

Investment Division No. 3851/30.01.2020

NOTE

Regarding the Shareholders' General Ordinary Assembly establishing the 2020 Investment Programme of CNTEE Transelectrica SA and the investment expenses estimated for 2021 & 2022

- 1. The 2020 Investment Programme of CNTEE Transelectrica SA and the investment expenses estimated for 2021 and 2022 (PAI 2020) were elaborated by the Investment Division based on the following elements:
- The investment priorities established in the RET Development Plan for 2018 2027;
- The execution schedules of further investment projects;
- The proposals received from project managers of the Investment Division, branches and entities from the executive part of CNTEE Transelectrica SA;
- The main risks that can impact the achievement of PAI 2020;

The 2020 expense structure and the investment costs estimated for 2021, 2022

Thousand Lei

| No. | Expense categories | 2020 | 2021 | 2022 |
|-----|---|---------|---------|---------|
| | Total general (A+B) | 263,152 | 581,199 | 523,511 |
| Α | Company expenses | 260,118 | 580,899 | 522,690 |
| 1 | Further investments | 194,520 | 368,347 | 282,843 |
| 11 | New investments | 12,737 | 178,476 | 194,311 |
| | Other investment expenses | 52,860 | 34,076 | 45,536 |
| В | Investment expenses financed from the connection fees | 3,034 | 300 | 821 |

Detailing the 2020 investment expenses and those estimated for 2021 and 2022 by the main chapters are provided in Annex 1 to this Note.

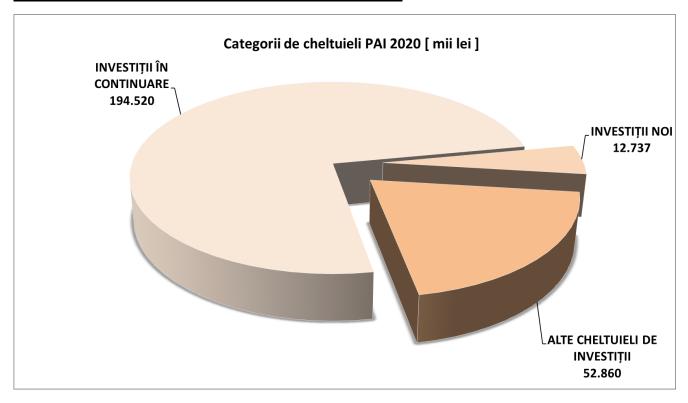




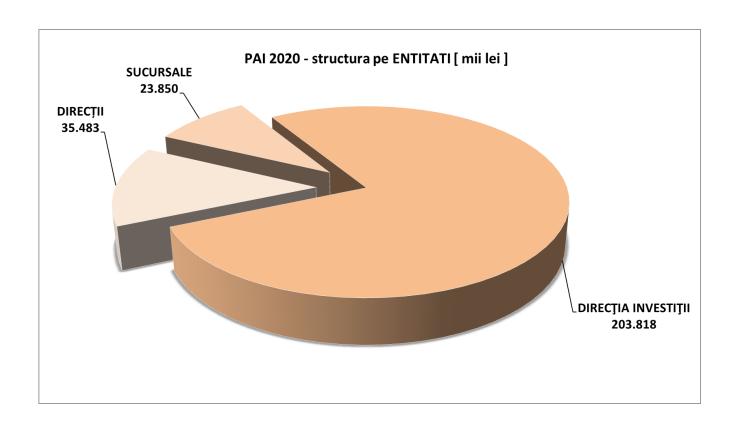


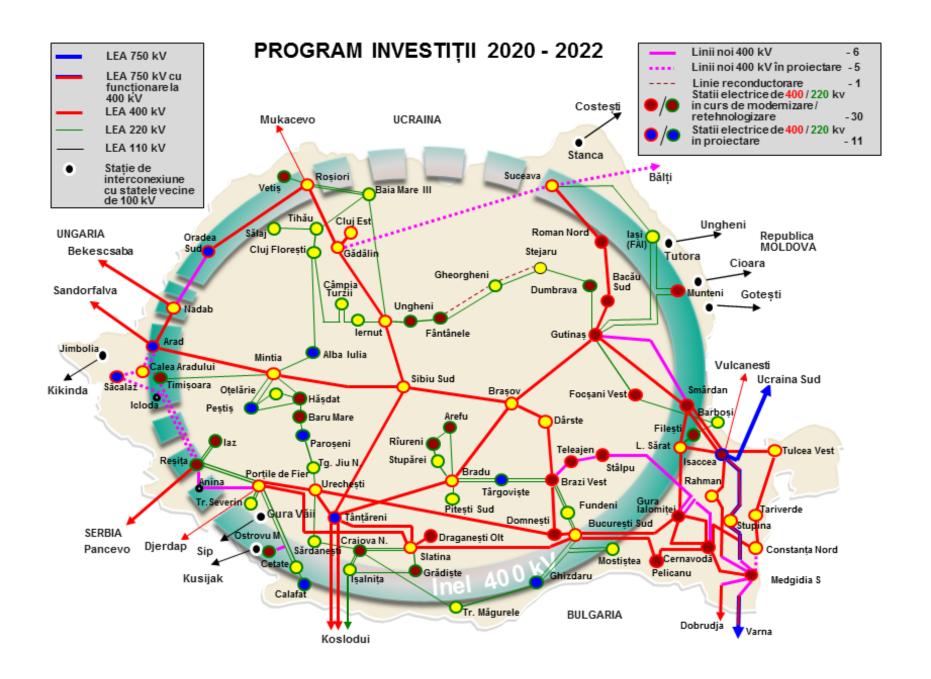


Structure of Company's own 2020 investment expenses



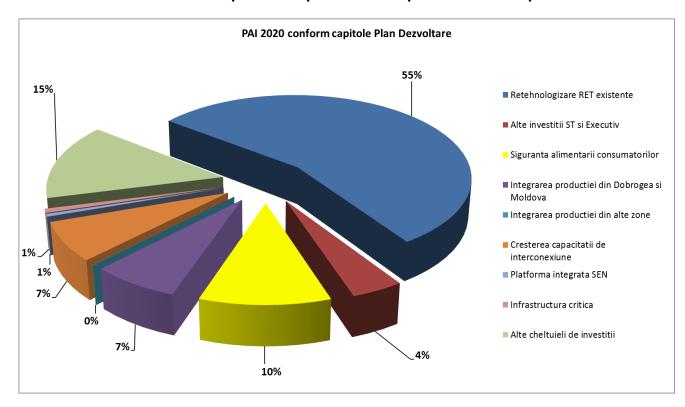
Total 2020 investment expenses structured by entities





2. Specifications about the major investment project from PAI 2020

A. Structure of investment expenses as per the Development Plan's chapters



B. Main major investment objectives whose execution contracts were signed in previous years and in 2020 will be in the work execution stage (further investments) structured according to the chapters of the Development Plan

| No. | Investment objectives | Commissioning |
|----------|--|---------------|
| RET refu | rbishment – 15 investment projects | |
| 1 | Replacing autotransformers and transformers in electric substations, stage 2, step 2 | 2022 |
| 2 | Refurbishing the 400/110/20 kV substation Domnesti | 2021 |
| 3 | Upgrading the 110 & 400(220) kV installations of substation Focsani Vest | 2021 |
| 4 | Upgrading the 110 kV substations Bacau Sud and Roman Nord from the 400 kV axis Moldova | 2022 |
| 5 | Refurbishing the 220/110/20 kV substation Ungheni | 2022 |
| 6 | Upgrading the 400 (220)/110/20 kV substation Munteni | 2023 |
| 7 | Refurbishing the 400/110/20 kV substation Smardan | 2023 |
| 8 | Refurbishing the 220/110 kV substation Craiova Nord | 2021 |

| 9 | Refurbishing the 220/110 kV substation Hasdat | 2021 |
|---|---|------|
| 10 | Refurbishing the 220/110/ kV substation laz | 2022 |
| 11 | Refurbishing the 110 kV substation Medgidia Sud - conditioned by the progress of "Extending the 400 kV substation Medgidia Sud" project | 2022 |
| 12 | 110 kV, 220 kV and 400 kV mobile bays | 2020 |
| 13 | 400 kV mobile bays to connect the bus bars within 400 kV substations Bradu and Sibiu Sud | 2020 |
| 14 | Upgrading the 220/110/20 kV substation Vetis - primary equipment | 2021 |
| 15 | 100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest and Bradu | 2020 |
| Safe cons | sumers' supply – 3 investment projects | |
| 1 | Installing the 250 MVA transformer T3 in the 400/110 kV substation Sibiu Sud | 2020 |
| 2 | Installing the 400 MVA, 400/231/22 kV autotransformer AT2 and the associated bays in substation lernut and upgrading the command control system of the 400/220/110/6 kV substation lernut | 2022 |
| 3 | Replacing the 400/400/160 MVA 400/231/22 kV AT3 ATUS-SF in the 400/220 kV substation Portile de Fier | 2020 |
| Integratin | ng the output of Dobrogea and Moldova – 2 investment projects | |
| 1 | Connecting the 400 kV OHL Isaccea - Varna and 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – Extending the 400 kV substation Medgidia – NFIP procedure – with ABB SRL for GIS delivery and installation; | 2021 |
| 2 | Connecting the 400 kV OHL Isaccea - Varna and 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud - Connections in substation Medgidia Sud | 2022 |
| Increasing the interconnection capacity – 6 investment projects | | |
| 1 | Extending the 400 kV substation Cernavoda (stage II) | 2023 |
| 2 | Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - stage I - 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita | 2024 |
| 3 | Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - stage I - the 400/220/110 kV substation Resita (NEFIP: secondary equipment and associated services) | 2024 |
| | | |

| 4 | Refurbishing the 110 kV substation Timisoara and converting the Portile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II: the 400 kV substation Timisoara | 2024 |
|----------------------------|--|-----------|
| 5 | The 400 kV substation Stalpu and upgrading the 110 kV and MV bays in the electric substation Stalpu | 2023 |
| 6 | The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei | 2023 |
| Other projects in progress | | |
| 1 | Replacing circuit breakers in electric substations | 2020-2021 |
| 2 | Replacing the components of the EMS SCADA AREVA system | 2020 |

Total further investments amount to 194,520 thousand Lei representing 74.78% of the Company's own investment expenses;

C. Investment objectives to begin in 2020 (new investments) total 12,737 thousand Lei, namely 4.90 % of the Company own investment expenses;

They are under various preparation stages to launch the work:

↓ Various stages of procurement procedures in the Commercial Division:

| No. | Investment objectives | | |
|-------------|---|--|--|
| RET refurbi | RET refurbishment – 5 investment projects | | |
| 1 | Upgrading the electricity supply to UNO-DEN's offices | | |
| 2 | Refurbishing the 220/110 kV substation Filesti | | |
| 3 | Refurbishing the 220/110/MV kV substation Baru Mare | | |
| 4 | Upgrading the 220/110 kV substation Raureni | | |
| 5 | Upgrading the 220/110 kV substation Dumbrava | | |
| Integrating | Integrating the output of Dobrogea and Moldova – 3 investment projects | | |
| 1 | Connecting the 400 kV OHL Isaccea - Varna and the 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – <i>Extending the 400 kV substation Medgidia</i> – open bid for the work part | | |
| 2 | Converting the 220 kV OHL Brazi Vest – Teleajen – Stalpu to 400 kV, including procurement of a 400 MVA 400/220/20kV AT and extension of the associated 400 kV and 220 kV stations in the 400/220/110 kV substation Brazi Vest - Extending substation Brazi Vest Open bid (procuring AT4 + C+I work (full: AT + bays + protection cabinets) + TP integrator) and NFIP - (primary and secondary equipment, SCADA integration, adapting PDB, TP installing primary & secondary circuits, technical assistance) | | |

| 3 | Increasing the transmission capacity of the 220 kV OHL Stejaru-Gheorgheni- | | |
|----------------------------------|---|--|--|
| Increasing t | Increasing the interconnection capacity – 2 investment projects | | |
| 1 | Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV - stage I - <i>the 400/220/110 kV substation Resita</i> (LD: primary equipment, associated services and work for primary and secondary equipment) | | |
| 2 | Extending the 400 kV substation Gura Ialomitei with two 400 kV bays Cernavoda 2 | | |
| Other projects under procurement | | | |
| 1 | Data metering and management system for electricity metering on the wholesale market | | |

■ In preparation to launch the procurement procedures in 2020:

| No. | Investment objectives | | |
|------------|---|--|--|
| RET refu | rbishment - 2 investment projects | | |
| 1 | Upgrading the command-control-protection system and integrating it in the CTSI of substation Gradiste | | |
| 2 | Upgrading the 220/110/20 kV substation Arefu (completing the execution) | | |
| Integratin | Integrating the power plants' output, other zones – 2 investment projects | | |
| 1 | The 220 kV double circuit OHL Ostrovu Mare - RET | | |
| 2 | The 220 kV substation Ostrovu Mare | | |
| Increasin | Increasing the interconnection capacity – 1 investment project | | |
| 1 | The 400 kV double circuit Gutinas - Smardan | | |

<u>Under design (obtaining endorsements, permits, licences), issuing HG to launch the expropriation procedure:</u>

| No. | Investment objectives | |
|---|---|--|
| RET refurbishment - 1 investment project | | |
| 1 | Upgrading the 220 kV, 110 kV command-control-protection-metering system in the 220/110/20 kV substation and refurbishing the medium voltage and the ac & dc auxiliary services in the 220/110/20 kV substation Ghizdaru | |
| Integrating the output of Dobrogea and Moldova – 1 investment project | | |
| 2 | The 400 kV double circuit (1ce) OHL Constanta Nord - Medgidia Sud | |

| Increasing the interconnection capacity – 3 investment projects | | |
|---|--|--|
| 1 | The 400 kV OHL Gadalin - Suceava | |
| 2 | Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II: the 400 kV double circuit OHL Resita-Timisoara-Sacalaz | |
| 3 | Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage III: the 400 kV OHL Timisoara - Arad + the 400 kV stations Arad + Sacalaz | |

3. <u>Main risks that might impact the achievement of PAI 2020 are provided in annex 2 as value and percentage</u>.

A. External

Delays of contractors' work execution as per the contractual time schedule; The impact of such risks might be 17.8% of the Company's own 2020 expenses;

B. Internal

Duration of public procurement procedures;

The impact of such risks might be 4.6% of the Company's own expenses, which might lead to late conclusion of contracts in 2020.

In case such constraints occur the Investment programme (Company's own expenses) will be achieved about 80%.

3. Decision proposed

Taking into account the above and in accordance with the provisions of article 14 para (1) letter i) from the Articles of Association of CNTEE Transelectrica SA, updated on 21.12.2018 by Decision 16/2018 of the Shareholders' General Extraordinary Assembly we propose to the Shareholders' General Assembly as follows:

- Establishing the Investment programme of CNTEE Transelectrica SA for 2020 and estimating the investment expenses of 2021 and 2022 (PAI 2020) for the financial year submitted for approval according to the annexes to this Note and
- Delegating the Company's Directorate to amend (review) the sums included in PAI 2020 without exceeding the financing sources.

DIRECTORATE

Chairman Catalin NITU

Member Corneliu Bogdan MARCU Member Bogdan - Ionut GRECIA

Member Adrian MOISE Member Andreea - Mihaela MIU

Investment Division
Florentina RADUCANU – Director

Elaborated, Silvia DAMIAN – Manager, DMPIAFE