and reached to RON 74 mn at 9L 2019 compared to RON 98 mn at 9L 2018.

FINANCIAL POSITION

Non-current assets

Non-current assets decreased about 3% in January - September 2019 against a background of tangible assets decrease, as determined by registered amortisement.

Intangible assets increased during the studied period, mainly because the utilisation right was recognised for the Company-leased spaces in the Platinum office building.

Current assets

They diminished 26% on 30 September 2019 (RON 1,170 mn) compared to the value recorded on 31 December 2018 (RON 1,581 mn), mainly determined by decreased receivables.

Trade receivables diminished 27% (RON 781 mn on 30 September 2019 from RON 1,064 mn at the end of 2018), mainly because the following decreased:

- Receivables on balance on 30 September 2019 amounted to RON 132.9 mn and related to the balancing market, which registered value drop compared to 31 December 2018 (RON 400.6 mn), as a consequence of reduced transactions on this market.
- Clients on balance from operational activities that on 30 September 2019 register decrease compared to 31 December 2018, mainly determined by lower electricity quantities delivered to consumers in May and June 2019 compared to November and December 2018.

The main clients on balance on the electricity market are represented by: RAAN, OPCOM, Electrocentrale Bucharest SA, Electrica Furnizare SA, Enel Energie Muntenia SA, E.ON Energie Romania SA, Enel Energie SA, CEZ, CEZ Vanzare, ALRO, and Petprod SRL.

The main clients on the electricity market cover 53% share in the total trade receivables.

Collectable receivables from the bonus type support scheme to promote high efficiency cogeneration amounted to 28% on 30 September 2019 (31 December 2018 - 19%) of the total trade receivables.

The Company carries out activities associated to the bonus type support scheme to promote high efficiency cogeneration as administrator of such support scheme in accordance with the provisions of HGR 1215/2009, "the main attributions being to collect monthly the cogeneration contribution and to pay bonuses every month".

Clients under the bonus type support scheme to promote high efficiency cogeneration registered increase on 30 September 2019, mainly determined by a higher value of the monthly contribution, namely from 0.0105 Lei/kWh (December 2018) to 0.01564 Lei/kWh (July 2019).

On 30 September 2019 the Company registered receivables amounting to RON 222.4 mn, represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to RON 76.7 mn, namely from RAAN – RON 63.46 mn and CET Govora SA – RON 13.23 mn;
- 2014 undue bonus amounting to RON 3.91 mn from RAAN – RON 1.98 mn and CET Govora – RON 1.93 mn;
- 2015 undue bonus amounting to RON 0.56 mn, namely from CET Govora – RON 0.53 mn, Interagro – RON 0.03 mn;
- 2016 overcompensation amounting to RON 56.68 mn, namely from Electrocentrale Bucharest;
- Cogeneration contribution not collected from the suppliers of electricity consumers in sum of RON 21.20 mn, namely from: Transenergo Com – RON 5.88 mn, PetProd – RON 4.39 mn, Romenergy Industry – RON 2.68 mn, RAAN – RON 2.38 mn, UGM Energy – RON 1.81 mn, CET Govora – RON 0.90 mn, KDF Energy – RON 0.88 mn and others.

To liquidate receivables generated by overcompensation and undue bonus the Company requested the generators qualified under the support scheme to make mutual compensations. In case of generators (RAAN, Electrocentrale Bucharest, and CET Govora) that did not agree with this manner to quench mutual receivables and liabilities the Company has applied and further applies the provisions of article 17 para 5 of Order

116/2013 of ANRE president approving the Regulation on establishing the collection mode of the contribution for high efficiency cogeneration and the payment mode of the bonus for electricity generated under high efficiency cogeneration.

Other receivables on 30 September 2019 amounting to RON 107.6 mn mainly include:

- Sundry debtors (RON 80.9 mn), of which:
 - Delay penalties amounting to RON 69 mn calculated for payment defaulting clients (of which RON 35.3 mn represent penalties under the support scheme). The greatest delay penalties were registered by the following clients: RAAN (RON 16.9 mn), CET Govora (RON 9.6 mn), Electrocentrale Bucharest (RON 9.4 mn), Eco Energy SRL (RON 8.9 mn), Petprod SRL (RON 8.9 mn), Total Electric Oltenia (RON 3.2 mn), Enol Grup (RON 2.5 mn), Also Energ (RON 2.1 mn). Allowances were registered for the penalties calculated for late payment of receivables from operational activities;
 - Compensations amounting to RON 3.5 mn owed by suppliers for their non-delivery of electricity (Arelco Power - RON 1 mn and Enol Grup – RON 2.5 mn). Allowances were registered for the compensations owed by suppliers from operational activities;
 - Receivable amounting to RON 5.8 mn recoverable from OPCOM, of which RON 4.5 mn are VAT for the contribution in kind to the subsidiary's share capital, and RON 1.3 mn represent penalties;
- Deferred expenses amounting to RON 18.7 mn, of which the most relevant are: the 2% contribution of the turnover (OUG 114/2018) owed to ANRE for October-December 2019 (RON 8.9 mn), which will be spread out under the operational expenses of 2019; down payments to contracts concluded with electricity suppliers, as necessary to cover one's own technological consumption in future periods (RON 6.7 mn); subscriptions to national and international organisations (RON 1.2 mn) which will be supported gradually by the 2019 operational expenses, as well as lease and maintenance paid to Dagesh Rom SRL for October 2019 (RON 0.7 mn);
- Other non-current receivables amounting to RON 4.6 mn, of which RON 4.2 mn represent securities for temporary land occupation, calculated and withheld according to article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code in order to carry out the investment project for the 400 kV OHL Resita – Pancevo (Serbia).

Liabilities

Non-current liabilities amounting to RON 603 mn on 30 September 2019 registered 9% decrease as a result

of repayments made in accordance with existing loan agreements and of diminished deferred revenues.

At the same time **current liabilities** also recorded 37% decrease (from RON 1,199 mn on 31 December 2018 to RON 751 mn on 30 September 2019), mainly against a background of diminished trade receivables and other receivables as follows:

- On 30 September 2019 compared to 31 December 2018, **liabilities on balance on the electricity market** amounted to RON 340.8 mn, namely to RON 780.3 mn and were impacted by:
 - *Reduced balance of balancing market liabilities* which was determined by paying the payment obligations found on balance on the electricity market on 31 December 2018 (RON 383 mn) and by the reduced transaction volume on the balancing market in Q III 2019 compared to Q IV 2018, which impacted the liability volume of the balancing market on balance on 30 September 2019 (RON 63 mn).
- Suppliers on the electricity market are mainly represented by: Hidroelectrica, MAVIR, Energy Complex Oltenia, Electrocentrale Bucharest, OPCOM, Romgaz, Electrocentrale Galati, Energy Complex Hunedoara, Veolia Energie Prahova, and Ciga Energy. On 30 September 2019 their share was about 85% in the total electricity suppliers.
- *Reduced balance of liabilities relating to operational activities* was mainly determined by paying the payment obligations found on balance on the electricity market on 31 December 2018;
- *Reduced liabilities associated to the support scheme* to suppliers (generators) determined by diminished payment obligations for the monthly bonus of September 2019 compared to December 2018.

On 30 September 2019 payment obligations were registered to suppliers (generators) in sum of RON 111.2 mn (Electrocentrale Bucharest – RON 56.7 mn, RAAN – RON 51.2 mn, and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, by the ex-ante-overcompensation in 2014 and 2015, and unpaid bonus in 2015 and 2016.

The amounts representing Company liabilities associated to the support scheme to Electrocentrale Bucharest, RAAN, and CET Govora were withheld for payment in accordance with article 17 para 5 from Order 116/2013 of ANRE president because the suppliers (generators) register payment obligations to the Company under the bonus type support scheme.

- Other liabilities significantly dropped from RON 159.9 mn in December 2018 to RON 92.5 mn on 30 September 2019, since dividends were paid in the first

part of 2019 and sundry debtors decreased (on 30 September 2019 they amount to RON 8.8 mn compared to RON 24.9 mn on December 2018) and mainly represent the net position of the support scheme regarding high efficiency cogeneration.

Higher balance of asset suppliers on 30 September 2019 compared to 31 December 2018 was owed to greater volumes of investment work invoiced to asset suppliers.

Dividends owed to Company shareholders on 30 September 2019 and unpaid amount to RON 0.7 mn, being associated to 2016 and 2017.

Such amounts are at the shareholders' disposal by means of the payment agent.

Provisions registered decrease from RON 95.6 mn on 31 December 2018 to RON 64.4 mn on 30 September 2019, mainly determined by reversing the RON 31.18 mn provision constituted for the disputed with ASITO KAPITAL SA under file 35865/3/2018 (old file 24552/3/2017), on the docket of Bucharest Tribunal, Section VI Civil.

On the hearing term of 19.02.2019 when judiciary investigation has ended and the floor was granted to the parties for exceptions, evidence and substance matter the instance deferred pronouncement twice until 20.03.2019. After deliberation Bucharest Tribunal pronounced the following settlement in brief:

- It denies the request with respect to reversing the enforcement as inadmissible.
- It denies as groundless the request to return the stamp tax related to the request with respect to reversing the enforcement.
- It denies as groundless the request filed by contestor-debtor ASITO KAPITAL SA against Civil ruling 4067/07.11.2017 pronounced by Bucharest Tribunal, Section VI Civil under file 24552/3/2017, in contradiction with the recurrent-creditor the National Power Grid Company TRANSELECTRICA SA; final.

It was pronounced at public hearing on 20.03.2019. Document: Ruling 743/20.03.2019.

The court clerk office certificate issued on 18.04.2019 by Bucharest Tribunal, Section VI Civil certified Ruling 743/20.03.2019.

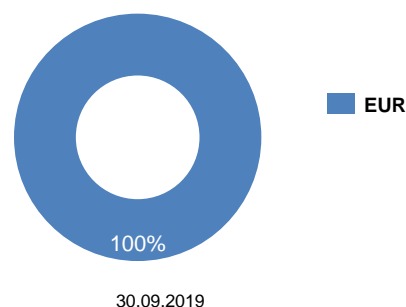
On 04.10.2019 Asito Kapital filed appeal against Civil ruling 3840/19.12.2018, and the file was referred to the Appeal Court Bucharest for settlement, with no hearing term set for the time being. Transelectrica filed defence within the legal time interval, and now the hearing term is pending.

Interest-bearing liabilities

On 30 September 2019 the non-current borrowing value diminished in comparison with 31 December 2018, mainly due to repayments made in accordance with existing loan agreements.

All non-current borrowings (in Euro), except for contracts BEI 25709 and BEI 25710, bear variable interest rate both on 31 December 2018 and on 30 September 2019.

Structure per currency



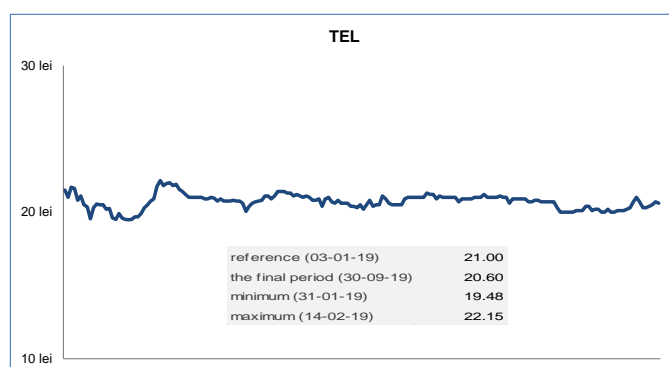
Shareholders' equities

Shareholders' equities registered 1% increase, mainly determined by registering the net profit amounting to RON 74 mn achieved on 30 September 2019 in the retained earnings.

DEVELOPMENT OF SHARES

(01-Jan-2019 to 30-September-2019)

2019 began with 21 Lei/share transaction price. At the end of this period (30 September 2019) stock exchange capitalisation was of RON 1,510 mn, finding the share at 20.6 Lei/share price. The minimum transaction price of 19.48 Lei/share was registered on 31.01.2019, while the maximum price of 22.15 Lei/share occurred on 14.02.2019.



In the third quarter of 2019 TEL shares transacted on Romania's capital market registered 2,853 transactions, with average number of 43.89 transactions/day and 768,324 transacted shares, in total value of RON 15,774 mn.

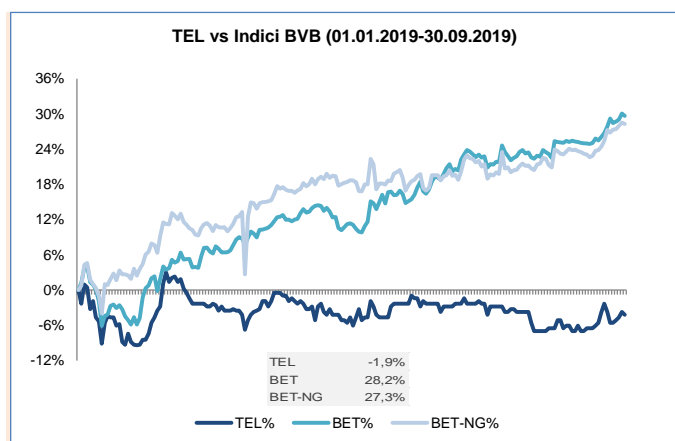
Transelectrica shares are part in the structure of the following stock exchange indexes: BET, BET-BK, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET Plus.

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

- BET index (Bucharest Exchange Trading - reference index of the capital market showing the development of the most liquid 16 companies listed on the regulated market of the BVB)
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectorial index showing the development of companies in the energy sector and the associated utilities listed on the regulated market of the BVB).

In accordance with the latest adjustment date registered on 18.10.2019, TEL shares account for 1.51% in the BET index and for 4.17% in the BET-NG index.

The development of TEL shares under the fore-mentioned two indexes is provided in the graph below:



MAIN RISKS AND UNCERTAINTIES

The environment the Company operates in provides uncertainty such as threats for objective achievement or opportunities.

Obviously, knowing such threats enables their hierarchical classification depending on their occurrence, on the magnitude of their impact over objectives and on the costs associated to the measures meant to reduce occurrence hazards or to limit unwanted consequences.

In Transelectrica risks are periodically and systematically analysed in relation to the performance of Company activities; a Register of detected risks is elaborated as well as an Action plan with measures meant to limit possible consequences of such risks, in accordance with legal provisions.

The items which might impact the Company's liquidity comprise among others:

- Interest rate fluctuation,
- Exchange rate variation,
- The financing agreement provisions: funding contracts include clauses with respect to complying with certain financial indicators, the change of control over the Company and *pari passu* type clauses.
- Breaching such clauses can entail preliminary notification providing reasonable time interval, followed by anticipated credit payment; certain credits include penalising clauses in case of anticipated repayment. To date the Company has received no such notification of anticipated repayment for its failure to comply with assumed obligation,
- The credit risk: the Company bears financial loss because of a contractual partner's incapacity or refusal to perform contractual obligations. Such risk results mainly from trade receivables, cash and cash equivalents,
- Risk of not collecting securities under investment projects: the main cause of such risk results from bank or insurance companies that provide security services without the financial capacity to comply with the obligations assumed under the issued security instruments,
- The fiscalism level, inclusive of introducing new taxes and charges.

Transelectrica benefits of very good liquidity for the time being, which is also mirrored by financial indicators.

The Company does not stop at treating the consequences of likely occurring events but it also performs reactive management, implementing measures meant to mitigate risk occurrence.

As provided by standards, periodical review of risks leads to re-allocation of resources in compliance with changed hierarchical classifications and implicitly – changed priorities.

Transelectrica pays proper attention to analysing the risk environment and to timely detecting possible risks that are likely to occur in the future, which should be approached in due time.

In January-September 2019 the Company did not meet impossible situations preventing it to comply with financial obligations.

Therefore there are no risks and uncertainties for the remaining months of 2019 to impact Company liquidity, others than what has been provided above.

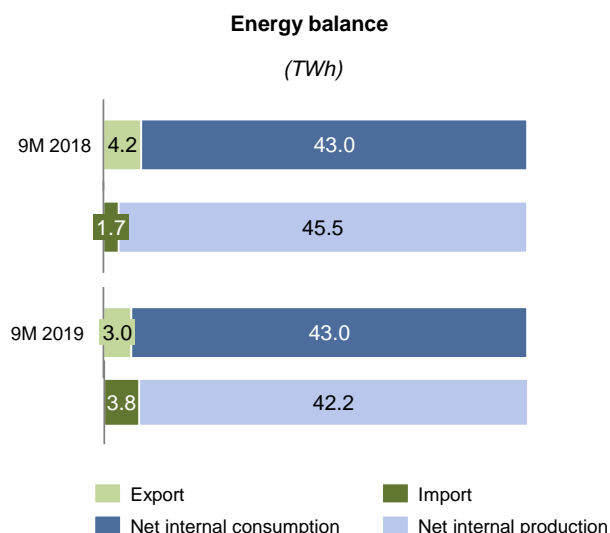


Operational data

ENERGY BALANCE WITHIN SEN

Analysing the January – September 2019 development of the energy balance components in comparison with the same period of last year the net internal consumption¹ decreased 0.2% and the net electricity output dropped 7.2%.

Cross-border exporter physical exchanges dropped 27% in comparison with the similar period of 2018, and cross-border importer flows increased 126%.



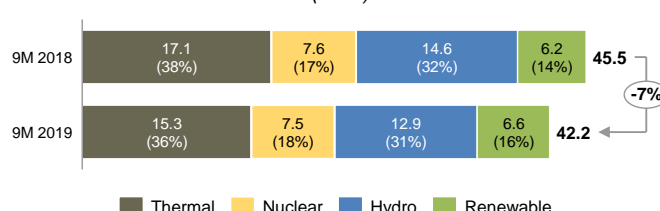
GENERATION MIX

In January – September 2019 compared to the similar period of 2018 the generating mix structure registered about 10.6% decrease of the thermal component, a 1.5% drop of the nuclear output and a 11.8% decrease in the hydro component. The contribution of renewable sources recorded 6.1% increase.

Analysing the shares of the net generation mix components in January - September 2019 one can notice the greatest share (36.2%) is represented by the thermal component, followed by the hydro component (30.5%), while the electricity generated from renewable and nuclear sources cover 15.5% and 17.8%.

¹ Values do not include the consumption of auxiliary services from electricity generating plants; the net consumption value includes the losses of transmission and distribution networks as well as the consumption of pumps from pumping storage hydropower substations

Net electricity production mix evolution (TWh)



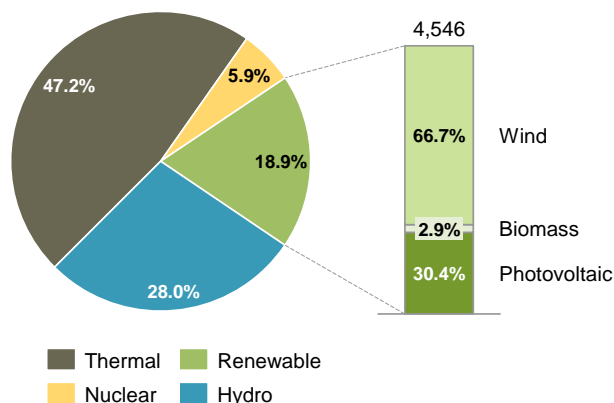
NATIONAL GENERATION FLEET

In January - September 2019 the gross installed capacity in electric power plants registered 2.1% decrease compared to the same period of 2018.

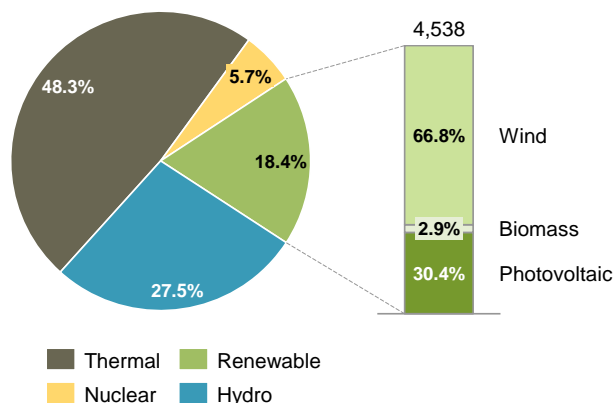
The installed capacity of renewable power parks grew about 0.2%, from 4,538 MW installed on 30 September 2018 to 4,546 MW installed on 30 September 2019.

The dynamics of installed capacity in January – September 2019 versus 2018 is provided below:

Installed power 2019 (24.106 MW. gross)



Installed power 2018 (24.612 MW. gross)



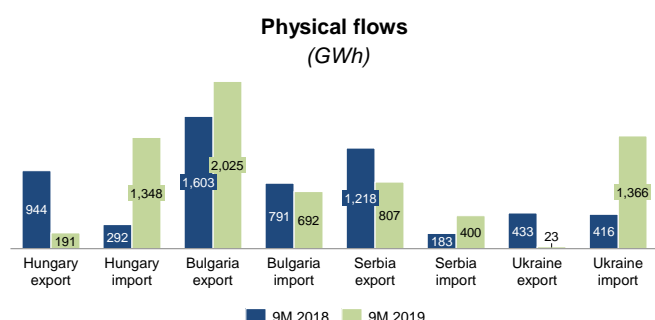
CROSS-BORDER FLOWS

The distribution of import / export physical flows on interconnection lines in January - September 2019 compared to the same period of 2018 is the following:

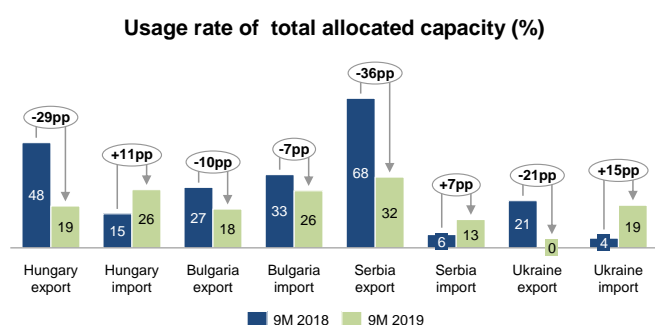
- Export decreased on the Serbian, Hungarian and Ukrainian borders and increased on the Bulgarian frontier, while import decreased on the Bulgarian border and significantly increased on the interconnection lines found in deficit areas of electricity generation (on the Hungarian and Ukrainian borders), but also a 118% increase was recorded on the interconnection line found in the excess area of electricity generation, namely the Serbian frontier).

In concrete terms, compared to the time interval January - September 2018, exporter physical flows decreased with Serbia (33.7%, -410 GWh), Hungary (79.8%, -753 GWh) and Ukraine (94.6%, -409 GWh) and increased with Bulgaria (26.3%, +422 GWh) at the same time with the significant increase of importer physical flows on the interconnection lines with Serbia (118.1%, +217 GWh), Hungary (361.5%, +0.056 GWh) and Ukraine (228.4%, +950 GWh), while with respect to Bulgaria they decreased (13%, -99 GWh).

Both import and export physical flows on each border are provided below:



In January - September 2019 the utilisation rate of the total capacity allocated on interconnection lines for export decreased in comparison with the same period of 2018 on all destinations.



The utilisation rate of total capacity rights along one border and direction represents the ratio expressed as percentage between the energy associated to the

achieved (notified) trading exchanges of one month and the energy corresponding to the total capacity rights.

ONE'S OWN TECHNOLOGICAL CONSUMPTION

In comparison with the time interval January - September 2018, in January - September 2019 OTC within RET dropped about 12.6%, while in percentage terms OTC decreased from 2.55% to 2.29%.

The factors that significantly influenced the OTC in January – September 2019, for instance precipitation and the distribution of cross-border physical flows are beyond Transelectrica's control.

OTC DEVELOPMENT FACTORS

In January 2019 OTC as absolute value decreased 6.7% compared to January 2018 due to favourable import/export physical flows that led to reducing the electricity transmission to long distance from sources. The loss percentage against the electricity injected into RET dropped from 2.44% in 2018 to 2.31% in 2019. The electricity injected in the outline dropped 1.6% in January 2019 (69.4 GWh) compared to the similar period of 2018, against the 13.7% lower quantity of electricity received from generators that are directly connected to RET (511.7 GWh), while import grew 173.3% (433.9 GWh) as well as the electricity received from RED by 3.4% (8.3 GWh). Meteorological conditions were bad, the amount of precipitation being greater than last year, contributing to corona losses.

In February 2019 OTC as absolute value dropped 27.1% compared to February 2018 due to favourable import/export physical flows that led to reduced electricity transmission at long distance from sources and to good meteorological conditions that determined reduced corona losses. The percentage of losses compared to the electricity injected into the RET dropped from 2.81% in 2018 to 2.34% in 2019. The electricity injected into the outline decreased 12.2% (480.4 GWh) in February 2019 compared to the similar period of 2018, against the 19.3% reduced quantity of electricity received from generators that are directly connected to RET (687.9 GWh) and 1.7% less electricity received from the RED (4.8 GWh), while import increased 220.9% (212.3 GWh).

In March 2019 OTC as absolute value decreased about 32.9% compared to March 2018 due to favourable import/export physical flows that led to reducing the electricity transmission to long distance from sources and to good meteorological conditions that determined little corona losses. The percentage of losses against the electricity injected into the RET dropped from 3.26% in 2018 to 2.40% in 2019. The electricity injected into the outline decreased 8.8% (347.4 GWh) in March 2019, compared to the similar period of 2018, against the

12.8% reduced amount of electricity received from generators directly connected to RET (431 GWh) and 15.2% less electricity from RED (54.8 GWh), while imports grew 77.1% (147.4 GWh).

In April 2019 OTC as absolute value decreased 16.1% compared to April 2018 due to favourable import/export physical flows that led to reducing the electricity transmission to long distance from sources. The percentage of losses compared to the electricity injected into RED dropped from 3.01% in 2018 to 2.39% in 2019. The electricity injected into the outline grew 5.6% in April 2019 (about 177.5 GWh) compared to the similar period of 2018, against 2.95% greater quantity of electricity received from generators directly connected to RET (about 78 GWh) and 137% higher import (195.2 GWh), while the electricity received from RED dropped 25.7% (about 96 GWh). The meteorological conditions were bad as the registered amount of precipitation was higher than last year and contributed to more corona losses.

In May 2019 OTC as absolute value decreased 0.7% compared to May 2018 because of bad meteorological conditions with abundant precipitation, which facilitated corona losses and cancelled the effect of beneficial import/export physical flows. The percentage of losses compared to the electricity injected into RET grew from 2.48% in 2018 to 2.49% in 2019. The electricity injected into the outline increased only 0.07% (about 2.2 GWh) in May 2019 compared to the similar period of 2018, against 4.76% reduced amount of electricity received from generators directly connected to RET (about 125 GWh) and 16.5% smaller import (about 47.7 GWh), while the electricity received from RED grew 60% (about 175 GWh).

In June 2019 OTC as absolute value decreased about 9.4% compared to June 2018 because of beneficial import/export physical flows that led to reduced electricity transmission to long distance and to good meteorological conditions that determined little corona losses. The percentage of losses compared to the electricity injected into RET dropped from 2.53% in 2018 to 2.38% in 2019. The electricity injected in the outline dropped 3.9% (about 134.2 GWh) in June 2019 compared to the similar period of 2018, against the 6.9% reduced quantity of electricity received from generators directly connected to RET (about 203 GWh) and 44.5%

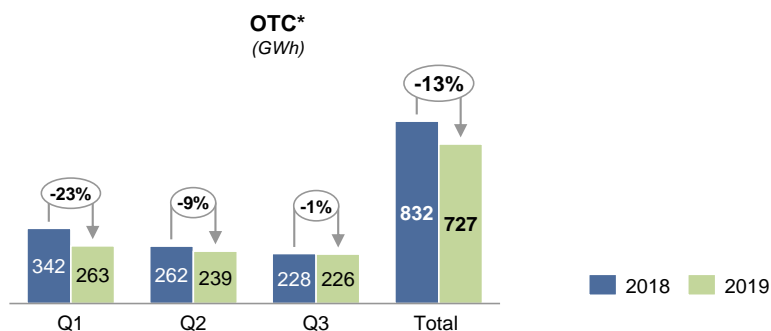
less import (about 110.8 GWh), while the electricity received from RED grew 77.98% (about 180GWh).

In July 2019 OTC as absolute value decreased about 13.2% compared to July 2018 due to favourable import/export physical flows that led to reducing the electricity transmission to long distance from sources and due to good meteorological conditions determining reduced corona losses. The percentage of losses compared to the electricity injected into RET dropped from 2.29% in 2018 to 1.93% in 2019. The electricity injected in the outline grew 2.8% (97 GWh) in July 2019 compared to the similar period of 2018, against a background of 525% higher import (397 GWh), of 2.3% (69 GWh) less electricity received from generators connected to RET and about 60% (231 GWh) less electricity received from RED.

In August 2019 OTC as absolute value decreased about 9% compared to August 2018, especially because of more disadvantageous generation structure and of bad meteorological conditions determining higher corona losses. The percentage of losses compared to the electricity injected into RET grew from 2.06% in 2018 to 2.24% in 2019. The electricity injected into the outline dropped about 1.6% (58 GWh) in August 2019 compared to the similar period of 2018, as a result of about 14% (441 GWh) less electricity received from generators connected to RET and about 34% (84 GWh) less electricity received from RED, while import grew 252% (467 GWh).

In September 2019 OTC as absolute value decreased about 2.4% compared to September 2018 because of unfavourable generation structure. The percentage of losses compared to the electricity injected into RET grew from 2.07% in 2018 to 2.11% in 2019. The electricity injected in the outline increased about 0.5% (16 GWh) in September 2019 compared to the similar period of 2018, since import grew 211% (429 GWh) while the electricity received from generators connected to RET dropped 12% (370 GWh) and 21% (42 GWh) less electricity was received from RED. The meteorological conditions were similar to those of last year.

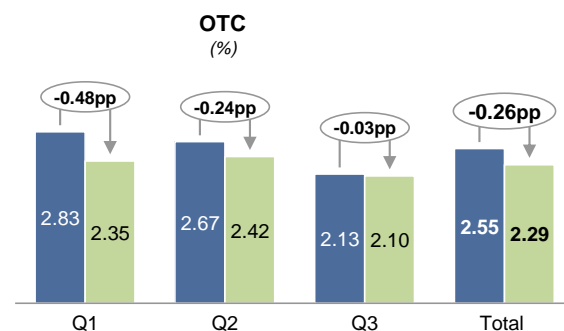
Mention should be made the September 2019 values are preliminary.



* OTC physical value = OTC purchased value - OTC value sold

In conclusion, in the first quarter of 2019 OTC within RET decreased about 23.2% compared to the similar period of 2018, especially because of beneficial import/export physical flows that led to reduced electricity transmission to long distance from sources and due to good meteorological conditions that determined reduced corona losses.

In the second quarter 2019 the OTC within RET decreased about 8.8% compared to the same period of 2018, especially due to beneficial import/export physical flows that led to reduced electricity transmission to long distance from sources.



In the third quarter of 2019 OTC within RET was only about 1% smaller than in 2018, when the three months' cumulated positive effect of physical flows was to a great extent cancelled by the negative impact of disadvantageous generation structure, while the precipitation quantities cumulated in the respective time intervals were comparable. Losses decreased from 2.13% to 2.1% in terms to electricity injected into the outline.

Thus in terms of electricity injected into the outline losses dropped from 2.55% at 9M 2018 to 2.29% at 9M 2019.



Investments

NON-CURRENT ASSETS RECORDED IN ACCOUNTING BOOKS

Investments underway have increased during the analysed period since major investment projects are found under various execution stages, and they will be accepted as non-current assets in the following regulatory period.

The non-current assets value registered in accounting books at 9M 2019 was of RON 57.4 mn (RON 199.4 mn at 9M 2018), decreasing 71%, namely RON 142 mn.

On 30 September 2019 the greatest transfers from tangible assets underway into tangible assets are mainly represented by the commissioning of investment objectives as follows:

- Refurbishing the 400/110/20 kV substation Domnesti – RON 31.8 mn;
- Refurbishing the 400/220/110/20 kV substation Bradu – RON 12.3 mn;
- 110 kV, 220 kV & 400 kV mobile bays – RON 5 mn;
- Hardware and software computation technique, PC desktop – RON 1.9 mn;
- Security solution to implement security measures for classified information – RON 1.5 mn;
- 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 - 400 kV OHL Iernut-Sibiu Sud – RON 1.1 mn;
- Specific furniture for dispatchers, DET Bacau, DET Cluj, DET Craiova and DET Timisoara – RON 0.6 mn;
- Replacing diesel units 1 & 2 in the 400/110 kV substation Darste – RON 0.5 mn;
- Specific furniture for dispatchers, DET Bacau, DET Cluj, DET Craiova and DET Timisoara – RON 0.4 mn;
- Connecting to RED the 110 kV substation Ulmi of the Electricity Distribution Co. Muntenia Nord SA and making the work in the line bay of the 110 kV OHL Targoviste - Titu (Ulmi) in the 220 / 110 kV substation Targoviste belonging to NPGTranselectrica SA – RON 0.3 mn;
- Providing the coexistence conditions between the 220 kV OHL Alba Iulia-Sugag and Alba-Iulia-Galceag and the interior road – RON 0.3 mn;
- Water installation in the 110/220 kV substation Suceava – RON 0.3 mn;

- Intervention towers type Universal Guyed Portal for 220-400 kV, including their prefabricated foundations – RON 0.3 mn;
- Remote protection of the 400 kV OHL Arad (Romania) – Sandorfalva (Hungary) – RON 0.2 mn;
- Replacing the accumulator battery no. 2 in the 220/110 kV substation Pitesti Sud – RON 0.2 mn.

PROCUREMENT OF ASSETS

In January - September 2019 the procurements of tangible and intangible assets amounted to RON 168.9 mn compared to the same period of 2018, when such procurements amounted to RON 112.8 mn.

The balance of tangible and intangible assets under execution on 30 September 2019 is represented by ongoing projects, of which the most significant are provided below:

- Connecting to RET the 300 MW WPP Ivesti, the 88 MW WPP Falciu 1 and the 18 MW WPP Falciu 2 through the new (400)/220/110 kV substation Banca – RON 46.8 mn;
- Refurbishing the 400/110/20 kV substation Domnesti (H.CA 5 / 19.05.2010) – RON 4.6 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, Stage I – the 400 kV simple circuit OHL Portile de Fier - (Anina) – Resita – RON 33.5 mn;
- Refurbishing the 220/110 kV substation Turnu Severin Est – RON 34.7 mn;
- Extending the business continuity and post-disaster recovery services, Executive branch – RON 14.4 mn;
- 110 kV, 220 kV & 400 kV mobile bays – RON 16.3 mn;
- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Gura Ialomitei – RON 12.8 mn;
- Replacing the components of the EMS SCADA AREVA system, software & hardware components – RON 11.4 mn;
- Connecting the 400 kV OHL Isaccea - Varna and the Isaccea - Dobrudja OHL in the 400 kV substation Medgidia Sud – RON 11.1 mn;
- Refurbishing the 220 kV substation Otetarie Hunedoara – RON 10.1 mn;
- Integrated security system in electric substations, stage IV – RON 8 mn;

- Refurbishing the 220/110 kV substation Hasdat – RON 8.4 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord, the 400 kV axis Moldova–RON 9.5 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, Stage I: the 400/220/110 kV substation Resita – RON 6.6 mn;
- The 400 kV OHL Gadalin - Suceava, including SEN interconnection – RON 6 mn;
- HVDC Link 400 kV (Romania - Turkey submarine cable) – RON 5.9 mn;
- Upgrading the 110 kV and 400 (220) kV installations from substation Focsani Vest – RON 8.5 mn;
- The 400 kV OHL Suceava - Balti, for the project segment on Romania's territory – RON 4.4 mn;
- The 400 kV double circuit OHL Gutinas – Smardan – RON 3.8 mn;
- Upgrading the 220/110/20 kV substation Raureni – RON 3.3 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Resita - Timisoara - Sacalaz (220/110 kV substation Timisoara) – RON 6.6 mn;
- Adding new functions to the control system and IT supervision of access into the objectives of NPG Transelectrica SA – RON 3.2 mn;
- Upgrading the 220/110/20 kV substation Arefu – RON 3.2 mn;
- Connecting to RET the 136 MW WPP Platonesti, Ialomita County, by building a 110 kV bay in the 400/110 kV substation Gura Ialomitei–RON 2.9 mn;
- Integrated security system in electric substations, stage III – RON 2.8 mn;
- By-passing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV substation Ostrovul Mare–RON 2.6 mn;
- Connecting to RET 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 – RON 2.5 mn;
- Research & development centre for live work technology and fast SEN intervention – Centre building – RON 3.6 mn;
- Refurbishing the 400/110/20 kV substation Smardan – RON 2 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 11.5 mn;
- Refurbishing the 220/110 kV substation Craiova Nord – RON 6.5 mn.
- Upgrading the tele protection & telecommunication system in substation Cernavoda – RON 2.4 mn;
- Consolidation, modernisation and extension of NPG Transelectrica offices for Executive–RON 1.6 mn;
- Replacing autotransformers and transformers in electric substation, stage 2 – RON 1.5 mn;
- Upgrading the 400 (220)/110/20 kV substation Munteni – RON 4 mn;
- Refurbishing the 220/110/20 kV substation Ungheni – RON 4.4 mn;
- Integrated security system in the new 400/220/110 kV substation Banca – RON 1.1 mn;
- Achieving optical fibre communication between the 220/110/20 kV substation Pitesti Sud and the remote control & installation supervision centre of TB Pitesti (FS) – RON 1.1 mn;
- Compensations for the lands required for the 400 kV OHL Oradea – Beckescsaba – RON 1 mn;
- Replacing the 200/110 kV AT2 in substation Gheorghieni – RON 5.3 mn;
- Stages 2 and 3 of the 400 kV AXIS in substation Timisoara – RON 3.2 mn;
- Relocation of Sebes – Turda, lot 1, Section C – RON 0.8 mn;
- Connecting to RET the 400/110 kV substation Rahmanu – RON 1 mn;
- Upgrading the DET building - RON 0.9 mn;
- Replacing the components of the EMS SCADA AREVA system – software & hardware components – RON 14.4 mn;
- Implementing an Electronic Archiving and Document Management system in NPG Transelectrica SA – RON 5.5 mn;
- Extending the business continuity and post-disaster recovery services, Executive branch – RON 0.4 mn.

INVESTMENT ACTIVITY ON 30.09.2019

Investment expenses on 30 September 2019 are detailed according to the main chapters of the annual investment plan correlated with the main chapters from the Company's Development Plan as follows:

No.	Types of expenditures	2019 Investment Programme (RON thou.)	Achieved (RON thou.)	
			9M 2019	9M 2018
	Grand Total (A+B)	288,845	164,406	119,156
A	Company's own expenses	283,107	161,436	108,947
B	Investments financed from the connection fee	5,739	2,970	10,210

* 2019 Annual Investment Program revizion A6

On 30 September 2019 the investment plan was achieved 57%. In comparison with the achievements of 30 September 2018, investments grew 38% on 30 September 2019.

CONTRACTUAL ASPECTS

The most important investment contracts signed in January - September 2019 are:

- Refurbishing the 110 kV substation Timisoara and converting the Portile de Fier-Anina-Resita-Timisoara-Sacalaz-Arad axis to 400 kV, stage II: the 400 kV substation Timisoara – RON 7.7 mn,
- Refurbishing the 220/110 kV substation Iaz – RON 54.8 mn,
- Installing the 400 MVA AT2 and related bay in substation Iernut and upgrading the command-

control system of the 400/220/110/6 kV substation Iernut; connecting to RET the 430 MW CCC Iernut belonging to Romgaz SA and design & execution work for the protection system of the electric line connecting the new units of SPEE Iernut – RON 30.7 mn.

- Connecting the 400 kV OHL Isaccea-Varna and the 400 kV OHL Isaccea-Dobrudja in the 400 kV substation Medgidia Sud, stage I - extending the 400 kV substation Medgidia Sud, procuring the 400 kV GIS assembly, installing and commissioning the 400 kV GIS assembly – RON 24.6 mn.



Significant events

JANUARY - SEPTEMBER 2019 EVENTS

- **Mandate acceptance, provisional directorate member**

Mr. Adrian Savu, provisional Directorate member appointed on December 21, 2018 by the Supervisory Board signed the mandate acceptance statement on 3 January 2019, his appointment becoming effective on the signature date in accordance with the mandate acceptance statement.

- **Decision 1 / 21 January 2019 of the Company's Shareholders' General Ordinary Assembly**

The Shareholders' General Ordinary Assembly of 21 January 2019 approved the appointment of BDO AUDIT SRL as the Company's financial auditor for a period of three years.

- **Full refurbishment of the 220/110 kV transformer substation Craiova Nord**

The Company has begun the complete refurbishment works of the 220/110 kV Craiova Nord transformer substation, a 9.89 mil Euro investment. The contract was signed in 2018, the completion deadline being 2020. The 220/110 kV Craiova Nord transformer substation provides electricity to the consumers in Craiova City, as well as to the industrial consumers in the region. The substation was commissioned in 1974, this being the first complete refurbishment.

- **Transelectrica continues refurbishing the 400/220/110/20 kV transformer substation Domnesti**

This is part of the extensive process of strengthening the electricity transmission grid in the Bucharest area, 144,447,000 Lei is the total value of the refurbishment project for the 400/110/20 kV Domnesti substation, which began in 2018. The investment is due to be completed in 2020.

The work started in June 2018 in Domnesti Substation. At present work is executed to achieve the 400 KV GIS substation and to build the Control building. This stage involves the transition from the outdoor primary equipment with air insulation, to the indoor primary equipment located in the building of the 400 kV GIS substation.

The 400/110/20kV Domnesti substation is the last one to undergo the modernisation process, being preceded by the refurbishment of the 400/220/110/10 kV substation

Bucharest South (2006-2009; 2014-2015) and the modernisation of the 220/110/10 kV substation Fundeni (2006-2007). The 110 kV substation Domnesti was commissioned in 1980, and the 400 kV one was commissioned in 1982.

- **Finalising the repair work**

Transmission Branch Bacau completed the capital repair of the segment between towers 192 and 253 from the 220 kV overhead lines Gutinas-Munteni, a project amounting to more than one million Lei.

- **Decisions 4, 5, 6, 7, 8, 9, 10 and 11 / 29 March 2019 of the Company's Shareholders' General Ordinary Assembly**

The Shareholders' General Ordinary Assembly having gathered on 29 March 2019 appointed

- Mr. Adrian MITROI
- Mr. Alin Sorin MITRICA
- Mr. Constantin DUMITRU
- Mrs. Virginia Mihaela TOADER
- Mrs. Mihaela CONSTANTINOVICI
- Mr. Mircea Gheorghe Dumitru COSEA
- Mrs. Carmen Nina CRISU

as provisional Supervisory Board members of the National Power Grid Company Transelectrica SA as of 30 March 2019, a two-months' term of office. The Shareholders' General Ordinary Assembly approved the remuneration and established the mandate contract form, while the Ministry of Economy's representative was empowered to sign the mandate contracts of the provisional Supervisory Board members.

- **Refusal to accept the mandate of provisional Supervisory Board member**

Mrs. Carmen Nina CRISU appointed as provisional Supervisory Board member in accordance with Decision 10 of 29 March 2019 of the Shareholders' General Ordinary Assembly refused accepting the mandate for incompatibility reasons.

- **Mandate acceptance as provisional Supervisory Board member**

Mr. Alin Sorin MITRICA, appointed as provisional Supervisory Board member in accordance with Decision 5 of 29 March 2019 of the Shareholders' General Ordinary Assembly signed the mandate acceptance statement on 02 April 2019, on which date his appointment becomes effective.

- **Appointing the Supervisory Board Chairman and the provisional Supervisory Board member**

The Supervisory Board having met on 08 April 2019 decided electing Mr. Mircea Gheorghe Dumitru COSEA Supervisory Board Chairman and to appoint Mr. Florin-Radu CIOCANELEA as provisional Supervisory Board member with mandate until 29 May 2019, expiry date for the mandates of Supervisory Board members in office.

- **Non-reimbursable European financing for the investment project of the 400 kV OHL Gutinas – Smardan**

The Ministry of European Funds approved a non-reimbursable European fund amounting to 31 million Euros for the “400 kV OHL Gutinas-Smardan” Project under the Large Infrastructure Operational Programme (POIM) 2014-2020. The investment’s total value is 56.8 million Euros. The 400 kV OHL Gutinas-Smardan will be 140 km long and cross 25 towns from 3 counties (Bacau, Vrancea and Galati). In accordance with the project implementation schedule, the investment will start this year, the commissioning deadline being December 2022.

- **Approval for the membership of Consultative committees**

On 11.04.2019 the Supervisory Board appointed the members of consultative committees from the Board as follows:

Nomination and remuneration committee:

- Constantin DUMITRU - chairman
- Mihaela CONSTANTINOVICI - member
- Adrian MITROI - member
- Alin - Sorin MITRICA - member
- Florin - Radu CIOCANELEA - member

Audit committee:

- Adrian MITROI - chairman
- Mircea Gheorghe Dumitru COSEA – member
- Virginia Mihaela TOADER - member
- Alin - Sorin MITRICA - member

Energy security committee:

- Mircea Gheorghe Dumitru COSEA- chairman
- Virginia Mihaela TOADER - member
- Constantin DUMITRU - member
- Florin - Radu CIOCANELEA – member

- **Extending the mandates of (provisional) Directorate members**

On its meeting of 11 April 2019 the Supervisory Board decided extending the mandates of provisional Directorate members:

- Marius - Danut CARASOL
- Claudia - Gina ANASTASE

- Andreea - Georgiana FLOREA
- Constantin SARAGEA
- Adrian SAVU

with 2 months, beginning with 21.04.2019 until 20.06.2019.

- **Contracting the credit line to finance the bonus type support scheme for high efficiency cogeneration**

On 04 April 2019 the Company concluded the credit contract C733 with Banca Transilvania for 12 months in order to finance the bonus-type support scheme for high efficiency cogeneration, in form of overdraft amounting to 150 million lei, with an interest calculated according to ROBOR 1M reference rate, to which a margin of 0.50% is added. Addendum 1 was concluded on 24.04.2019, by which the credit line was supplemented with 25 million lei, namely from 150 to RON 175 mn.

- **Indirect major holding of NN Group N.V**

NN Group NV informed the issuer by the notification registered under no. 17857/11.04.2019 in the Company that, following the transaction carried out, the percentage held in concert is 5.12% of NPG Transelectrica’s share capital.

- **Decision 12 of the Company’s Shareholders’ General Ordinary Assembly of 24 April 2019**

On 24 April 2019 the Shareholders’ General Ordinary Assembly approved the annual financial result of 2018, audited by auditor BDO Audit SRL.

- **Decision 13 of the Company’s Shareholders’ General Ordinary Assembly of 8 May 2019**

The Shareholders’ General Extraordinary Assembly having gathered on 8 May 2019 approved the Company's participation into increasing the share capital of the Company for Maintenance Services to the Electricity Transmission Grid Smart SA, a Company subsidiary, with cash contribution of RON 24 mn maximum amount.

- **Decisions 14 and 15 of the Company’s Shareholders’ General Ordinary Assembly of 14 May 2019**

The Shareholders’ General Ordinary Assembly at its gathering of 14 May 2019 appointed

- Mr. Adrian MITROI
- Mr. Alin Sorin MITRICA
- Mr. Constantin DUMITRU
- Mrs. Virginia Mihaela TOADER
- Mrs. Mihaela CONSTANTINOVICI
- Mr. Mircea Gheorghe Dumitru COSEA
- Mr. Florin-Radu CIOCANELEA

as provisional Supervisory Board members of the National Power Grid Company Transelectrica SA beginning with 30 May 2019, four months' mandate. It approved the remuneration, the mandate contract form and it mandated the Ministry of Economy's representative to sign the mandate contracts of provisional Supervisory Board members of the National Power Grid Company Transelectrica SA.

It also established the 2019 Investment plan and estimations for 2020 and 2021 and approved the Company's 2019 Revenue and Expense Budget, as well as the 2020 and 2021 estimates.

- **Building the 400 kV overhead line (OHL) Portile de Fier-Anina-Resita**

Romania's Government approved the Governmental Decision with respect to taking out of the forestry fund the lands required in order to build the 400 kV OHL Portile de Fier-Anina-Resita, component in the conversion of the Portile de Fier-Resita-Timisoara-Sacalaz-Arad axis to 400 kV, an essential project for the closure of Romania's 400 kV ring, maintaining the national energy security and increasing the interconnection capacity with neighbouring countries.

- **Increasing the share capital of subsidiary SMART SA**

The Company's Directorate approved initiating the implementation of Smart SA's share capital increase, after the subsidiary's preliminary execution of the private economic operators' (OEP) test and also beginning the proceedings needed to delegate the subsidiary's Board of Administration the competence to approve the share capital increase with a cash contribution of up to RON 24 mn as well as carrying out all the measures prior to this operation.

- **Extending the mandates of (provisional) Directorate members and appointing the Supervisory Board's Chairman**

In the context of current Directorate members' mandates reaching term on 20 June 2019 the Supervisory Board decided extending the mandates of provisional Directorate members:

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

by 4 months beginning with 21.06.2019, with possible extension by two more months.

At the same time Mr. Marius Danut CARASOL was appointed Directorate Chairman, alternatively called Executive Director General or Company CEO.

At the same gathering Supervisory Board members appointed Mr. Mircea Gheorghe Dumitru COSEA as Chairman of the Supervisory Board.

- **Stage before closing the 400 kV ring of Bucharest**

At the beginning of June the Company launched a bid to procure a study meant to find the best development solutions of the electricity network supplying the metropolitan area or Bucharest with 10 years' prospect.

- **Promulgating Law 120/2019**

The President of Romania enacted Law 120/2019 with respect to some measures required in order to carry out work and implement nationally important projects for the electricity transmission grid. The law facilitates the completion of the vital investment projects for Romania's energy security and the construction of overhead lines, the compliance with the deadlines of European-funded projects, having an essential role in the consolidation and expansion of the power transmission infrastructure in Romania.

- **Agreements to end the contracts the Company concluded with Smart SA**

On 21.06.2019 the suspensive terms were fulfilled as provided in the clauses of ending agreements the Company concluded with its subsidiary, pertaining to "Upgrading the 220/110 kV substation Dumbrava" and "Upgrading the 220/110 kV substation Raureni".

As regards the impact of terminating the fore-mentioned contracts on SEN safety, mention should be made NPG Transelectrica SA took measures in order to prevent such impact on the operational safety: - provisional work was made in substation DUMBRAVA which provides safe operation in the area; - substation RAURENI operates under normal conditions and additional maintenance services were provided.

- **New tariff applicable as of 1 July 2019**

Romania's Official Gazette 516/25.06.2019 published ANRE Order 81/24.06.2019 approving the average tariff of transmission services, the components of the transmission tariff introducing electricity in the grid (TG) and extracting electricity from the grid (TL), the system service tariffs as well as the regulated tariff for reactive electricity charged by the Company. Regulated tariffs for electricity transmission services and system services are applicable beginning with 1 July 2019.

- **The Company received the Bronze Level Recognition prize**

On 2 August Transelectrica obtained the Bronze Level Recognition prize in the top of the most sustainable

companies on the local market, achieved by The Azores. The study Romania CSR Index 2019 has been elaborated by the independent consulting agency The Azores and it examines the performance and the transparency with respect to Corporate Sustainability among companies of Romania.

- **Convocation of AGEA on August 19**

The Company's management convened, in accordance with the legal provisions in force, the Shareholders' General Extraordinary Assembly in order to submit for their approval the increase in the Company's share capital, subsequent to AGEA Decision 16/21.12.2018, by issuing new shares and observing the preference right of the existing shareholders on the registration date, with a maximum amount of RON 20.2 mn, of which RON 11.9 mn represent the value determined by an expert for 17 lands for which ownership certificates have been issued to the Company.

- **ANRE sanction**

On August 27 ANRE issued minutes ascertaining and sanctioning the Company for its incompliance with 7 items provided in article 15 of Regulation (EC) 714/2009; the Company will examine the motivation of such minutes with a view to exercise its right to contest in court the possible irregularities thereof.

- **Draft letter of expectation regarding the selection procedure for CS members**

On August 29 the Ministry of Economy, in its capacity of tutelary public authority transmitted the draft letter of expectation in view of performing the selection procedure for Supervisory Board members in the Company.

- **Conference organised under partnership with CIGRE**

The Company is the partner of the National Romanian Committee of CIGRE in organising the fifth edition of the International Conference regarding Condition Monitoring, Diagnosis and Maintenance of high voltage equipment and lines 2019 - CMDM 2019. The event organised with the support of CIGRE Paris, was held on September 9-11 2019 in the Radisson Blu Hotel of Bucharest.

- **Recall and appointment of Directorate member and Chairman**

The Company's Supervisory Board decided recalling Mr. Marius Danut CARASOL from his capacities of Directorate member and Chairman and electing Mrs. Claudia-Gina ANASTASE as Directorate Chairman, alternatively called Executive Director General or Company's Chief Executive Officer - CEO.

- **Decisions 16, 17, 18, 19, 20, 21, 22 and 23 of the Company's Shareholders' General Ordinary Assembly of 20 September 2019**

In accordance with AGOA Decisions 16, 17, 18, 19, 20, 21, 22 and 23 of September 20 the following persons were designated as provisional members for two months:

- Adrian MITROI,
- Petru TARNICERU,
- Ionica BADILA,
- Mihaela Virginia TOADER,
- Mihaela CONSTANTINOVICI,
- Mircea Gheorghe Dumitru COSEA,
- Florin-Radu CIOCANELEA

their appointment becoming effective on September 30.

- **Rating Moody's Investors Service**

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

- **Recruitment announcement**

On September 25 the Ministry of Economy initiated the recruitment and selection of candidates to be nominated in view of appointing the Company's Supervisory Board members.

LATER EVENTS

- **Signing the financing contract for the 400 kV OHL Gutinas - Smardan**

The Company signed the financing contract to build the 400 kV overhead line (OHL) Gutinas - Smardan amounting to 33.43 million Euro. The European non-reimbursable financing was obtained under the Operational Programme Large Infrastructure (POIM) 2014-2020, Priority Axis 8 - Smart and sustainable systems of electricity transmission and natural gas transport, Specific objective 8.1 – Increasing the capacity of the National Power System to take over the electricity generated from renewable sources. The total investment value is 56.76 million Euro.

- **Appointing the Chairman, approving the membership of consultative committees of the Supervisory Board**

The Supervisory Board having assembled on 10.10.2019 appointed Mr. Mircea Gheorghe Dumitru COSEA as Chairman and designated the consultative committee members of the Supervisory Board as follows:

Nomination and remuneration committee:

- Mihaela CONSTANTINOVICI - chairman
- Adrian MITROI - member

- Petru TARNICERU - member
- Ionica BADILA - member

Audit committee:

- Adrian MITROI - chairman
- Mircea Gheorghe Dumitru COSEA - member
- Virginia Mihaela TOADER - member
- Petru TARNICERU - member
- Ionica BADILA - member

Energy security committee:

- Mircea Gheorghe Dumitru COSEA - chairman
- Virginia Mihaela TOADER - member
- Mihaela CONSTANTINOVICI - member

- **Changes in the Company's management**

At its gathering of October 16 the Supervisory Board extended the provisional mandates of Directorate members beginning with 21 October 2019 for two months:

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

It has designated the following persons as provisional Directorate members beginning with October 21 for two months:

- Virgiliu IVAN
- Luca-Nicolae IACOBICI

It appointed Mrs. Claudia-Gina ANASTASE as Directorate Chairman, alternatively called Executive Director General or the Company's Chief Executive Officer – "CEO" – beginning with 21 October 2019, for two months.

It decided designating Mr. Florin – Radu Ciocanelea as member in the Nomination and Remuneration Committee and in the Energy Security Committee of the Company's Supervisory Board.

- **Convocation of the Shareholders' General Extraordinary Assembly**

The Directorate of Transelectrica SA convened in accordance with the provisions of the Company law 31/1990, republished, with later amendments and additions, of Law 24/2017 on the issuers of financial instruments and market operations, of ASF Regulation 5/2018 regarding the issuers of financial instruments and market operations, as well as of the Company's applicable Articles of association, the Shareholders' general extraordinary assembly on 19.08.2019 in order to submit to the approval of the Shareholders' general extraordinary assembly the increase of the share capital of the National Power Grid Company Transelectrica SA, subsequent to AGEA Decision 16/21.12.2018, by issuing new shares, no share premium and observing the preference right of existing shareholders on the registration date, by maximum 20,248,262 Lei, of which 11,883,300 Lei represent the expert determined value of 17 lands which the Company was issued ownership certificates for.

On 26.11.2019 the Directorate of Transelectrica SA convened again the Shareholders' general extraordinary assembly (third convocation) to subject to approval the increase of the share capital with the expert determined value of 17 lands, which ownership certificates were issued for.



Other Issues

SHAREHOLDERS STRUCTURE

The Company's shareholder structure on 30.09.2019 was as follows:

Shareholder's name	No. of shares	Share in total
Romanian State	43,020,309	58.7%
Dedeman SRL	4,503,567	6.1%
Privately Managed Pension Fund NN	4,007,688	5.5%
Other legal person shareholders	16,402,277	22.4%
Other natural person shareholders	5,369,301	7.3%
Total	73,303,142	100%

DIRECTORATE MEMBERSHIP

On the date of this report the Directorate membership is as follows:

Claudia-Gina ANASTASE	Directorate Chairman
Andreea Georgiana FLOREA	Directorate Member
Adrian SAVU	Directorate Member
Virgiliu IVAN	Directorate Member
Luca-Nicolae IACOBICI	Directorate Member

TARIFFS

On 01.07.2019 the tariffs approved by ANRE under Order 81/24.06.2019 are provided in the table below.

Index	Tariff	m.u.	Charged tariff 1 Jan-30 Jun 2019	Charged tariff 1 Jul-31 Dec 2019*	Difference %
A	Electricity transmission	lei/MWh	18.13	17.68	-2.5%
B	Functional system services	lei/MWh	1.11	1.84	+65.9%
C	Technological system services	lei/MWh	10.44	13.05	+25.0%

The factors of significant contribution to tariffs changing in the last review made by ANRE are provided further (*tariffs becoming effective on 01.07.2019 and applicable until 31.12.2019, this being called the transitory interval from the third to the fourth regulatory period according to ANRE Order 57/08.05.2019).

Electricity transmission services

The tariff decrease **(-2.5%)** is mainly explained by two factors:

1. Ex-post corrections - as applied to compensate the differences between the forecasted values used in the tariff calculation during previous tariff years and the actual values recorded (final corrections associated to the difference between the estimated costs & revenues and those achieved in 1 July 2017 - 30 June 2018; the inflation correction used in establishing the tariff of 1 July 2017 - 30 June 2018 and the correction related to the recovery difference between the inflation used in setting

the tariff for 1 July 2016 - 30 June 2017 and the recorded one) they were positive. Ex-post corrections contributed **+1.9%** to increasing the newly-approved tariff compared to the applicable tariff;

Calculation items were submitted to ex-post corrections applied in the calculation of the newly-approved tariff and the most important are: (i) the electricity procurement price to cover one's own technological consumption, (ii) uncontrollable operation and maintenance costs, (iii) costs associated to electricity transmission in-between OTS-s, (iv) costs necessary to remove congestions, (v) revenues obtained from other

activities using resources recognised for transmission activities (revenues from the allocation of interconnection capacities, revenues from other provisions, revenues from reactive electricity and revenues from transits in peripheral countries);

2. Ex-post corrections - they relate to the investment programme and the efficiency gain for controllable operation and maintenance costs. By applying the provisions of ANRE Order 57/08.05.2019 the correction taken into consideration to calculate tariffs valid as of 1 July 2019 was 1/10 for the correction resulting as difference between the value of the approved investment programme and the value achieved in 01.07.2014-30.06.2018, and of 1/8 from the total value of the correction applied to the efficiency gain for controllable operation and maintenance costs. Ex-post corrections contributed **-6.6%** to changing the newly-approved tariff compared to the applied one;

Besides the fore-mentioned corrections (items 1 & 2) which impacted -4.7% the newly-approved tariff compared to the previous one, the annual forecast of costs recognised in the new tariff approved is higher than the annual cost forecast included in the previous tariff. The increase of the annual cost forecast contributed **+3.3%** to changing the newly-approved tariff compared to the applied one.

Another factor that contributed to establishing the value of the approved tariff applicable as of 01.07.2019 compared to the tariff valid until 30.06.2019, was the Amount of electricity chargeable upon network extraction. It was increased from 54.4 TWh per year (27.7 MWh for a semester) to 56 TWh (28 TWh for semester II 2019). The amendment of the chargeable quantity contributed **-1.1%** to changing the newly-approved tariff compared to the applied one.

Functional system services

Tariff increase was determined by the following individual calculation items:

➤ The ex-post correction applied to the regulated revenue, resulting from the closure of the

2017-2018 tariff period and the positive correction resulting from the estimates of the 2018-2019 tariff period included in the new tariff was smaller than the negative correction applied in the tariff of last year. The ex-post correction contributed **+27.3%** to changing the newly-approved tariff compared to the applied one;

➤ The annual forecast of costs recognised in the newly-approved tariff is higher than the annual cost forecast included in the previous tariff. The increase of the annual cost forecast contributed **+40.7%** to changing the newly-approved tariff compared to the applied one;

➤ The quantity of electricity chargeable upon network extraction was increased from 55.4 TWh to 56 TWh. The changed chargeable quantity has contributed **-2.04%** to changing the newly-approved tariff.

Technological system services

The tariff increase **(25%)** was determined by:

➤ The ex-post positive correction included in the newly-approved tariff, established as per the methodology applicable to compensate the loss cumulated in 2018-2019. The ex-post correction contributed 11.7% to increasing the newly-approved tariff;

The annual forecast of costs recognised in the new procurement tariff for technological system services in the tariff period 1 July 2019 - 30 June 2020 is higher than the forecast of costs recognised in the previous tariff year. The higher cost forecast was determined by higher procurement prices of technological system services under bids during the current tariff period compared to the ANRE-forecasted prices. The decrease of the annual cost forecast contributed **14.43%** to changing the newly-approved tariff;

➤ The quantity of electricity chargeable upon network extraction was increased from 55.4 TWh to 56 TWh. The changed chargeable quantity contributed -1.1% to changing the newly-approved tariff in comparison to the applied one.

SIGNIFICANT TRANSACTIONS

The legal documents concluded according to the provisions of article 82 from Law 24/2017 regarding significant transactions concluded with affiliated parties in the first 9 months of 2019 were reported in Current Reports and include:

- Current report of April 16 – addendum 1 to contract C136/28.06.2018 with subsidiary Teletrans SA as provider.
- Current report of May 16 - contract amounting to more than 50,000 Euro with subsidiary SMART SA.
- Current report of July 17 - 27.06.2019 - effective date of Addendum 5 to contract C256/01.07.2014 concluded with subsidiary Teletrans SA as provider.

DISPUTES

The most important disputes impacting the Company are provided below:

Note: For reading facility and understanding all amounts in this chapter are expressed in Lei/Euro

▪ RAAN

File 3616/101/2014 was registered on the docket of Mehedinti Tribunal, Section II Civil, Administrative and Fiscal Disputes pertaining to “claims amounting to 1,090,831.70 Lei, value of invoice 1300215/31.12.2013”, file in which the Company is defendant, the claimant being the Autonomous Authority for Nuclear Activities – RAAN.

Civil ruling 127 pronounced on 10.10.2014 by Mehedinti Tribunal decided admitting the request filed by claimant RAAN and compelling the Company to pay 1,090,831.70 Lei, the amount under invoice 1300215/31.12.2013.

The Company filed appeal requesting the court to admit it as filed, cancel the decision and rulings appealed against and refer the case to the territorial competent court for judgment, ascertain the compliance with the requirements in articles 1616-1617, Civil Code, for which reason it requested ascertaining the lawful compensation of mutual liabilities and their quenching up to the concurrence of the least amount thereof, namely the total sum the claimant asked in the suing deed, and compel the recurrent - claimant to pay the expenses incurred with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice that decided cancelling decision 843/2015 and refer the case for re-judgment to the same instance, the Appeal Court Craiova.

Ruling 124/2017 of the Appeal Court Craiova admitted the appeal filed by Transelectrica and cancelled decision 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, which by civil ruling 4406/04.12.2017 decided admitting the

request filed by RAAN and obliged Transelectrica to pay 1,090,831.70 Lei. This sentence was contested by appeal. The hearing term was set on 13.12.2018.

In 2014-2015 the Company withheld the bonus owed to RAAN under the support scheme based on the provisions of ANRE regulations, namely article 17 para 5 of Order 116/2013 of ANRE president.

Under such circumstances RAAN calculated penalties for its not collecting the due cogeneration bonus amounting to 3,496,914 Lei, withheld by the Company on behalf of uncashed receivables. The Company refused paying the amount of 3,496,914 Lei, which was not registered as liability under the support scheme.

File 9089/101/2013/a152 related to contestation against the additional Receivables Table and against debtor RAAN, the disputed amount being 89,360,986 Lei.

Transelectrica SA was recorded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtors' continued activities, although the Company requested the amount of 89,360,986 Lei. But the remaining 78,096,209 Lei were not registered in the preliminary receivables table on reason that “they are not found as payable liability in the accounting books of RAAN.” Moreover the judiciary liquidator considered the request to record the amount of 78,096,209 Lei as being late since it related to 2011 – 2013, for which reason the receivable statement should have been expressed when the insolvency procedure was opened, namely on 18.09.2013. Contestation was submitted against the preliminary receivables table within the legal term and Mehedinti Tribunal admitted the accounting expertise evidence.

On the 14.06.2018 hearing term the case judgment was suspended until settlement of file 3014/2/2014 found on the docket of the High Court of Cassation and Justice,

and on 14.02.2019 Mehedinti Tribunal decided connecting the fore-mentioned file to the one marked 9089/101/2013/a140 (about claims – payment demand). Thus case judgment was postponed since the instance considered it useful for case settlement to present Civil ruling 2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, on cancelling Decision 743/2014 of ANRE president.

The settlement of Mehedinti Tribunal by Decision 163 / 20.06.2019 is the following: It admits the exception of decline. It partly admits the main matter as well as the connected contestation. It compels the defendant to pay 16,950,117.14 Lei to the claimant, receivable occurred during the procedure and decided registering this amount in the creditors' table constituted against debtor RAAN. It denies the other connected requests. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei to the claimant as law court expenses. Appeal right is granted. It was pronounced at public hearing. Document Decision 163/20.06.2019.

The next hearing term was set on 30.10.2019, with pronouncement on 09.11.2019.

COURT of AUDIT

Following an audit performed in 2013, the Court of Audit issued several measures to be implemented by the Company as a result of some deficits, which were detected upon such control. The decision and protocol issued by the Court of Audit have been appealed before the Appeal Court of Bucharest, file 1658/2/2014 being constituted, which pertained to "cancelling the control deeds" – Conclusion 7/20.02.2014 issued by the Court of Audit.

On 13.06.2018 the claimant's case was partly admitted. It cancels conclusion 7/20.02.2014, decision 37/9.12.2013 and the control report 35521/6.11.2012 elaborated by the defendant with respect to the measures included 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 partly the measure of item II.13 meaning to remove the phrase "including what has been found about the invoices issued by FLOREA ADMINSTRARE IMOBILIARA SRL". It denies the other request of the claimant as groundless. It acknowledged the electric power technical expertise report executed for the case by expert Toaxen Vasile. It compels the defendant to pay 121,375 Lei to the claimant as law court expenses (in part expert fees and judiciary stamp tax). Document decision 2771/13.06.2018.

Transelectrica filed appeal on 14.06.2019. The following term was set on 28.10.2021.

Following an audit performed in 2017, the Court of Audit issued several measures to be implemented by the Company as a result of some deficits, which were detected upon such control. NPG Transelectrica SA elaborated 8 contestations against the measures decided by Romania's Court of Audit (CCR) under Decision 8/27.06.2017, requesting its cancellation and that of conclusion 77/03.08.2017, registered in the Company under no. 29117/08.08.2017, as well as the Audit report 19211/26.05.2017.

Contestations are under settlement on the docket of the Appeal Court Bucharest and of the High Court of Cassation and Justice with terms set after 2019, namely 2020-2021.

■ ANRE

NPG Transelectrica SA filed complaint against Order 51/26.06.2014 of ANRE President, registered with ANRE under no. 47714/4.08.2014, and an appeal before the Appeal Court of Bucharest under file 4921/2/2014, requesting either the amendment of the aforementioned Order or the issuance of a new one, 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 2013 and in the first semester of 2014.

On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services charged by the National Power Grid Company Transelectrica SA and cancellation of annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken into calculation for the regulated rate of return (RRR¹) by ANRE in accordance with the Methodology establishing the tariff for electricity transmission services approved under ANRE Order 53/ 2013 ("Methodology"), have determined a RRR value of 7.7%.

On the 27.03.2018 hearing term the expert fee established on the claimant's behalf was paid and a letter will be decided to be transmitted to the expert in order to elaborate the approved expertise report and submit it to the file on the established term.

¹ RRR - The Regulated Rate of Return is found in specific literature under the short name of WACC – Weighted Average Cost of Capital – and the formula of the two indicators is resemblant: $RRR = WACC = \frac{CCP}{CCP + Kp(1 - T) + CCI} \times Ki$

On the 25.09.2018 hearing term the settlement in brief was to return by letter to the expert, with a view to elaborate the expertise report and submit it to the file, also mentioning it is impossible to submit the expertise report until the hearing term, which reason will decide postponing the case.

On the 22.01.2019 hearing term the instance approved in principle the accessory intervention request in the defendant's interest (ANRE), expressed by the intervenient ALRO SA, appeal granted with the substance matter. On 25.06.2019 the decision was taken to defer the case in order to enable the parties to get acquainted with the content of the expertise report, therefore a new judgment term was granted on 10.09.2019.

On the 10.09.2019 hearing term taking into account the request of the claimant's representative to get acquainted with the objections expressed by the intervenient and to be provided with the possibility to answer them, taking also into account the claimant submitted meeting notices accompanied by deeds requiring translation, it admits the case deferral request and decides granting *a new hearing term established on 03.12.2019*.

This dispute did not impact the relationship with ANRE nor the Company's financial results.

- **OPCOM**

On 24.11.2014 the Electricity and Natural Gas Market Operator OPCOM SA summoned the Company in order to compel it paying the amount of 582,086 Euro (2,585,162 Lei), representing the amount paid by it as fine, from the fine total amounting to 1,031,000 Euro, such request being included in file 40814/3/2014.

Previously, the Shareholders' General Assembly of the subsidiary SC OPCOM SA, at their meeting of 10.06.2014 decided upon full payment of the fine amounting to 1,031,000 euro imposed by the Directorate General for Competition, European Commission for breaching of Article 102 of the Treaty on the European Union Functioning, according to the Decision AT 39984 in the antitrust case.

Also OPCOM SA requested the law court to compel the Company paying 84,867.67 Lei as legal interest related to the 11.06.2014 – 24.11.2014 time interval, which was added the law court expenses amounting to 37,828 Lei.

The case instituted by OPCOM SA is the subject of file 40814/3/2014, on the docket of Bucharest Tribunal, Section VI Civil, pertaining to claims, subject matter - dispute with professionals.

On 24.07.2015 during the law court session the instance admitted the suing filed by claimant Electricity and

Natural Gas Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA and obliged the defendant to pay 582,086.31 Euro to the claimant which was the amount the claimant has paid instead of the defendant from the sum of the 1,031,000 Euro fine applied by Decision of the European Commission on 05.03.2014 in the case AT.39984, as well as the legal interest associated to 582,086.31 Euro, calculated from 11.06.2014 until actual payment. The instance also obliged the defendant payment 37,828 Lei as law court expenses, with appeal right within 30 days from notification. Transelectrica SA filed appeal against ruling 4275/2015 pronounced under the fore-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

The Appeal Court's settlement in brief: it admits the appeal, it changes entirely the civil ruling appealed against, meaning it denies the suing as groundless. It compels the recurrent-claimant to pay law suit expenses amounting to 16,129 to the defendant, representing judiciary stamp fee. Appeal right within 30 days from notification. It was pronounced at public hearing on 10.10.2016. Document: Ruling 1517/2016 / 10.10.2016.

OPCOM S.A filed appeal, registered with the High Court of Cassation and Justice.

Hearing term with the High Court of Cassation and Justice: 13.03.2018. The High Court of Cassation and Justice's settlement in brief: It admits the appeal filed by the recurrent-claimant Electricity and Natural Gas Operator OPCOM SA against decision 1517/10.10.2016 pronounced by the Appeal Court Bucharest, Section V Civil. It invalidates the decision appealed against and referred the case to the appeal instance for new judgment; final.

On the 01.10.2018 hearing term the Appeal Court Bucharest decided denying the appeal as groundless and compelling the respondent in appeal-defendant to pay 26,070.31 Lei as law suit expenses to the respondent in appeal-claimant. Appeal right granted within 30 days from notification.

On 27.11.2018 NPG Transelectrica SA filed appeal, which is under screening with ICCJ.

In 2014 the Company registered a provision amounting to 2,670,029 Lei for the dispute with Subsidiary OPCOM SA.

In file 17765-3-2019 the matter is to compel defendant OPCOM SA to pay 4,517,460 Lei of invoice series TEL 16 AAA 19533/29.07.2016, representing VAT value, associated to the contribution of NPG Transelectrica SA to the share capital of OPCOM SA, issued under the Loan Contract 7181RO/2003, commitment to finance the investment of the "Electricity Market Project"; compelling

OPCOM SA to pay 1,293,778.27 Lei under invoices TEL 19 T00 17/28.01.2019 and TEL 19 T00 131/10.07.2019 representing legal penalising interest calculated for failure to pay in due time the invoice series TEL 16 AAA 19533/29.07.2016.

The amount of 4,517,460 Lei, the main debit of petition 1 of this case represents VAT associated to OPCOM's share capital increase by contribution in kind, substantiated in intangible assets received as corresponding to phase I A and phase II of contracts P081406-O-C78, P081406-C125 and P081406-C300.

On the hearing term of 27.09.2019 the inadmissibility exception is rejected as well as the prescription exception as groundless. It denies the request as groundless. It denies the creditor's request to compel the debtor to pay law court expenses as groundless. With cancellation request within 10 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil.

• **CONAID COMPANY SRL**

In 2013 Conaid Company SRL sued NPG Transelectrica for its unjustified refusal to sign an addendum to the connection contract or a new connection contract an requested compensations amounting to 17,419,508 Lei for the expenses incurred until that date, as well as unachieved profits in 2013-2033 amounting to 722,756,000 EUR. To date the Company has not concluded an addendum to the connection contract because the suspensive conditions included in the contract were not complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, expiry date of the technical connection endorsement. On the date of these financial statements the amounts claimed by Conaid Company SRL were considerate as contingent liabilities because it is unlikely to require resource output including economic benefit in order to settle such obligation, and the amount of such obligation cannot be assessed with sufficient credibility. File 5302/2/2013 was on the docket of the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes, pertaining to obligation to issue administrative deed; case stage - appeal with hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and established the hearing term on 08 April 2016 for the main issue of such. Judge panel 4 ruled, with the parties summoned.

Case judgment was deferred to 17.06.2016, when the instance again deferred pronouncement until 29.06.2016, when it pronounced Decision 2148/2016 stating as follows: "It denies the exceptions claimed by the recurrent-claimant Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists

SPRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA. It admits the appeal filed by the National Power Grid Company Transelectrica SA against the hearing conclusion on 18 February 2014 and civil ruling 1866 / 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of administrative & fiscal disputes. It cancels the contested conclusion and partly the ruling and refers the case to Bucharest Tribunal, Section VI Civil to settle the claimant's case in contradiction with the National Power Grid Company Transelectrica SA. It maintains the other sentence provisions with respect to the claimant's law suit against the National Regulatory Authority in the Energy domain. It denies the appeals filed by claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the intervenient SC Duro Felguera SA against civil ruling 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It denies the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 25 March 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes; final. It was pronounced at public hearing on 29 June 2016.

On the docket of Bucharest Tribunal, Section VI Civil the case was registered under no. 12107/3/2017. The Tribunal's Civil ruling 4364/23.11.2017 admits the inadmissibility exception and denies the request as inadmissible. It also denies the intervention request to the claimant's interest. Appeal right is granted within 30 days from notification. Appeal was filed to Bucharest Tribunal, Section VI Civil and the court clerk office put it at the parties' disposal on 23.11.2017.

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil a new suing request was filed by Conaid Company SRL under file 36755/3/2018, by which the claimant requested the court to compel Transelectrica SA to "repair the prejudice caused to the claimant as a result of the defendant's culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and unrealised benefit, provisionally estimated at 100,000 Euro... taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the claimant's obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms".

On the hearing term of 15.10.2019 it denies as groundless the exceptions of: absence of active processual quality and absence of interest. It joins the

prescription exception to the substance matter. Appeal together with substance matter. Pronounced by placing the settlement to the parties' disposal by means of the court's clerk office.

The term granted to further examining the trial is on 26.11.2019, summoning the parties. Appeal together with substance. Pronounced by placing the settlement to the parties' disposal by the court's clerk office.

▪ **FF WIND ENERGY INTERNATIONAL SRL**

File 47332/3/2017 was registered on the docket of Bucharest Tribunal, Section VI Civil whereby Company FF Wind Energy International SRL requested in contradiction with NPG Transelectrica SA cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295, and compelling the Company to pay 32,777,167.35 Lei as prejudice following contract termination as well as 45,000,000 Euro, representing the devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose.

On the 28.12.2018 hearing term the instance denied the suing as specified as being groundless. It ascertained the defendant had not requested law suit expenses. Appeal right granted within 30 days from notification. According to article 425 para 3 and article 471 para 1 of the Civil Procedural Code the appeal and its grounds were submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 3891 / 28.12.2018.

Company FF Wind Energy International SRL filed appeal, which was judged on 18.06.2019, while pronouncement was deferred until 23.07.2019, when the settlement in brief was the following: „It denies the appeal as groundless. Appeal right is granted within 30 days from notification. The appeal will be submitted to the Appeal Court Bucharest, pending nullity. It was pronounced at public hearing. Document: Ruling 1191/23.07.2019”.

▪ **ANAF**

At the offices of Transelectrica SA a general fiscal inspection took place targeting the interval December 2005 – December 2010. Such general fiscal audit began on 14.12.2011 and ended on 26.06.2017, date of the final discussion with Transelectrica SA.

ANAF – DGAMC established additional fiscal obligations payable by the Company, namely income tax and VAT, as well as accessory fiscal liabilities (interest/delay indexations and penalties) with respect to technological system services (STS) invoiced by energy suppliers, considered non-deductible after the fiscal audit.

In accordance with the taxation decision F-MC 439/30.06.2017, in total sum of 99,013,399 Lei, ANAF – DGAMC established additional fiscal liabilities payable

by the Company, amounting to 35,105,092 Lei, as well as accessory fiscal ones (interest/delay indexations and penalties), amounting to 63,908,307 Lei.

ANAF's Tax inspection report mainly records the following additional payment liabilities: income tax amounting to 13,726,800 Lei and accessories, owed for a number of unused invoices identified as missing (they were destroyed in the fire that broke out the night of 26-27 June 2009, at the business office of Millennium Business Centre from 2-4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime.

These invoices were subject to a dispute with ANAF, the latter sending a tax inspection report on 20.09.2011 which estimated the amount of collected VAT for a number of 123 unused invoices identified as missing.

The Company contested within legal terms the Taxation decision F-MC 439/30.06.2017, in accordance with OG 92/2003 with respect to the Fiscal Procedural Code.

ANAF issued enforcement title 13540/22.08.2017 based on which the additional payment obligations were executed in accordance with the Taxation decision F-MC 439/30.06.2017.

The Company requested cancelling the enforcement title 13540/22.08.2017 from the Appeal Court under file 7141/2/2017. Settlement in brief: It admits the exception of material incompetence of the Appeal Court Bucharest, SCAF. It declines the material competence of settling the case to the Law Court of Bucharest 1. No appeal is granted; pronounced at public hearing of 08.02.2018. Document: Ruling 478/2018 / 08.02.2018.

After such competence declining file 8993/299/2018 was registered on the docket of Law Court of Bucharest 1 whereby the Company contested the enforcement initiated according to the enforcement title 13540/22.08.2017, relying on the Taxation decision F-MC 439/30.06.2017.

Upon Company's contestation of the fiscal administrative document - Decision F-MC 439/30.06.2017 ANAF notified the Company its Decision 122/13.03.2018 through which it rejects, as groundless, the contestation filed by NPG Transelectrica SA; the decision was received on 16.03.2018, after filing the application for summons which is subject to casefile 1802/2/2018.

Settlement in brief: It admits the request of judgment suspension filed by the appellant. On the grounds of Article 413 (1) (1) of the Civil Procedure Code, judgement is suspended until the final settlement of case file 1802/2/2018, pending with the Court of Appeal Bucharest, Section VIII Administrative and Fiscal Disputes. Appeal right during the entire suspension;

appeal to be submitted to the Law Court of Bucharest 1. It was pronounced at public hearing. Document: Conclusion - Suspension 17.04.2018.

File 1802/2/2018 is on the docket of the Appeal Court whereby the Company contested the administrative fiscal Decision F-MC 439/30.06.2017.

On the 06.11.2018 hearing term the court admitted administrating the expertise evidence, in the accounting-fiscalism domain.

New hearing term: 05.11.2019.

▪ **ROMENERGY INDUSTRY**

File 2088/107/2016 on the docket of Alba Tribunal pertains to "Bankruptcy and Request to be recorded in the creditors' list".

Transelectrica submitted request to be recorded in the creditors' list with 16,112,165.18 million Lei, and such receivable was admitted and registered in the preliminary table.

Settlement in brief: The term was established on 14.10.2019, in order to continue the bankruptcy procedure by capitalising the asset and recovering the receivables. The judiciary liquidator will elaborate and submit to the file: - on each 15th day of the month the monthly activity reports of the previous month as provided in para 1 of article 59, Law 85/2014; - for the verification term - 5 days before such date the synthetic report every 120 days as provided in the final part of para 3 of article 59, Law 85/2014.

The new hearing term was set on 27.01.2020

▪ **DAGESH ROM**

File 17284/3/2015 is found on the docket of Bucharest Tribunal / Appeal Court and it pertains to claims amounting to 2,784,950 Lei, representing the indexation of rent and delay penalties for such rent indexation + 168,500 Lei as difference of service fee and delay penalties.

Bucharest Tribunal's settlement

1. It admits the write-off exception with respect to the claims represented by: - rent difference requested for 04.03.2012 - 12.05.2012; related penalties requested as rent difference calculated for 04.03.2012 - 12.05.2012; service fee difference asked for the interval 04.03.2012 - 12.05.2012; related penalties requested as service fee difference calculated for 04.03.2012 - 12.05.2012. It denies such claims as being written-off.

2. It denies the other claims as groundless.

3. It compels the claimant to pay 2,250 Lei as law court expenses to the defendant.

4. Appeal right is granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Ruling 7230/15.11.2016.

Settlement of the Appeal Court Bucharest: Dagesh filed appeal on 04.10.2017. Settlement in brief: It admits the appeal. It partly changes the contested ruling; it partly admits the suing, namely it compels the defendant to pay 76,265.23 Lei as service fee difference for 2012 and 76,265.23 Lei as related delay penalties. It maintains the other ruling provisions appealed against. It compels the recurrent defendant pay to the recurrent claimant 31,877.45 Lei as law suit expenses, for first instance and appeal; appeal right within 30 days from notification. Appeal will be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 810/20.04.2018.

Both parties filed appeal, with hearing term on 12.11.2019 before the High Court of Cassation and Justice.

▪ **RESITA MUNICIPALITY**

File 2494/115/2018* registered on the docket of Caras Severin Tribunal pertains to suing filed by claimant Resita City that requests compelling defendant Transelectrica SA to pay the following amounts:

- 2,129,765.86 Lei representing rent for the land temporarily taken up from the forest fund in 2015;

- 2,129,765.86 Lei representing land rent for 2016;

- 2,129,765.86 lei representing land rent for 2018;

- Legal penalising interest from due date until actual payment.

Settlement in brief: It admits the exception of territorial incompetence for Caras Severin Tribunal. It declines the settlement competence of the request filed by claimant Resita City through the mayor in contradiction with defendant NPG Transelectrica SA in favour of Bucharest Tribunal. No appeal according to article 132 para 3 Civil Procedural Code. It was pronounced at public hearing on 11 March 2019. Document: Ruling 313/11.03.2019

On 25.10.2019 Bucharest Tribunal declines settlement of case.

▪ **ELCEN**

Transelectrica SA filed contestation against the judiciary administrator's refusal to answer the payment request, which pertains to file 6642/3/2018 registered on the docket of Bucharest Tribunal; by such contestation Transelectrica requested compelling debtor ELCEN SA – a company under insolvency to pay 56,680,387 Lei, representing the value of the overcompensation in accordance with Decision 476/30.03.2017 of ANRE president.

Bucharest Tribunal's settlement in brief: It denies as groundless the exception of late contestation claimed by the defendant ELCEN by complaint. It admits the contestation filed against the judiciary administrator's measures; it compelled the debtor to pay 56,680,387 Lei, representing unpaid difference under the overcompensation decision 476/30.03.2017 and the invoice series TEL17COG no. 17948/30.03.2017. It admits the request item with respect to compelling the debtor to pay law court expenses.

It compels the debtor to pay 2,500 Lei law court expenses to the contestor, representing stamp tax and expertise fee. Appeal right is granted within 7 days from notification; appeal will be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing. Document: civil ruling 7834/21.12.2018.

Elcen filed appeal, which on 11.06.2019 was rejected as groundless.

▪ ASITO KAPITAL SA

On 01.07.2017 the Company filed suing with respect to issuing payment ordinance, case under file 24552/3/2017 on the docket of Bucharest Tribunal, Section VI Civil, requesting the instance to pronounce decision compelling debtor ASITO KAPITAL SA to pay 7,058,773.36 Euro (equivalent of 31,180,857.96 Lei) representing security policies for down payments BR – 1500544/18.11.2015 and BR – 1500520/29.07.2015.

Settlement in brief: It admits the request and compels the debtor to pay 2,237,750.83 Euro within 20 days from receipt of this decision (equivalent of 9,948,592.64 Lei at the 4.4458 Lei / Euro exchange rate) representing unreturned down payment secured under the security letter BR-1500544/18.11.2015 as well as 4,821,022.53 Euro (equivalent of 21,233,265.32 Lei at 4.4041 Lei / Euro exchange rate) representing unreturned down payment secured under security letter BR-1500520/29.07.2015; 200 Lei as law court expenses. Cancellation request right is granted within 10 days from notification.

Ruling 4067/07.11.2017 was elaborated and notified to both parties on 17.10.2018.

On 01.11.2018 Decision 4067/07.11.2017 was legalised and transmitted to BEJ Raileanu in order to execute the enforcement title.

On 06.11.2018 ASITO KAPITAL SA paid 31,181,857.96 to the Company as follows:

- 21,233,265.32 – according to Civil Ruling 4067/2017 (4,821,022.53 Euro at 4.4041 Lei / Euro);
- 9,948,592.64 – according to Civil Ruling 4067/2017 (2,237,750.83 Euro at 4.4458 Lei / Euro).

On 26.10.2018 ASITO KAPITAL SA filed cancellation request against Ruling 4067/2017 within the legal term.

Taking into account the cancellation request filed by ASITO KAPITAL SA against Ruling 4067/2017 the Company constituted a dispute provision amounting to 31,180,858.

In the casefile 35865/3/2018 (old file 24552/3/2017) the hearing term was set on 19.02.2019 to settle the cancellation request for the payment ordinance providing return of 31.2 million Lei; deferred pronouncement: 20.03.2019.

On the 19.02.2019 hearing term when the juridical inquiry ended and the floor was given to the parties for exceptions, evidence and the case substance matter, the instance deferred pronouncement twice until 20.03.2019. After deliberation Bucharest Tribunal pronounced the following settlement in brief:

- It denies the request with respect to reversing the enforcement as inadmissible.
- It denies as groundless the request to return the stamp tax relating to the request with respect to reversing the enforcement.
- It denies as groundless the cancellation request filed by the contestor-debtor ASITO KAPITAL SA against Civil Ruling 4067/07.11.2017 pronounced by Bucharest Tribunal, Section VI Civil under file 24552/3/2017, in contradiction with the recurrent – creditor the National Power Grid Company TRANSELECTRICA SA; final. It was pronounced at public hearing on 20.03.2019.

Document: Ruling 743/2019 / 20.03.2019.

The court clerk office certificate issued on 18.04.2019 by Bucharest Tribunal, Section VI Civil certifies Ruling 743/2019 /20.03.2019.

NPG Transelectrica SA cancelled the provision of 31,180,858 constituted for the dispute with ASITO KAPITAL SA under file 35865/3/2018 (old file 24552/3/2017), on the docket of Bucharest Tribunal, Section VI Civil.

Asito Kapital SA submitted to Bucharest Tribunal, Section VI Civil a suing request pertaining to "ascertaining deed cancellation" (securities to pay down payments BR 1500544/18.11.2015 and BR 1500520/29.07.2015, issued by Asito Kapital SA) casefile under file 28445/3/2017 where NPG Transelectrica SA and Elcomex IEA SA are defendants. In the same file it also expressed an intervention request for its own interest. Under this case Asito Kapital requested the court to ascertain the absolute nullity of securities for down payments BR 1500544/18.11.2015

and BR 1500520/29.07.2015, issued by Asito Kapital SA and Moldasig SA.

On 19.12.2018 Bucharest Tribunal pronounced the following settlement:

- It denies the case as groundless.
- It denies the accessory intervention request as groundless.
- It denies the re-conventional request as groundless; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 19.12.2018. Document: Ruling 3840/2018.

On 04.10.2019 Asito Kapital filed appeal against Civil Ruling 3840/19.12.2018, and the file was referred to the Appeal Court Bucharest for settlement, with no hearing term set for the time being. Transelectrica filed contestation within the legal term, hearing term pending.

At the same time the Company is involved in disputes with former Directorate and Supervisory Board members with respect to the mandate contracts concluded between the Company and them.



Annexes

ANNEX 1: Stand-alone statement of financial position

[RON mn]	9M 2019	2018	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	2,900	2,988	(89)	(3%)
Intangible assets	32	23	9	40%
Financial assets	82	80	1	2%
Total non-current assets	3,013	3,091	(78)	(3%)
Current assets				
Inventories	38	35	3	8%
Trade and other receivables	781	1,064	(283)	(27%)
Other financial assets	80	0	80	n/a
Cash and cash equivalents	272	482	(210)	(44%)
Total current assets	1,170	1,581	(410)	(26%)
Total assets	4,184	4,672	(488)	(10%)
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal reserves	124	124	0	0%
Revaluation reserves	491	523	(32)	(6%)
Other reserves	14	67	(53)	(80%)
Retained earnings	1,418	1,313	105	8%
Total shareholders' equity	2,829	2,809	20	1%
Non-current liabilities				
Long term deferred revenues	370	411	(41)	(10%)
Long term borrowings	128	144	(16)	(11%)
Deferred tax liability	52	56	(4)	(6%)
Employee benefits liabilities	52	52	0	0%
Total non-current liabilities	603	664	(60)	(9%)
Current liabilities				
Trade and other liabilities	528	1,021	(493)	(48%)
Other tax and social security liabilities	8	10	(2)	(20%)
Short-term borrowings	109	53	56	n/a
Provisions	64	96	(31)	(33%)
Short-term deferred revenues	38	19	19	96%
Income tax payable	3,4	0,2	3,2	n/a
Total current liabilities	751	1,199	(448)	(37%)
Total liabilities	1,354	1,863	(509)	(27%)
Total shareholders' equity and liabilities	4,184	4,672	(488)	(10%)

ANNEX 2: Stand-alone profit or loss statement

[RON mn]								
Indicator	2018	9M 2019	9M 2018	Budgeted 9M 2019	Achieved 2019 vs 2018	Achieved 2019 vs 2018 %	Achieved vs Budgeted 2019	Achieved vs Budgeted 2019 %
0	1	2	3	4	5=2-3	6=2/3	7=2-4	8=2/4
Operating revenues								
Transmission revenues	1,070	809	771	834	38	5%	(25)	(3%)
System services revenues	702	530	530	537	(0)	(0%)	(7)	(1%)
Balancing market revenues	904	405	498	573	(93)	(19%)	(168)	(29%)
Other revenues	46	39	33	41	5	15%	(3)	(7%)
Total operating revenues	2,722	1,783	1,832	1,985	(49)	(3%)	(202)	(10%)
Operating expenses								
System operating expenses	309	268	212	270	56	26%	(2)	(1%)
Balancing market expenses	904	405	498	573	(93)	(19%)	(168)	(29%)
Technological system services expenses	678	497	497	509	0	0%	(12)	(2%)
Depreciation and Amortisation	298	210	226	231	(16)	(7%)	(21)	(9%)
Personnel expenses	189	158	137	162	22	16%	(3)	(2%)
Repairs and maintenance expenses	91	73	65	88	8	13%	(15)	(17%)
Materials and consumables	12	5	7	10	(2)	(29%)	(5)	(48%)
Other operating expenses	141	77	77	132	0	0%	(55)	(42%)
Total operating expenses	2,620	1,694	1,718	1,974	(24)	(1%)	(280)	(14%)
Operating profit	101	89	114	11	(25)	(22%)	79	n/a
Financial income	17	8	13	4	(6)	(43%)	4	86%
Financial expenses	25	14	20	13	(6)	(30%)	1	6%
Net finance result	(8)	(6)	(6)	(9)	0	1%	3	30%
Profit before income tax	93	83	108	2	(25)	(23%)	81	n/a
Income tax	12	9	10	0	(1)	(9%)	9	n/a
Net profit	81	74	98	1	(24)	(25%)	73	n/a

ANNEX 3: Stand-alone cash flow statement

[RON mn]	9L 2019	9L 2018	Δ	2019 vs 2018 (%)
Cash flows from operational activities				
Profit of the period	73.6	97.5	(24)	(25%)
Adjustments for:				
Income tax expense	9.3	10.2	(1)	(9%)
Amortisement expense	203.6	225.8	(22)	(10%)
Expenses with adjustments for trade receivables impairment	5.2	9.2	(4)	(44%)
Revenues from reversal of adjustments for trade receivables impairment	(2.9)	(8.8)	6	67%
Losses from various debtors	0.8	0.0	1	n/a
Net revenues with adjustments for various debtors impairment	(1.4)	0.0	(1)	n/a
Net expenditures with adjustments for inventories impairment	(0.0)	0.1	(0)	n/a
Net profit/ loss on sale of tangible assets	0.3	(0.3)	1	n/a
Net expenditures on adjustments of value regarding tangible assets	2.4	0.7	2	n/a
Expenses/Revenues regarding provisions for risks and expenses, net	(31.3)	0.5	(32)	n/a
Interest expense, interest revenue and unrealised exchange rate gains	6.3	6.6	(0)	(5%)
Cash flows before changes to working capital	265.9	341.6	(76)	(22%)
Changes in:				
Clients and assimilated accounts - energy and other activities	37.1	(19.4)	57	n/a
Clients – balancing	267.7	35.4	232	n/a
Clients – cogeneration	(23.3)	29.4	(53)	n/a
Inventories	(2.8)	(2.6)	(0)	(7%)
Trade and other liabilities - energy and other activities	(41.7)	139.9	(182)	n/a
Liabilities - balancing	(320.5)	(59.3)	(261)	n/a
Liabilities - cogeneration	(77.0)	(94.9)	18	19%
Other taxes and social insurance liabilities	(2.0)	(1.0)	(1)	n/a
Deferred revenues	(20.9)	(15.4)	(5)	(36%)
Cash flows from operational activities	82.5	353.8	(271)	(77%)
Interest paid	(7.0)	(6.4)	(1)	(10%)
Income tax paid	(9.8)	(11.2)	1	13%
Net cash generated from operational activities	65.7	336.2	(271)	(80%)
Cash flows from the investment activity				
Acquisition of tangible and intangible assets	(168.9)	(112.8)	(56)	(50%)
Proceeds from non-reimbursable EC financing	0.0	11.7	(12)	(100%)
Received Interests	3.2	5.5	(2)	(42%)
Participation titles held in TSC NET	0.0	(2.2)	2	100%
Proceeds from sale of tangible assets	0.0	0.7	(1)	(100%)
Dividends cashed	0.1	1.1	(1)	(88%)
Other financial assets	(80.0)	0.0	(80)	n/a
Net cash used in the investment activity	(245.5)	(96.0)	(150)	n/a
Cash flows used in financing activities				
Repayments of non-current borrowings	(46.5)	(108.3)	62	57%
Utilisation of the credit line for cogeneration	83.0	0.0	83	n/a
Dividends paid	(67.0)	(1.4)	(66)	n/a
Net cash used in financing activities	(30.5)	(109.7)	79	72%
Net increase/decrease in cash and cash equivalents	(210.3)	130.6	(341)	n/a
Cash and cash equivalents as at January 1st	482.2	520.7	(39)	(7%)
Cash and cash equivalents at the end of the period	271.8	651.3	(380)	(58%)

ANNEX 4: Economic-financial indicators of the reporting period

Indicators	Formula	9M 2019	2018
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.56	1.32
Indebtness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	8.4%	7.0%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	7.7%	6.6%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	98.52	90.96
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.58	0.87

*The clients contributing to the turnover (energy, balancing, other clients, and clients with invoices to issue) were taken into consideration. The values corresponding to doubtful clients, the cogeneration scheme and the overcompensation were not included in the average balance.

ANNEX 5: Amendment of the Articles of Incorporation of the Company in 2019

None

ANNEX 6: Appointment / recalling deeds in 2019

Directorate

- In accordance with CS Decision 20/11.04.2019
 - In the context of current Directorate members' mandates reaching term on 20 April 2019 the Supervisory Board decided extending the mandates of provisional Directorate members with 2 months. beginning with 21.04.2019 until 20.06.2019 for the following persons: Marius-Danut CARASOL, Claudia-Gina ANASTASE, Andreea Georgiana FLOREA, Constantin SARAGEA, and Adrian SAVU
- In accordance with CS Decision 21/11.04.2019
 - Mr. Marius-Danut CARASOL is elected as Directorate Chairman, alternatively called Executive Director General or the Company's Chief Executive Officer – CEO for 21 April – 20 June 2019.
- In accordance with CS Decision 30/04.06.2019
 - Supervisory Board members acknowledged the mandates of provisional Directorate members will reach their term on 20 June 2019: Marius-Danut CARASOL, Claudia-Gina ANASTASE, Andreea Georgiana FLOREA, Constantin SARAGEA, and Adrian SAVU
- In accordance with CS Decisions 31, 32, 33, 34, 35 / 04.06.2019
 - Since on 20 June 2019 the mandates of current Directorate members reached their term, the Supervisory Board decided extending the mandates of provisional Directorate members by 4 months, beginning with 21.06.2019 for the following persons: Marius - Danut CARASOL, Claudia - Gina ANASTASE, Andreea Georgiana FLOREA, Alina-Elena TEODORU, and Adrian SAVU
- In accordance with CS Decision 54/19.09.2019
 - The Supervisory Board are recalling Mr. Marius Danut Carasol from his capacities of Directorate member and Chairman
- In accordance with CS Decision 55/19.09.2019
 - The Supervisory Board are electing Mrs. Claudia-Gina ANASTASE as Directorate Chairman, alternatively called Executive Director general or Chief Executive Officer – "CEO" of the Company

Supervisory Board

- In accordance with AGOA Decisions 4, 5, 6, 7, 8, 9, 10 and 11 / 29 March 2019
 - Beginning with 30 March 2019 the following were appointed provisional Supervisory Board members of the Company with two months' mandate term: Adrian MITROI, Alin Sorin MITRICA, Constantin DUMITRU, Virginia Mihaela TOADER, Mihaela CONSTANTINOVICI, Mircea Gheorghe Dumitru COSEA, and Carmen Nina CRISU.
- In accordance with AGOA Decision 5/29 March 2019
 - Mr. Alin Sorin MITRICA, appointed as provisional Supervisory Board member signed the mandate acceptance statement on 02 April 2019, date when his appointment becomes effective.
- In accordance with AGOA Decision 10/29 March 2019
 - Mrs. Carmen Nina CRISU appointed as provisional Supervisory Board member refused accepting the mandate for incompatibility reasons.
- In accordance with Decisions 13/08.04.2019 and 14/08.04.2019
 - The Supervisory Board decided electing Mr. Mircea Gheorghe Dumitru COSEA as Supervisory Board Chairman and appointing Mr. Florin – Radu CIOCANELEA as provisional Supervisory Board member, with mandate expiring on 29 May 2019, expiry date as well for the mandates of Supervisory Board members in office.
- In accordance with AGOA Decisions 14 & 15 / 14 May 2019
 - The mandates of provisional Supervisory Board members in the Company are extended by four months beginning with 30 May 2019.
- In accordance with CS Decision 29/04.06.2019
 - Mr. Mircea Gheorghe Dumitru COSEA is elected Supervisory Board Chairman.
- In accordance with AGOA Decisions 16, 17, 18, 19, 20, 21, 22 and 23 / 20 September 2019
 - Adrian MITROI, Petru TARNICERU, Ionica BADILA, Mihaela Virginia TOADER, Mihaela CONSTANTINOVICI, Mircea Gheorghe Dumitru COSEA, Florin-Radu CIOCANELEA were appointed provisional Supervisory Board members of the Company beginning with 30 September 2019, two more months' mandate.

ANNEX 7 REPORT (according to HAGEA 4/29.04.2015) on the contracts signed in quarter III/ 2019 to procure assets, services and work, which value is higher than 500,000 Euro/purchase (for assets and work) and above 100,000 Euro/purchase (for services)

No.	Contract number	Contractual object	Term	Value		Contract type	Legal base	Procurement procedure
				Mii Lei	Mii Euro			
0	1	2	3	4	5	6	7	8
1	C 862/2019	Replacing AT3-ATUS-FS 400/400/160 MVA 400/231/22 kV in the 400/220 kV substation Portile de Fier	14	-	2,830	Work	Law 99/2016 + HG 394/2016	Open bid
2	C 870/2019	RCA & CASCO car insurance services for the motor cars owned by NPG TRANSELECTRICA SA (framework agreement)	36	1,903	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
3	C 849/2019	Public/operative phone services, integrated communication (VPN) and internet services (framework agreement)	36	-	924	Services	Law 99/2016 + HG 394/2016	Open bid
4	C 816/2019	Monitoring services for used water quality in electric transmission / connection substations, offices of NPG TRANSELECTRICA SA and solutions to reduce pollution	36	486	-	Services	Law 99/2016 + HG 394/2016	Simplified procedure
5	C 812/2019	Internal and external air transport services for 24 months (framework agreement)	24	2,627	-	Services	Law 99/2016 + HG 394/2016	Open bid
6	CT 755/2019	Maintenance services for the passage corridor of OHL-s crossing areas with many trees	36	1,289	-	Services	Law 99/2016 + HG 394/2016	Open bid

Annex 6 – Glossary

„ANRE”	National Regulatory Authority in the Electricity domain
„BAR”/RAB	Regulated asset base
„BVB”	Bucharest Stock Exchange. the operator of the regulated market where the shares are transacted
„CEE”/EEC	European Economic Community
„Company”. „NPG”. „TEL”	National Power Grid Company Transelectrica SA
„OTC”	One's own technological consumption
„CS”	Supervisory Board
„DEN”	National Power Dispatcher
„EBIT”	Operational profit before interest and income tax
„EBITDA”	Operational profit before interest. income tax and amortisement
„EBT”	Operational profit before income tax
„ENTSOE”	European Network of Transmission and System Operators for Electricity
„HG”	Governmental decision
„IFRS”	International Financial Reporting Standards
„LEA”/ OHL	Overhead electric lines
„Leu” or „Lei” or „RON”	Official currency of Romania
„MFP”	Ministry of Public Finance
„MO”	Romania's Official Gazette
„OG”	Governmental ordinance
„OPCOM”	Operator of the Electricity and Natural Gas Market in Romania OPCOM SA
„OUG”	Governmental emergency ordinance
„PZU” /DAM	Day-ahead Market
„RET”	Electricity Transmission Grid. the electric network of national strategic interest with nominal line voltage above 110 kV
„SEN”	National Power System
„RS”	Secondary control (frequency restoration reserve)
„RTL”	Slow tertiary control (replacement reserve)
„SMART”	Trading Company for Maintenance Services to the Electricity Transmission Grid SMART SA
„SSF”	Functional system services
„SST”	Technological system services
„TEL”	Stock exchange indicator for Transelectrica
„TSR”	Total shareholders' return
„EU”	European Union
„m.u.”	Measuring unit
„USD” or “US dollars”	American dollar. the official currency of the United States of America
„WACC”	Weighted average cost of capital

