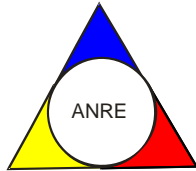




ROMANIAN ENERGY REGULATORY AUTHORITY
GENERAL DIRECTION OF ELECTRICITY MARKET



REPORT ON RESULTS OF MONITORING THE
ROMANIAN ELECTRICITY MARKET
NOVEMBER 2012

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I. MAIN EVENTS IN THE DEVELOPMENT OF THE ROMANIAN ELECTRICITY MARKET

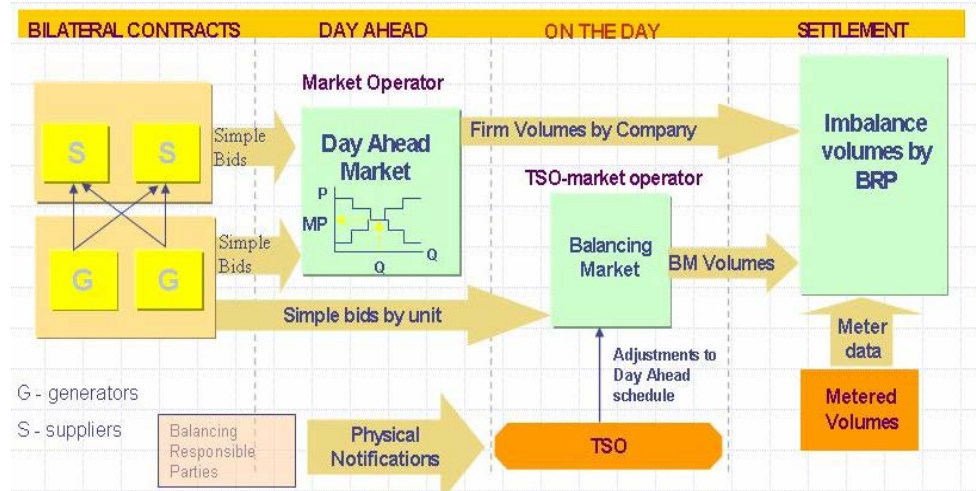
- GD 365/1998 – vertically integrated monopol – RENEL – was split into separated distribution and supply companies (SC Electrica SA) and generation companies (SC Termoelectrica SA and SC Hidroelectrica SA) were established within a new company - CONEL SA. Two other electricity generators (SN Nuclearelectrica SA and RAAN) were separately established;
- transmission, system services and market administration were separately organised, within CONEL SA;
- the relationships between parties within the electricity sector were settled based on contracts;
- GD 122/2000 – electricity market opens at 10%;
- GD 627/2000 – CONEL holding is dissolved;
- September 2000 – launch of the compulsory electricity spot market in Romania, administrated by OPCOM and organized based on pool model;
- GD 1342/2001 – SC Electrica SA splits in 8 subsidiaries for electricity distribution and supply;
- GD 1524/2002 – SC Termoelectrica SA reorganizes in several separate legal entities for generation;
- July 2005 – launch of the new market model, based on:
 - voluntary spot market, with both sides offers and bilateral settlement;
 - compulsory balancing market, with TSO as single counterparty;
 - financial responsibilities of the balancing are allocated to the BRP;
- GD 644/2005 – electricity market opens at 83.5%;
- November 2005 – launch of the green certificates market;
- December 2005 – launch of the centralized market for bilateral contracts;
- March 2007 – launch of the centralized market for partially standardized bilateral contracts with continuous negotiation;
- GD 638/2007 – fully opening of electricity and gas markets;
- July 2007 – rules for capacity market have been established.
- July 2008 – launch of the mechanism of direct debit and guarantee for electricity transactions on the day-ahead market (OPCOM as central counterparty).
- August 2008 – process of legal unbundling of distribution and supply companies has been concluded;
- August/November 2010 – launch of bilateral coordinated auctions for capacity allocation on interconnections with Hungary and Bulgaria;
- July 2011 - launch of the intraday market;
 - GD 930/2010 – SC Electrica Furnizare SA had been established through merger of the former incumbent suppliers Electrica Furnizare Muntenia Nord, Electrica Furnizare Transilvania Nord and Electrica Furnizare Transilvania Sud;
- June 2012 – a new entity obtains the generation license and enters on the electricity market - Complexul Energetic Oltenia SA, established in a dual system through merger of the former SNLO Tg. Jiu, Complexul Energetic Turceni, Complexul Energetic Rovinari and Complexul Energetic Craiova (GD 1024/2011);
- July 2012 – the Law of electricity and natural gas no. 123/2012 has enter into force;
- September 2012 – the application of the first stage from the timetable of phasing out of regulated electricity tariffs to final consumers who choose not to exercise their eligibility

rights, in accordance with the obligations assumed by the Romanian Government in relation with the IMF, World Bank and European Commission;

- October 2012 – the Law of organisation and operation of the Romanian Energy Regulatory Authority no. 160/2012 has entered into force;
- November 2012 - a new entity obtains the generation license and enters on the electricity market - Complexul Energetic Hunedoara SA, established through merger of the former Electrocentrale Deva and Electrocentrale Paroseni (GD 1023/2011).

II. WHOLESALE ELECTRICITY MARKET

1. Structure of the wholesale electricity market



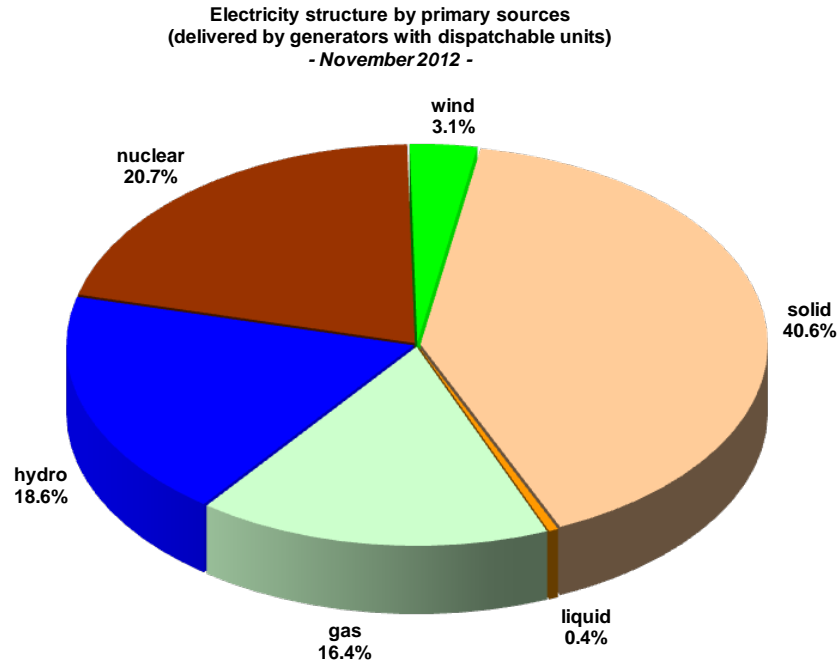
2. Participants on the wholesale electricity market

The market participants* acting on the electricity market in November 2012 are presented below split into categories:

No.	Name	No.	Name	No.	Name
A Electricity generators operating dispatching		F Electricity Suppliers acting exclusively on the wholesale market		G Electricity Suppliers	
1	SC CET Bacău SA	1	SC Adedero G.P. Energy SRL	1	SC Alpiq RomEnergie SRL
2	SC CET Govora SA	2	Alpiq Energy SE	2	SC Alpiq RomIndustries SRL
3	SC CET Oradea SA	3	CEZ as	3	SC Alro SA
4	SC Cernavoda Power SRL	4	SC CEZ Trade Romania SRL	4	SC Arcelormittal Galati SA
5	SC Dalkia Termo Iasi SRL	5	SC Dalkia Romania SRL	5	SC Areko Power SRL
6	SC Dalkia Termo Prahova SRL	6	Danske Commodities/as Aarhus	6	SC Biol Energy SRL
7	SC EDP Renewables România SRL	7	E&T ENERGIE Handelsgesellschaft	7	SC EFE Energy SRL
8	SC Electrocentrale București SA	8	SC Edison Trading SpA	8	SC EGL Gas & Power Romania SA
9	SC Electrocentrale Galati SA	9	SC Electrica SA	9	SC Electricom SA
10	SC Enel Green SRL	10	SC Enel Trade Romania SRL	10	SC Electromagnetica SA
11	SC Romconstruct Top SRL	11	Energy Financing Team Switzerland	11	SC Energotrans SRL
12	SC Termica SA Suceava	12	SC Energy Market Consulting SRL	12	SC Energy Distribution Services SRL
13	SC Termoelectrica SA	13	SC Energy Network SRL	13	SC Energy Financing Team Romania SRL
14	SC Tomis Team SRL	14	SC Energon Power&Gaz SRL	14	SC Energy Holding SRL
A1 Electricity generators operating dispatching units and acting also as suppliers on the		15	SC Entrex Services SRL	15	SC Enex SRL
15	RAAN	16	E.ON Energy Trading SE	16	SC Ennet Grup SRL
16	SN Nuclearelectrica SA	17	SC Ezpada SRL	17	SC Enol Grup SA
17	SC OMV Petrom SA	18	Ezpada SRO	18	SC Fidelis Energy SRL
20	SC CE Hunedoara SA	19	Freepoint Commodities Europe Ltd	19	SC Gaz Sud Furnizare SRL
18	SC CE Olenia SA	20	Gazprom Marketing & Trading	20	SC GDF SUEZ Energy Romania SA
19	SC CET Arad SA	21	GEN-I Irgovanje in prodaja elektricne energije	21	SC General Com Invest SRL
21	SC Hidroelectrica SA	22	GEN-I Bukarest Electricity Trading and Sales	22	SC ICCO Energy SRL
22	SC Lukoil Energy & Gaz Romania SRL	23	SC Getica 98 COM SRL	23	ILLOTOMI Impex GRPA
23	SC OMV Petrom Power Park SRL	24	SC Grivco SA	24	SC ICPE Electrocond Technologies SA
B Transmission System Operator		25	SC Iberdola Romania SRL	25	SC Luxten LC SA
1	CN TRANSELECTRICA SA	26	SC KBS Threeenergyes SRL	26	Magyar Aramszolgalato KFT
C DAM, Bilateral Contracts Market, Green Certificates Market Operator		27	SC Lord Energy SRL	27	SC Monsson Energy Trading SRL
1	SC OPCOM SA	28	SC Midest Energy SRL	28	OET Obedineni Energini Targovtsi
D Distribution network operators		29	SC MVM Partner Bucharest SRL	29	SC Renovation Trading SRL
1	SC CEZ Distributie SA	30	OMV Trading GmbH	30	SC Repower Furnizare Romania SRL
2	SC ENEL Distributie Banat SA	31	RWE Supply Trading GmbH	31	SC Romenergy Industry SRL
3	SC ENEL Distributie Dobrogea SA	32	Repower Trading Ceska Republica	32	SC TEN Transilvania Energie SRL
4	SC E.ON Moklova Distributie SA	33	SC Romelectro SA	33	SC Timmar Ind SA
5	SC ENEL Distributie Muntenia SA	34	SC Rudnap SRL	34	SC Transformer Supply SRL
6	SC FDDE Electrica Distributie Muntenia Nord SA	35	Statkraft Markets GmbH	35	SC Transenergo Com SA
7	SC FDDE Electrica Distributie Transilvania Sud SA	36	SC Statkraft Romania SRL		
8	SC FDDE Electrica Distributie Transilvania Nord SA	37	SC Verbund Trading Romania SRL		
E Incumbent suppliers					
1	SC CEZ Vanzare SA				
2	SC ENEL Energie SA				
3	SC E.ON Energie Romania SA				
4	SC ENEL Energie Muntenia SA				
5	SC Electrica Furnizare SA				

*) The electricity market participants report to ANRE technical/commercial data according to the *Methodology of wholesale electricity market monitoring for assessing the competition level on market and preventing the abuse of dominant position*, approved by ANRE Order no. 35/2006. The table does not include the Balancing Responsible Parties (BRP). The BRP updated list is published on the Balancing Market Operator website - www.transelectrica.ro.

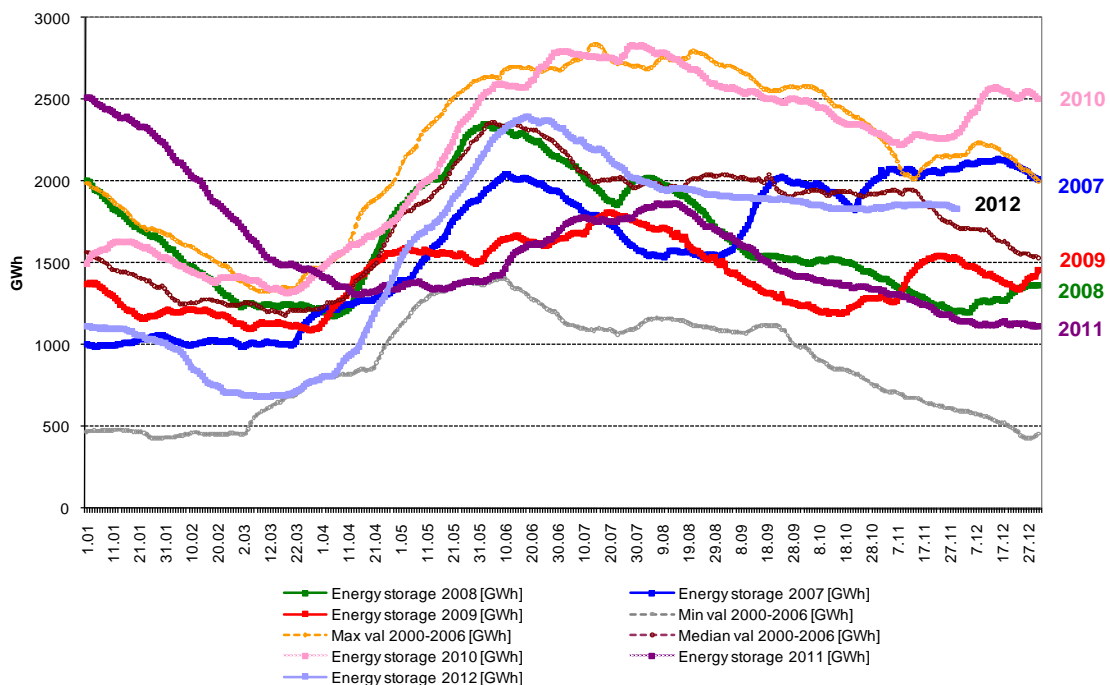
3. Generation structure of National Energy System on resources types



Source: Monthly reports of generators – processed by MG

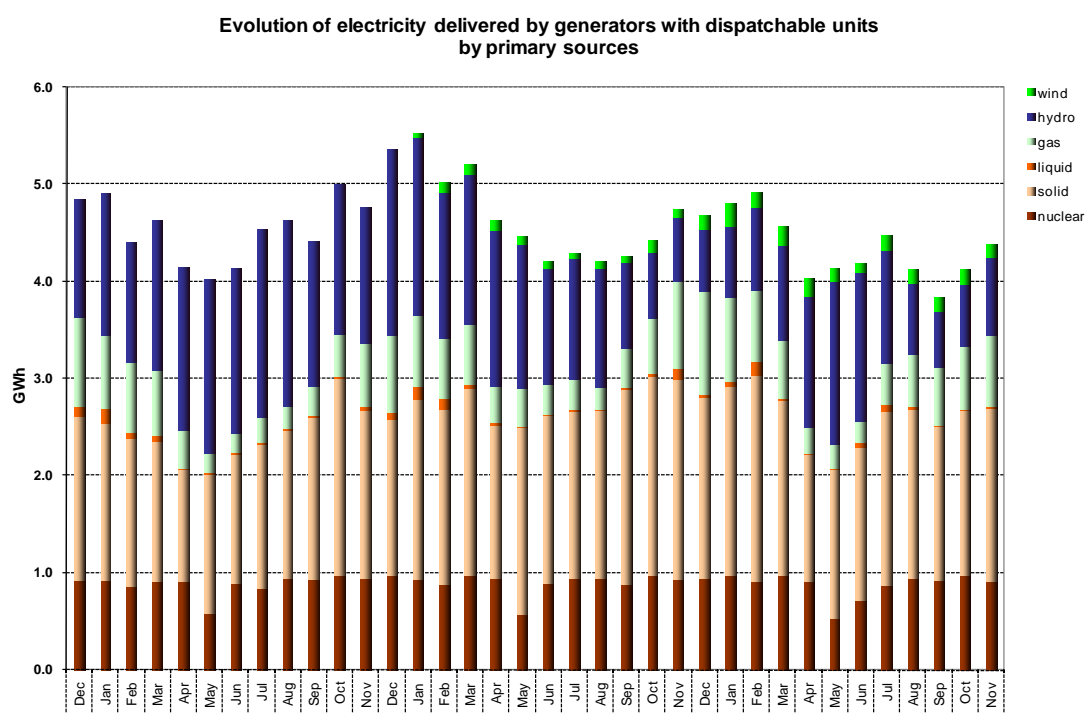
The electricity generated from hydro resources and the energy stored in the main water reservoirs is directly correlated. The following graph presents the evolution of daily amounts of energy storage during 2012 compared to the values of the last 5 years and compared to minimum, maximum and median values from 2000-2006.

Yearly evolution of daily values of energy stored in the main water reservoirs



Source: Monthly reports of S.C. Hidroelectrica S.A. – processed by MG

The evolution of delivered electricity structure, during the last 3 years, is the following:



Source: Monthly reports of generators – processed by MG

The following table presents the main data regarding the physical balance of electricity for November 2012 compared to data for similar period of 2011:

No.	INDICATOR	MU	November 2011	November 2012	%	Jan-Nov 2011	Jan-Nov 2011	%
0	1	2	3	4	5=4/3*100	3	4	5=4/3*100
1	Generated electricity	TWh	5.22	4.81	92.15	55.23	51.70	93.61
2	Delivered electricity	TWh	4.74	4.39	92.62	50.96	47.56	93.33
3	Import	TWh	0.11	0.09	81.82	0.85	1.30	152.94
4	Export	TWh	0.11	0.05	45.45	2.83	1.02	36.04
5	Internal consumption	TWh	4.75	4.43	93.26	48.98	47.84	97.67
6	Consumption of household consumers on the regulated market	TWh	0.94	1.03	109.57	10.52	10.90	103.61
7	Consumption of non-households consumption	TWh	2.92	2.85	97.60	31.43	31.23	99.36
7.1	on the regulated market	TWh	0.76	0.73	96.05	7.88	8.04	102.03
7.2	on the competitive market	TWh	2.16	2.12	98.15	23.55	23.18	98.43
8	Transmission–Injection component	TWh	4.74	4.51	95.15	50.25	48.51	96.54
9	Transmission–Extraction component	TWh	4.80	4.55	94.79	51.21	49.02	95.72
10	Actual transmission grid losses	TWh	0.090	0.089	98.89	0.985	0.920	93.40
11	Heat generated for delivery	Tcal	2054.10	1668.04	81.21	15332.46	13331.00	86.95
12	Heat in co-generation	Tcal	1906.21	1491.87	78.26	13137.00	11439.58	87.08

Note: 1. Data shown in the table neither include the energy produced by the generators who do not own dispatchable units (positions 1 & 2) nor the energy delivered to the consumers directly connected to the power plants (positions 6 & 7).

2. The imported/exported quantities do not comprise transits and cross border exchange of CN Transelectrica SA with neighbor countries in order to ensuring the balance of the national energy system.

3. The electricity considered for transmission tariff – injection component do not comprise the electricity sold by generators for covering the transmission losses.

4. The transmission tariff – extraction component and the system service tariff are applied for the same quantity of electricity

4. Transactions' structure on the wholesale electricity market

The size of wholesale market depends on the sum of all transactions performed by the market players, exceeding the quantities physically transmitted from generation to consumption; the total transactions include also resale transactions made in order to match the contractual obligations and to obtain financial benefit.

Therefore, the wholesale electricity market includes: regulated contracts and bilateral negotiated contracts between generators and suppliers, regulated contracts for covering the network losses, bilateral negotiated contracts generator-generator and supplier-supplier, as well as contracts concluded on centralized markets: CMBC (centralized market of bilateral contracts), CMBC-CN (centralized market of partially standardised bilateral contracts, with continuous negotiation) and on the Power floor of RCE (Romanian Commodities Exchange), transactions on DAM (day-ahead market), on BM (Balancing Market) and Intraday Market (recently introduced).

When entering into force, the new Law 123/2012 on Electricity and Natural Gas has set as a general principle that energy competitive market and electricity transactions should take place in a transparent, public, centralized and non-discriminatory way. Therefore, all the new transactions have to be the result of the participation on the centralized markets administrated by Opcom, the only owner of a license issued for the electricity market operation in Romania. In this respect, efforts have been made by all the responsible factors for covering the diversity of trade products requested by the market participants. Currently, two new centralized markets are to be implemented at Opcom level as soon as possible – the organize framework for contracting energy for large end consumers and the centralized market trading with continuous double negotiation of bilateral contracts for electricity (developed based on a OTC platform model).

The volumes traded and the average prices on each type of contracts and on the main components of the wholesale market are presented in the following tables for November 2012 compared to the month before and November 2011.

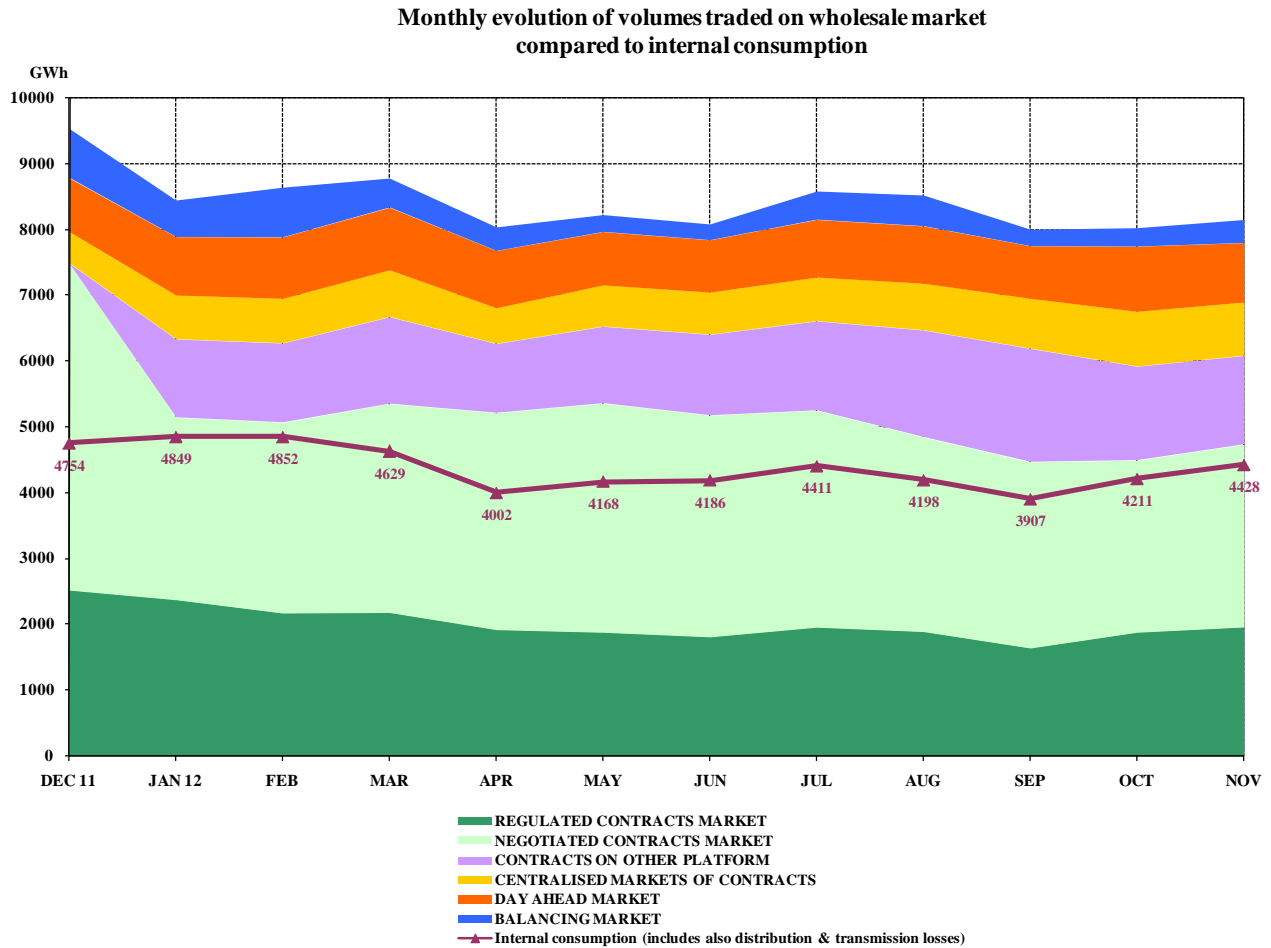
The aggregated volumes and the average prices for October and November 2012 on OTC contracts and on negotiated contracts are reported by the market participants at their own risk and they should reflect only the ongoing contracts which had been concluded before Law no. 123/2012 entered into force.

TRANSACTIONS ON THE WHOLESALE MARKET	October 2012	November 2012	November 2011
1. BILATERAL CONTRACTS' MARKET			
traded volume (GWh)	5916	6081	7274
% from internal consumption (%)	192.82	191.71	186.68
average price (lei/MWh)	140.5	137.3	153.3
1.1. Sales on regulated contracts			
traded volume (GWh)	1872	1952	2418
% from internal consumption (%)	150.85	148.42	171.99
average price (lei/MWh)	44.5	44.1	50.9
1.2. Sales on contracts concluded on other platforms *			
traded volume (GWh)	1425	1348	
% from internal consumption (%)	217.59	216.76	-
average price (lei/MWh)	33.8	30.4	
1.3. Sales on negotiated contracts**			
traded volume (GWh)	2619	2780	4856
% from internal consumption (%)	209.35	209.96	193.99
average price (lei/MWh)	62.2	62.8	102.3
2. EXPORT***			
traded volume (GWh)	41	51	107
% from internal consumption (%)	130.41	163.74	215.94
average price (lei/MWh)	1.0	1.1	2.3
3. CENTRALISED MARKETS OF CONTRACTS			
delivered volume (GWh)	836	813	465
% from internal consumption (%)	222.36	222.99	187.11
average price (lei/MWh)	19.9	18.4	9.8
4. DAY AHEAD MARKET			
traded volume (GWh)	994	906	775
% from internal consumption (%)	201.90	203.35	273
average price (lei/MWh)	23.6	20.5	16.3
5. INTRADAY MARKET****			
traded volume (GWh)	0.225	0.144	1.258
% from internal consumption (%)	349.47	335.66	323.27
average price (lei/MWh)	0.005	0.003	0.027
6. BALANCING MARKET			
traded volume (GWh)	278	348	773
% from internal consumption (%)	6.6	7.9	16.3
upward volume (GWh)	145	248	680
average negative imbalance price(lei/MWh)	282.60	296.54	328.40
downward volume (GWh)	133	100	93
average positive imbalance price (lei/MWh)	36.50	29.05	67.18
INTERNAL CONSUMPTION (includes distribution and transmission losses) (GWh)	4211	4428	4746

<i>Note:</i>	*	After a large consultation process with market participants, starting with January 2012, the contracts concluded on other platforms (such as ICAP, TFS) have been separately identified; before this, these volumes had been comprised within negotiated contracts
	**	Supply contracts to consumers and export contracts are not included; volumes traded on negotiated contracts do not include the quantities resulted from the processing contracts concluded between the fuel suppliers and the generators, as this activity is not subject of ANRE regulations and not comprised within the market participants' reports
	***	Export volumes correspond to the quantities for which CN Tranelectrica SA applied extraction component of transmission tariff for export. which in some cases are different to those reported as traded by participants
	****	The average monthly price has been calculated based on monthly traded volume and transaction value published by SC Opcom SA

The percentage of electricity quantities from the internal consumption (see table from above) offers a dimensional reference for each of the specified markets. Prices include only the injection component of the transmission tariff, in this way being comparable within a month and making possible the comparison with the previous month.

The following graph presents the evolution of the relation between the volumes sold on each market and the estimated internal consumption between December 2011 – November 2012.

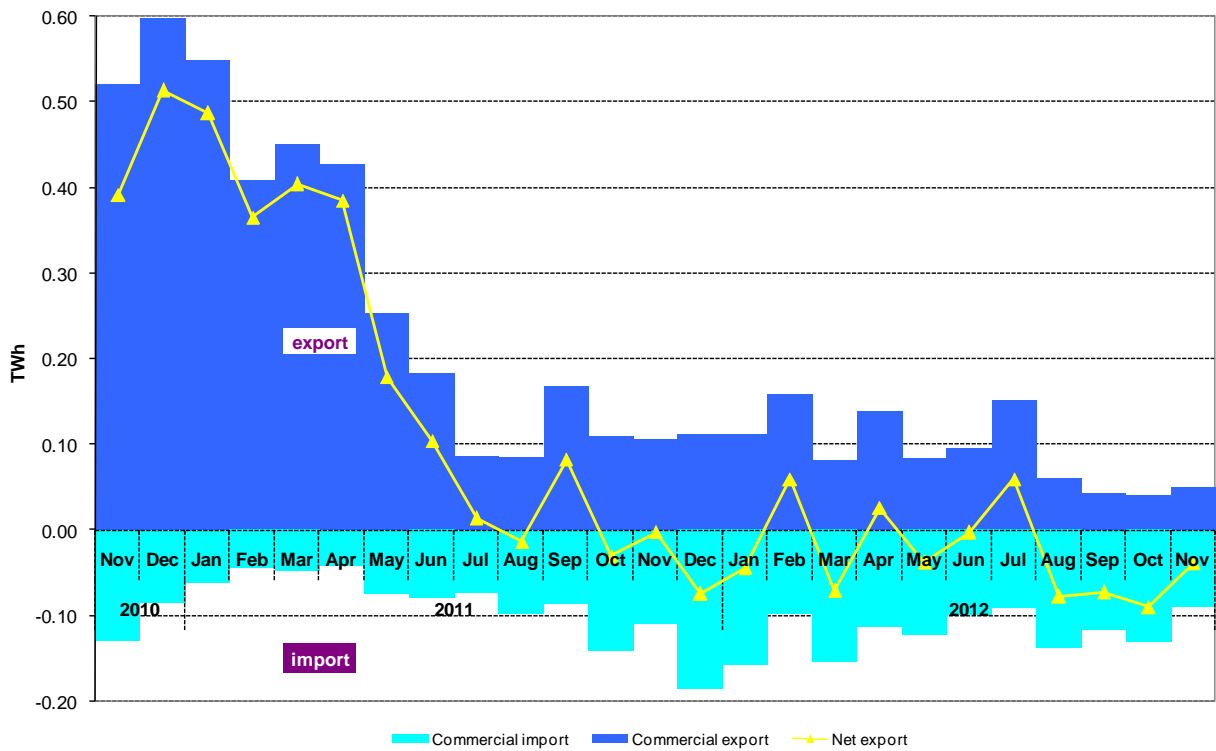


Source: Monthly reports of wholesale market participants. SC Opcom SA and CN Traselectrica SA – processed by MG

Note: In the above graph, the volumes traded on negotiated contracts' market do not include the export trades

The following graph presents the monthly values of commercial export (quantities for which the extraction component of transmission tariff was applied), commercial import (quantities for which the injection component of transmission tariff was applied) and the net export (export minus import) in the last 24 months:

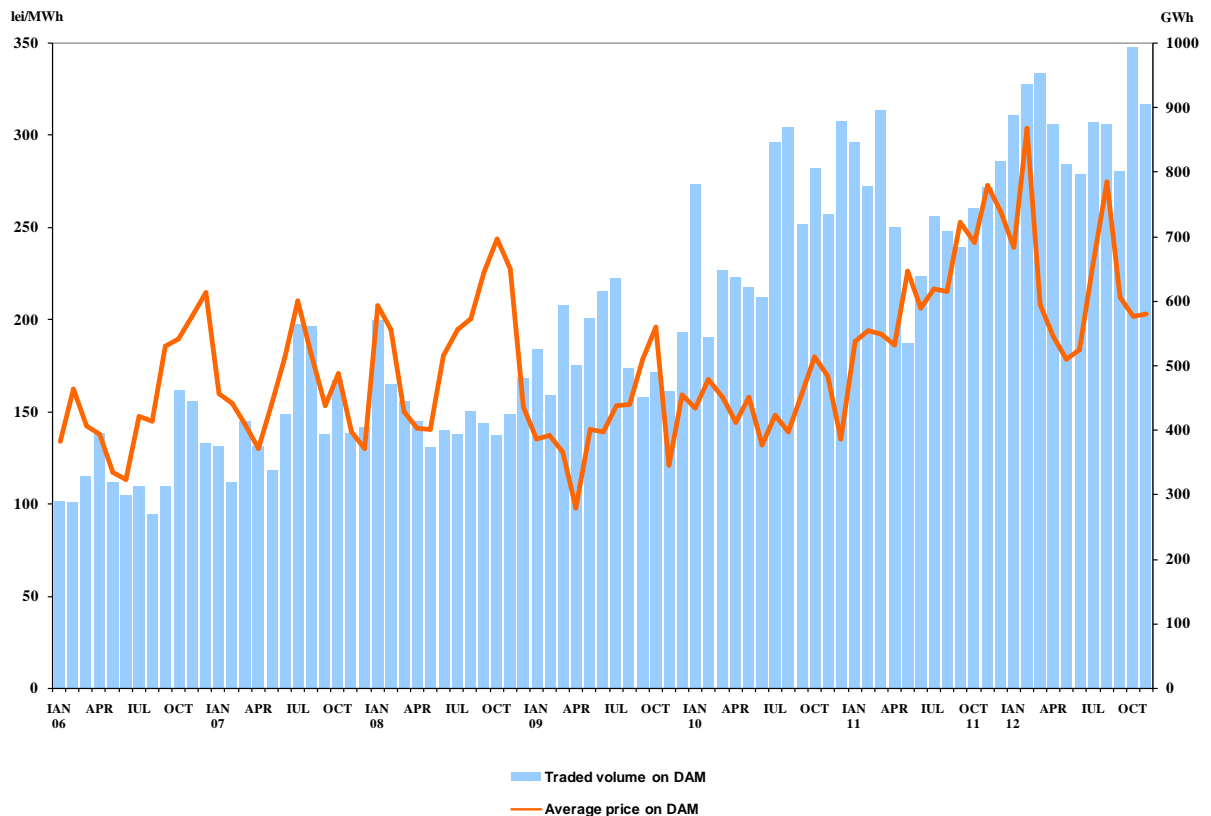
Monthly evolution of export, import and net export of electricity for the last 2 years



Source: Monthly reports of CN Tranelectrica SA – processed by MG

The following graph presents the volumes and the monthly average prices on DAM starting with January 2006.

Monthly evolution of the traded volume and average prices on DAM



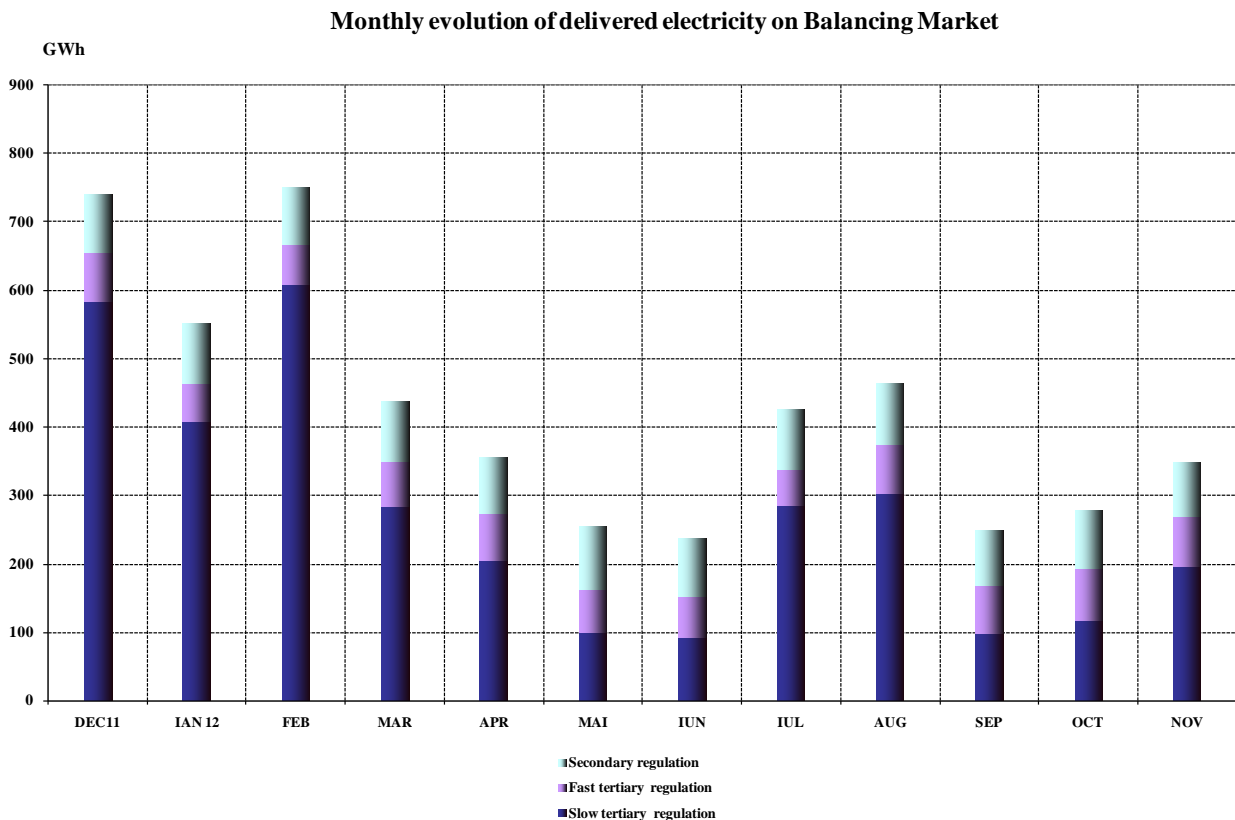
Source: Monthly reports of SC Opcom SA and CN Tranelectrica SA – processed by MG

Balancing electricity is determined by the dispatch orders (accepted offers) received by generators. After settlement, the actual electricity delivered by generators on balancing market is determined based on the measured (approved) values; the relation between the accepted and delivered electricity in November 2012 is presented in the following table:

November 2012	Dispatch order (GWh)	Delivered electricity (GWh)	Deviation (%)
Secondary regulation	79	79	
<i>upward</i>	34	34	
<i>downward</i>	44	44	
Fast tertiary regulation	81	73	10
<i>upward</i>	38	36	5
<i>downward</i>	44	38	14
Slow tertiary regulation	203	196	4
<i>upward</i>	183	178	3
<i>downward</i>	20	18	11
TOTAL	363	348	
<i>upward</i>	255	248	
<i>downward</i>	108	100	
INTERNAL CONSUMPTION		4428	
<i>% share of traded volumes from internal consumption</i>		<i>7.9%</i>	

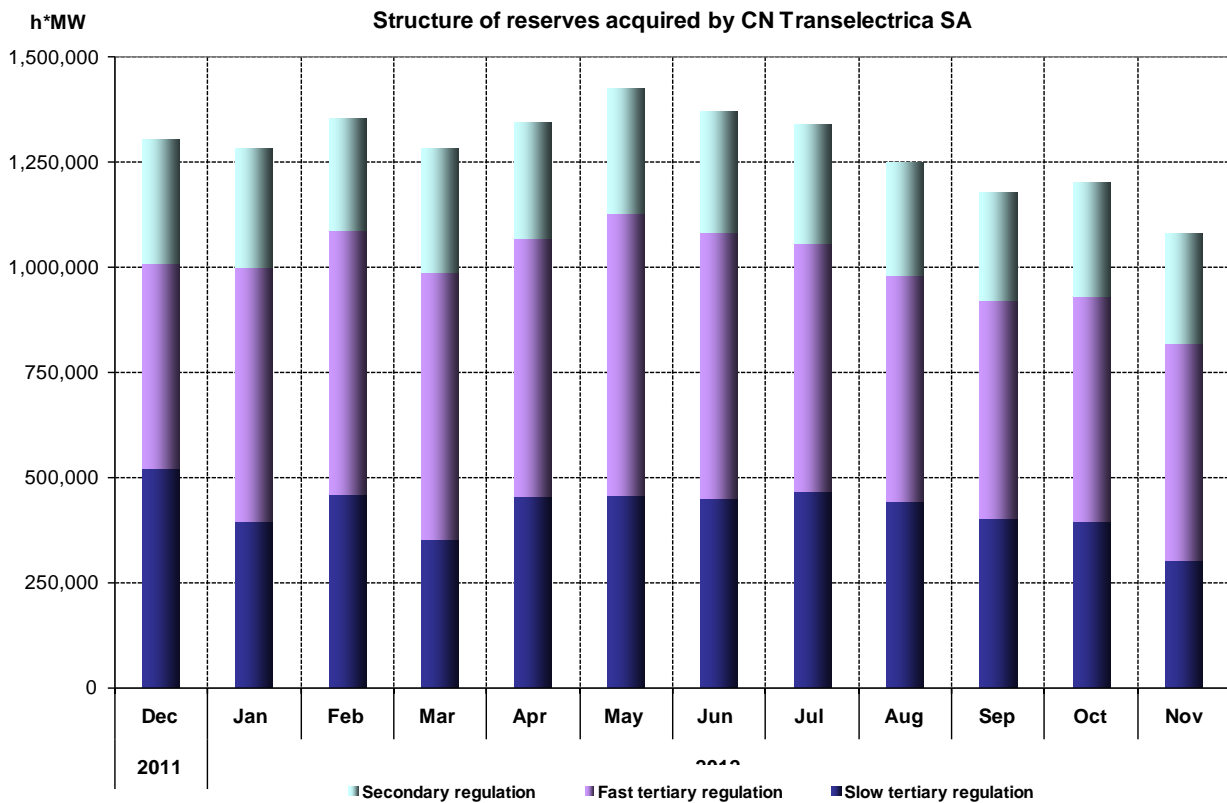
Source: Monthly reports of CN Traselectrica SA – processed by MG

The structure of balancing electricity delivered in the system on each type of regulation starting from December 2011 is presented in the graph below:



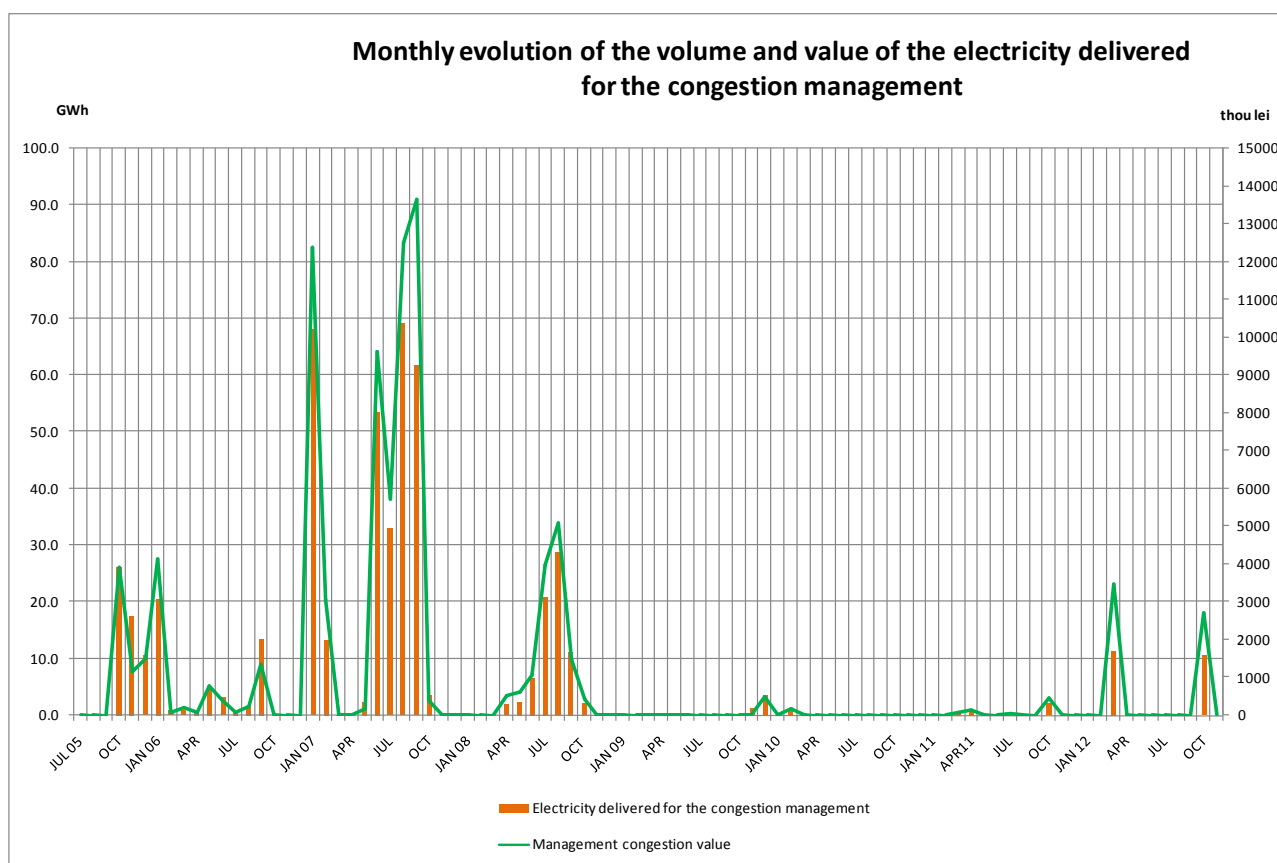
Source: Monthly reports of CN Traselectrica SA – processed by MG

For comparison, the following graph presents the evolution of reserves (ancillary services, i.e. obligations of generators to maintain their contracted capacities available for dispatching/offering on BM) acquired/paid by CN Tranelectrica SA starting from December 2011:



Source: Monthly reports of CN Tranelectrica SA – processed by MG

The following graph presents the evolution of electricity traded by CN Tranelectrica SA on the Balancing Market for covering the electricity used for congestion management (in order to solve the congestions occurred within the transmission grid) and the evolution of the values of these transactions starting from July 2005.



Source: Monthly reports of CN Transelectrica SA – processed by MG

5. Trading structure on the wholesale electricity market of different participant categories

Generators

The structure of electricity sales obligations contracted before delivery day by the electricity generators with dispatchable units in November 2012 compared to previous month and October 2011 was the following:

Transaction type	- GWh -		
	October 2012	November 2012	November 2011
0	1	2	3
Regulated to incumbents, thermal generators	671.18	804.26	1095.56
Regulated to incumbents, hydro generator	204.92	245.57	117.31
Regulated to incumbents, nuclear generator	494.18	440.47	508.00
Regulated for distribution losses, thermal generators	226.65	288.06	399.32
Regulated for distribution losses, hydro generator	82.33	117.95	27.27
Regulated for distribution losses, nuclear generator	185.14	179.57	136.02
Regulated for transmission losses, thermal generator	0.00	0.00	74.54
Regulated, to other generators (with return of obligation within a year)	7.91	18.84	59.88
Negotiated, to other generators	0.00	0.00	146.68
Negotiated, to suppliers	470.15	537.70	648.74
Contracts concluded on centralized markets (CMBC, CMBC-NC, RCE)	819.80	801.92	439.16
Supply to consumers (regulated and competitive)	343.11	342.42	311.28
Export	0.00	0.00	34.05
DAM	711.31	601.76	485.59
Total	4216.69	4378.52	4483.39

Source: Monthly reports of generators – processed by MG

Suppliers

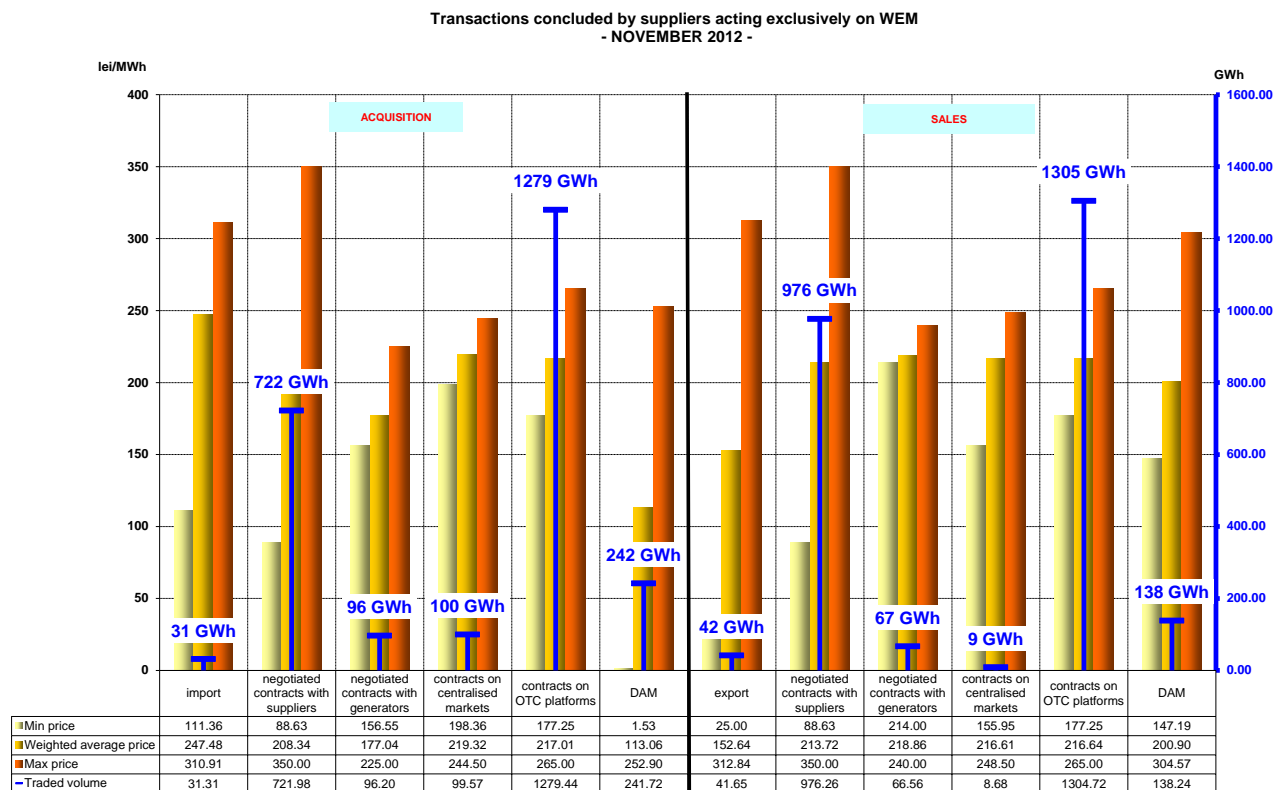
In November 2012, 77 companies having as main activity the supply of electricity concluded transactions on the electricity market; from these, 37 suppliers traded electricity exclusively on the wholesale market and 40 suppliers on both retail and wholesale markets (in this category are also included the 5 incumbent suppliers).

Suppliers acting exclusively on WEM

The following table shows the activity for November 2012 compared to November 2011 of the suppliers acting exclusively on WEM, acquisitions and sales being split by categories of markets/participants:

	- GWh -	
Transactions' structure of suppliers acting exclusively on WEM	November 2011	November 2012
Acquisitions		
Import	22.27	31.31
Negotiated contracts with suppliers	2435.70	721.98
Negotiated contracts with generators	64.88	96.20
Contracts concluded on centralized markets	21.96	99.57
Contracts on OTC platforms	0.00	1279.44
DAM	154.21	241.72
Sales		
Export	54.57	41.65
Negotiated contracts with suppliers	2425.77	976.26
Negotiated contracts with generators	92.89	66.56
Contracts concluded on centralized markets	25.68	8.68
Contracts on OTC platforms	0.00	1304.72
DAM	166.45	138.24

In addition to the data from the table above, the following graph presents the minimum, average and maximum actual prices by categories of transactions completed by the suppliers acting exclusively on WEM (traders) in November 2012:



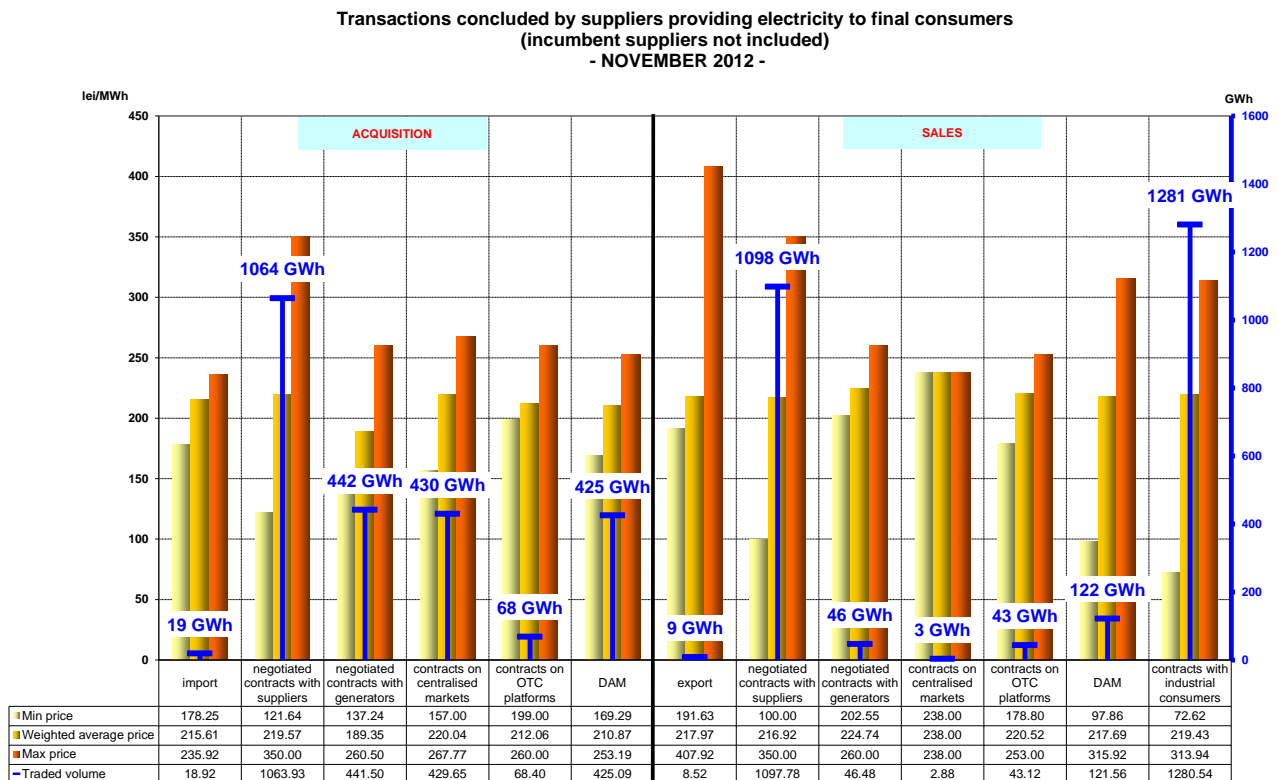
Source: Monthly reports of the competitive suppliers – processed by MG

Active suppliers on REM (the incumbent suppliers are not included)

The following table presents aggregated information on transactions volume and structure for suppliers providing electricity to final consumers, on the competitive market, for November 2012 and November 2011.

	- GWh -	
Transactions' structure of suppliers providing electricity to final consumers (the incumbent suppliers are not included)	November 2011	November 2012
Acquisitions		
Import	41.22	18.92
Negotiated contracts with suppliers	1119.55	1063.93
Negotiated contracts with generators	583.85	441.50
Contracts concluded on centralized markets	385.28	429.65
Contracts on OTC platforms	0.00	68.40
DAM	428.13	425.09
Sales		
Export	18.51	8.52
Negotiated contracts with suppliers	1340.03	1097.78
Negotiated contracts with generators	32.08	46.48
Contracts concluded on centralized markets	0.00	2.88
Contracts on OTC platforms	0.00	43.12
DAM	66.33	121.56
Contracts with industrial consumers	1348.87	1280.54

In addition to the data from the table above, the following graph presents the sales structure and the minimum, average and maximum actual prices by categories of transactions completed by suppliers providing electricity to final consumers in November 2012:



Source: Monthly reports of the competitive suppliers – processed by MG

Incumbent suppliers

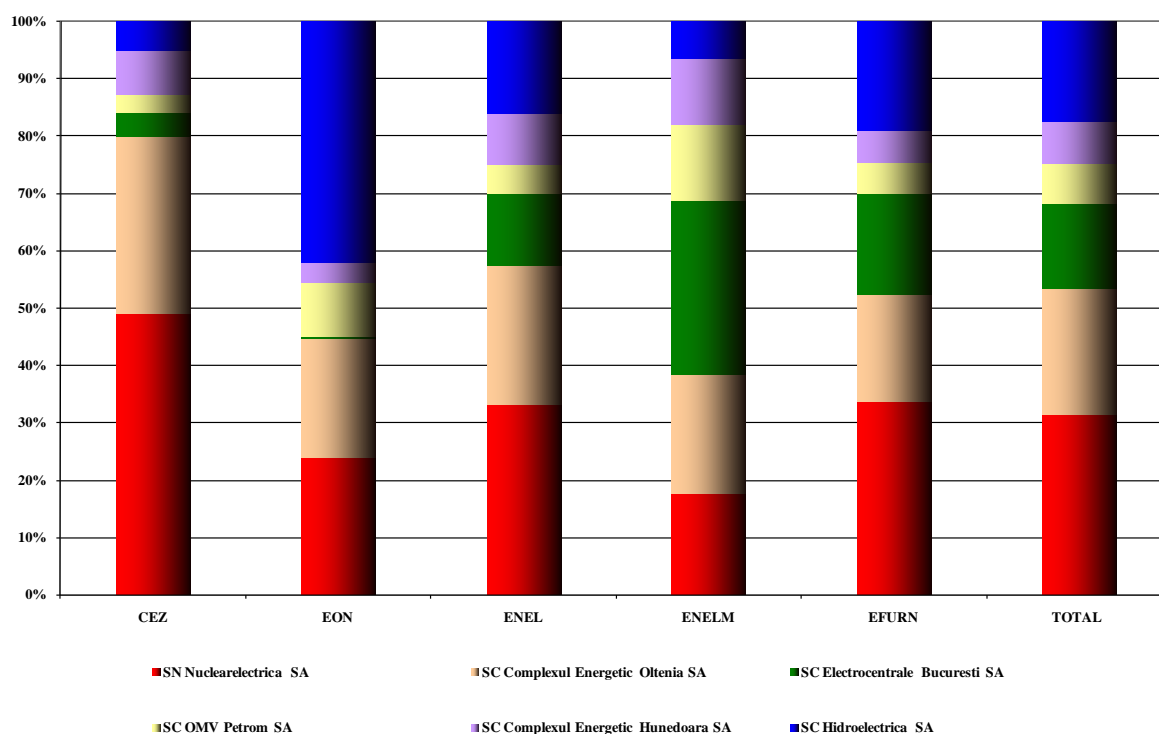
Electricity acquisition structure of incumbent suppliers (before the delivery day), for supplying the regulated market consumers, is presented in the table below, for November 2012 compared to the situation of November 2011:

- GWh -

Acquisition structure of incumbent suppliers for regulated REM component	November 2011	November 2012
Regulated contracts with generators	1774.48	1512.90
Negotiated contracts	0.43	27.09
Contracts concluded on centralized markets	0.00	85.32
Intraday	0.00	0.08
DAM	20.60	119.81

The structure of the electricity purchased by the incumbent suppliers from the main generators on regulated contracts is presented in the following graph for November 2012:

**Electricity acquisition from main generators, on regulated contracts, of incumbent suppliers for delivering electricity to final consumers on regulated market
NOVEMBER 2012**



Source: Monthly reports of the incumbent suppliers – processed by MG

Under the Memorandum of Understanding approved by the Romanian Government in its meeting of 13 March 2012 and in accordance with the obligations assumed by the Romanian Government in relation with the IMF, World Bank and European Commission there has been approved the timetable for the phasing out of regulated electricity tariffs to final consumers who choose not to exercise their eligibility rights.

Under these circumstances, the incumbent suppliers apply a new tariff for the active power to the non-household customers who do not exercise their eligibility rights called the “Competitive Market Component” (CMC).

Therefore, starting with 1st September 2012, the incumbent suppliers display this tariff component separately in the bills of non-household customers who do not exercise their eligibility rights, which was proposed by each incumbent supplier and finally approved by ANRE, in accordance with the provisions of ANRE Order no. 30/2012 for approving the Methodology to set up prices and tariffs to the final customers who chose not to exercise their eligibility rights.

The following table presents the electricity acquisition structure of incumbent suppliers for CMC (before the delivery day) for November 2012.

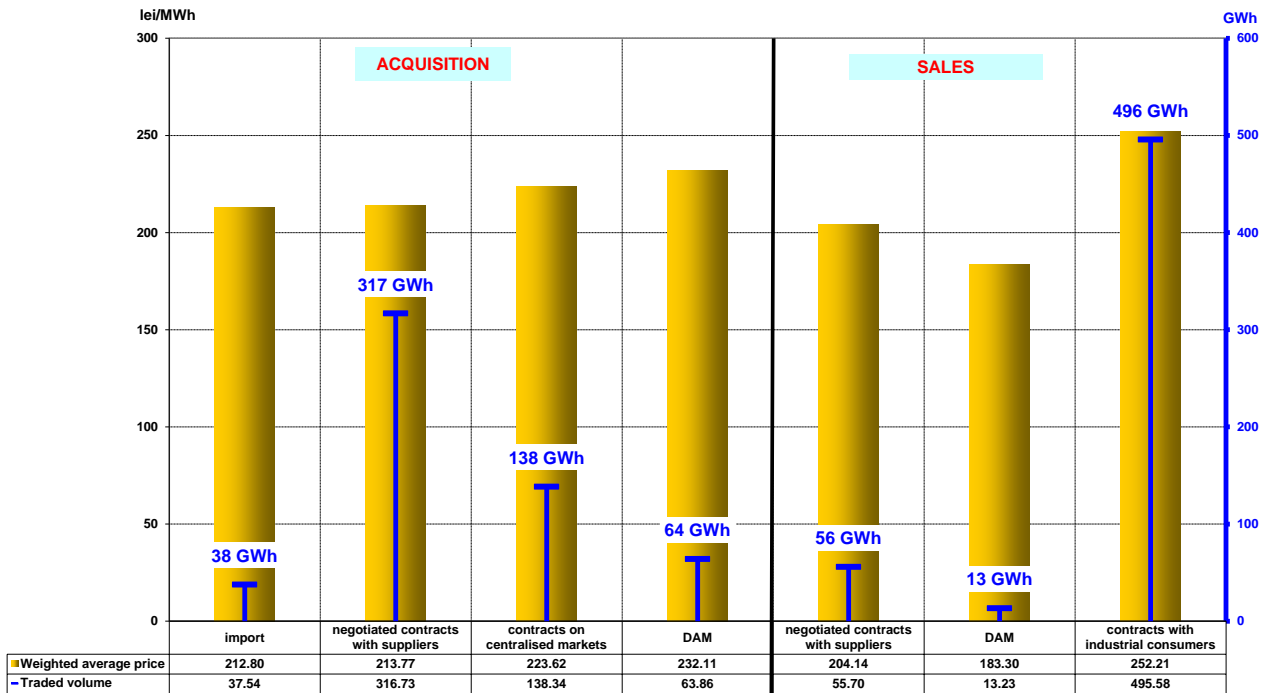
Acquisition structure of incumbent suppliers for CMC	Quantity [GWh]	Average price [lei/MWh]
Negotiated contracts	15.02	244.95
Contracts concluded on centralized markets	46.62	236.63
Contracts IntraDay	0.00	0.00
DAM	28.33	236.59
TOTAL	89.97	237.12

Similar to the situation presented for the regulated REM, the table below presents the structure of incumbent suppliers’ transactions (before the delivery day), corresponding to the competitive REM (energy supplied at negotiated prices to the consumers who renounced to regulated tariffs) for November 2012 compared to November 2011:

Transactions’ structure of incumbent suppliers for competitive REM component	- GWh -	
	November 2011	November 2012
Acquisitions		
Import	45.29	37.54
Negotiated contracts with suppliers	376.69	316.73
Contracts concluded on centralized markets	0.00	138.34
DAM	158.54	63.86
Sales		
Negotiated contracts with suppliers	166.60	55.70
Negotiated contracts with distributors	0.00	0.00
Contracts concluded on centralized markets	3.29	0.00
DAM	1.39	13.23
Final consumers	501.48	495.58

The structure by types of sources/destinations of the traded volumes combined with the actual average prices of the incumbent suppliers corresponding to the competitive segment of REM is presented in the following graph for November 2012:

Transaction concluded by incumbent suppliers providing electricity
on the competitive component of REM
- NOVEMBER 2012 -



Source: Monthly reports of the incumbent suppliers – processed by MG

Main distribution operators

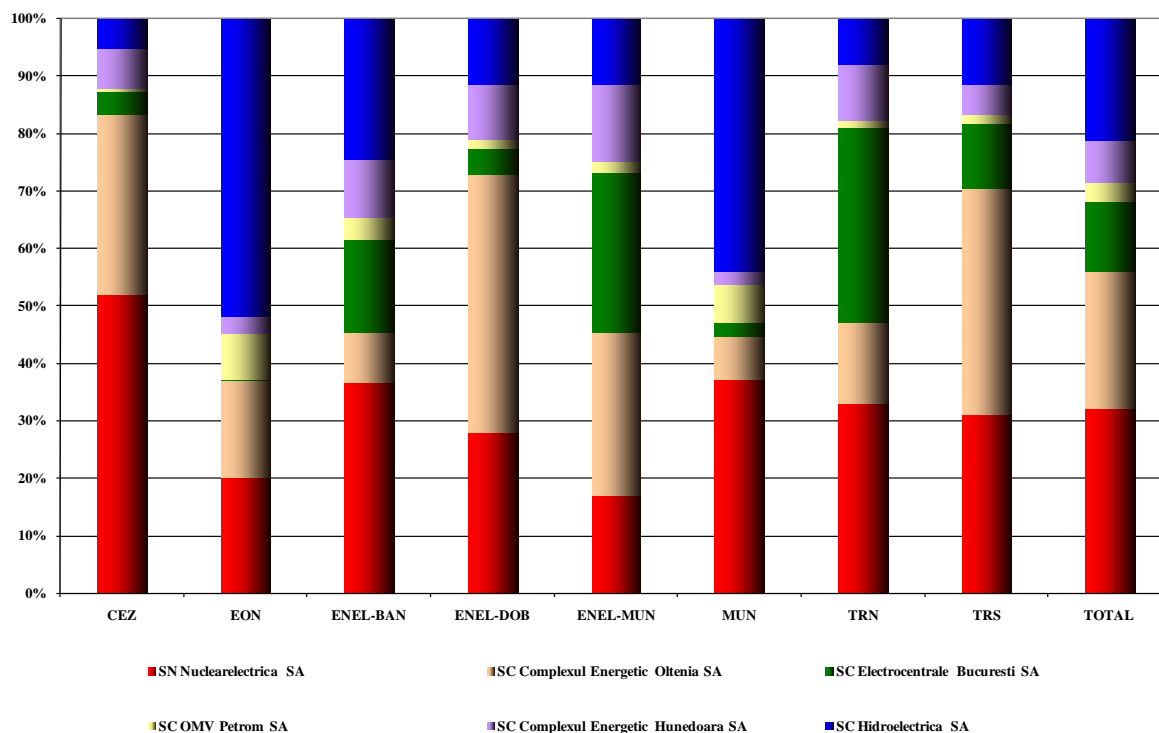
The following table shows the electricity acquisition structure of main distribution operators (before the delivery day), for covering the distribution network losses, for November 2012 compared to November 2011:

- GWh -

Acquisition structure	November 2011	November 2012
Regulated contracts with generators	576.18	591.47
Negotiated contracts with suppliers	3.29	0.00
DAM	83.11	29.70

The electricity purchased by the 8 distribution operators from the main generators on regulated contracts, for covering their network losses is presented in detail in the following graph, for November 2012:

**Electricity acquisition of distribution operators from main generators, on regulated contracts, for covering the distribution losses
NOVEMBER 2012**



Source: Monthly reports of the distribution operators – processed by MG

6. Concentration indicators on the wholesale electricity market and its components

According to the economic theory and the EU documents, the following market concentration indicators may be defined:

- HHI, Herfindahl-Hirschman Index = sum of square market shares (%) of participants:
The indicator values signify:

HHI < 1000	non-concentrated market;
1000 < HHI < 1800	moderately concentrated market;
HHI > 1800	highly concentrated market.
- C3 = sum of market shares of the main three participants in the market:
The indicator values signify:

40% < C3 < 70%	moderately concentrated market;
C3 > 70%	highly concentrated market.

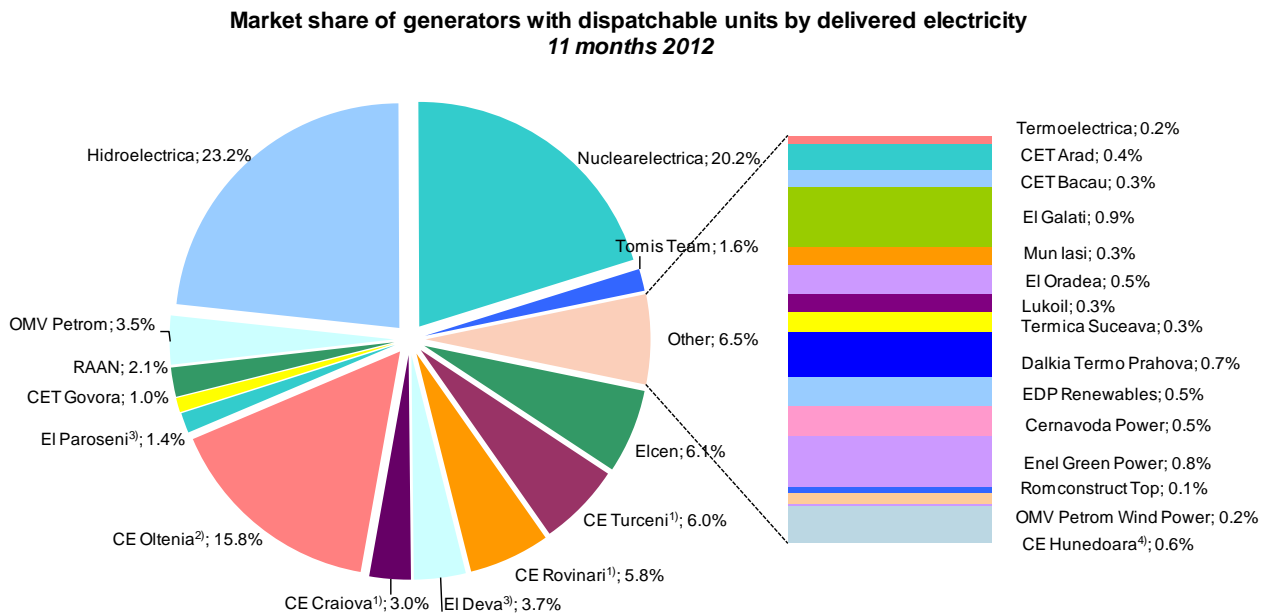
These concentration indicators may be defined for the wholesale market (electricity market or ancillary services market) or for each of its components where direct competition takes place.

Concentration indicators and market shares of the electricity generators

The market structure regarding the electricity generation offers an initial basis for analyzing the possible competitiveness level of the electricity market. The following table presents the concentration indicators of electricity generation for November 2012, calculated based on electricity delivered into the networks by the generators with dispatch units.

Concentration indicators - November 2012 -	C1 (%)	C3 (%)	HHI
Value	30.1	69.5	1791

The market shares of the electricity generators, taking into account all components of the wholesale electricity market, are presented in the following graph, for the first 11 months from 2012. These market shares are calculated based on the electricity delivered into networks and separately for CE Rovinari, CE Turceni and CE Craiova until the moment CE Oltenia obtained its generation license. The same calculus is applied to Electrocentrale Paroşeni and Electrocentrale Deva, until their merger from November 2012.



1) referring to 1st January - 10th June 2012
 2) referring to 11th January - 30th November 2012
 3) referring to January-October 2012
 4) referring to November 2012

Structure indicators
C1 - 23.2%
C3 - 59.3%
HHI - 1355

Source: Monthly reports of generators – processed by MG

A component of the WEM where direct competition between generators exists is the Balancing Market (BM). The values of concentration indicators on this market are determined based on effectively delivered electricity, for each type of regulation defined within the Commercial Code, and they are presented in the following table for November 2012:

Structure/concentration indicators of BM - November 2012 -	Regulation					
	Secondary		Fast tertiary		Slow tertiary	
	upward	downward	upward	downward	upward	downward
C1 - % -	56	51	70	44	36	64
C3 - % -	99	99	91	92	83	90
HHI	4703	4543	5190	3192	2558	4497

The competition between generators is also present when speaking about the ensuring the reserves necessary for security of supply in the NES. Due to the fact that generators have different levels of capabilities for ensuring this type of service, this market has an important regulated component. The relationship between regulated and competitive components on the Ancillary Services Market (ASM) as well as the main concentration indicators on each type of reserve (secondary, fast tertiary and slow tertiary) are presented in the following table for November 2012:

Concentration indicators on ASM - November 2012 -		Secondary reserve	Fast tertiary reserve	Slow tertiary reserve
regulated component	contracted quantity (h*MW)	259200	518400	252000
	C1 (%)	48.0	81.9	45.0
	C3 (%)	98.4	93.0	92.1
competitive component	contracted quantity (h*MW)	0	0	50400
	C1 (%)	-	-	60.7
	C3 (%)	-	-	100
	HHI	-	-	5230

Concentration Indexes for the Day Ahead Market

Day Ahead Market (DAM) is a voluntary market, opened both for buying and selling for all types of market participants: generators, suppliers, grid operators, under applicable regulations.

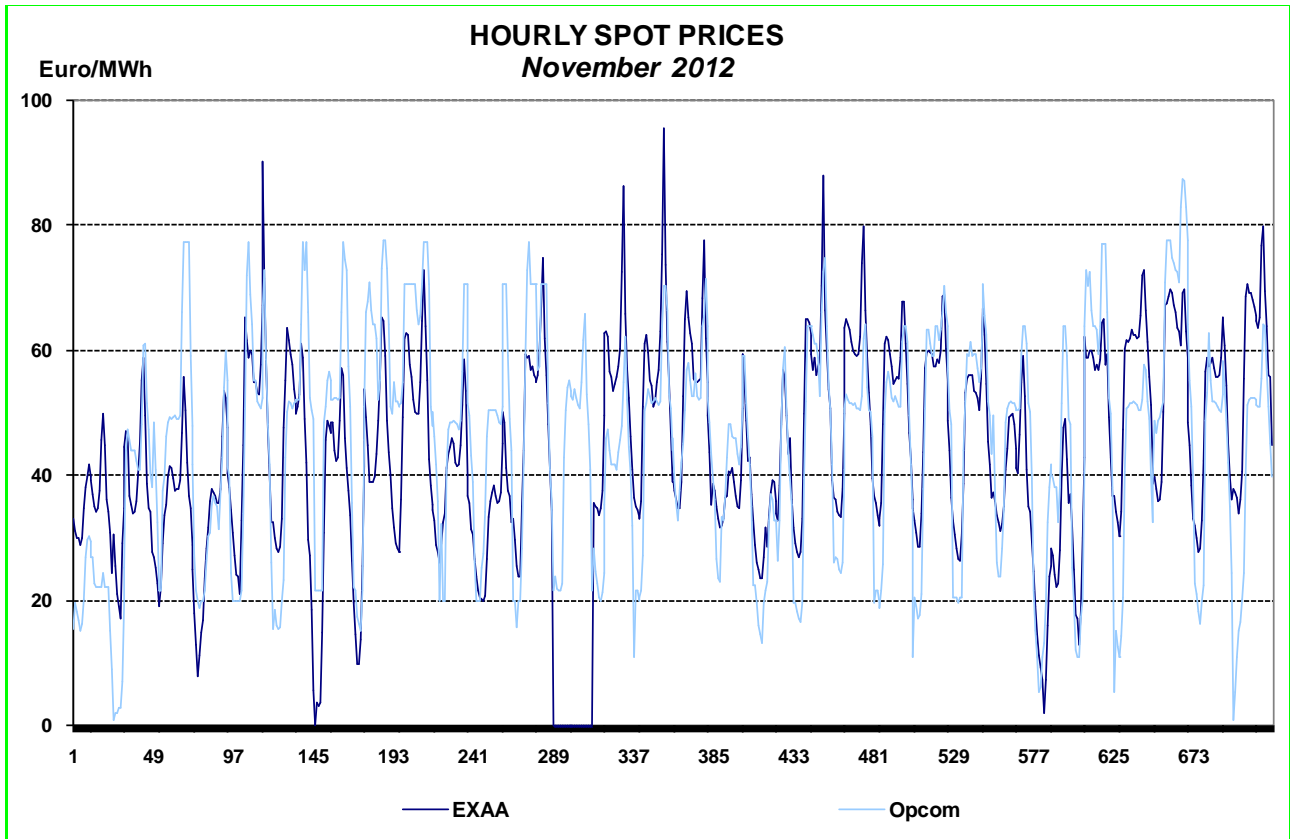
The concentration indicators on DAM reflects the level of competition between sellers and between buyers respectively, the dynamics of both influencing the price level. The following table presents C1, C3 and HHI for buying and for selling side of DAM in November 2012, based on quantities traded by participants on this market.

Concentration indicators on DAM - November 2012 -	C1 (%)	C3 (%)	HHI
Buying	19.46	35.82	736
Selling	18.47	41.97	829

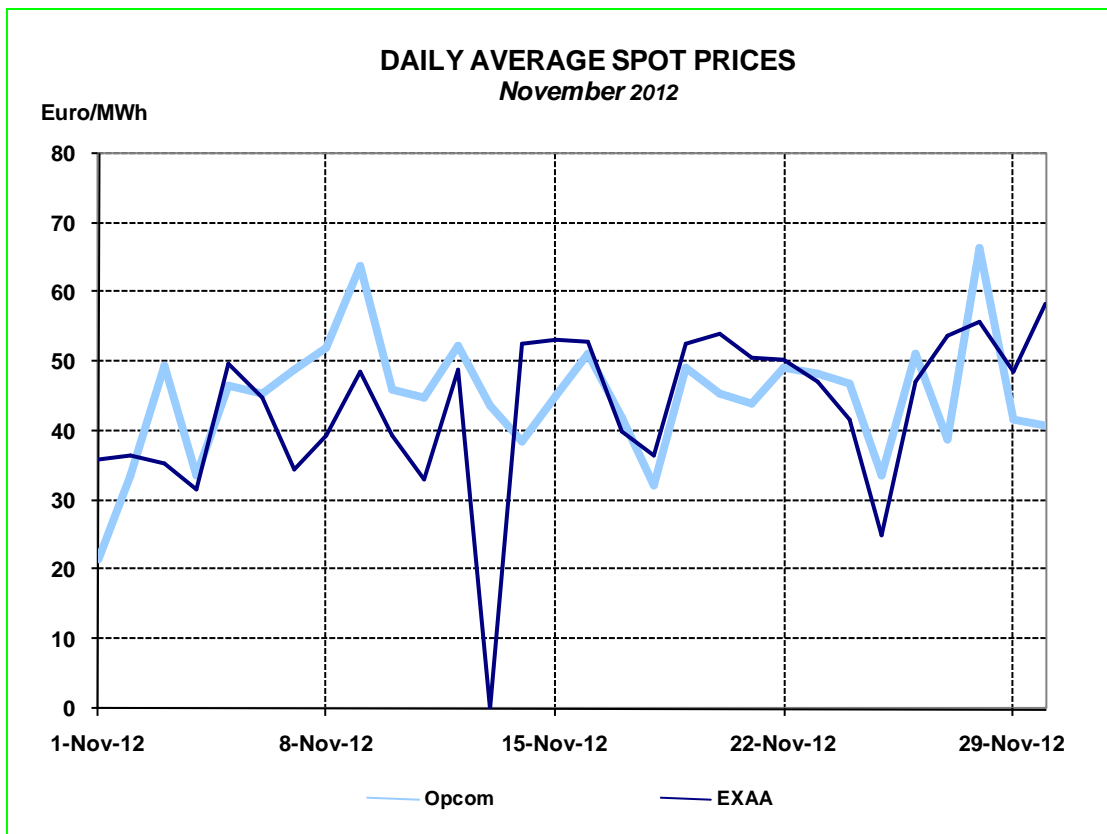
7. Price evolution on wholesale electricity market

SC Opcom SA is the administrator of DAM. The MCP on DAM represents a reference value for the prices on the bilateral contracts. The evolutions of hourly and daily average prices on DAM in November 2012 are presented in the following graphs, along with the prices on EXXA.

For comparison with prices on the European power exchanges, the spot price on SC Opcom SA is denominated in EUR, taking into consideration the daily exchange rates Euro/leu communicated by the National Bank of Romania.



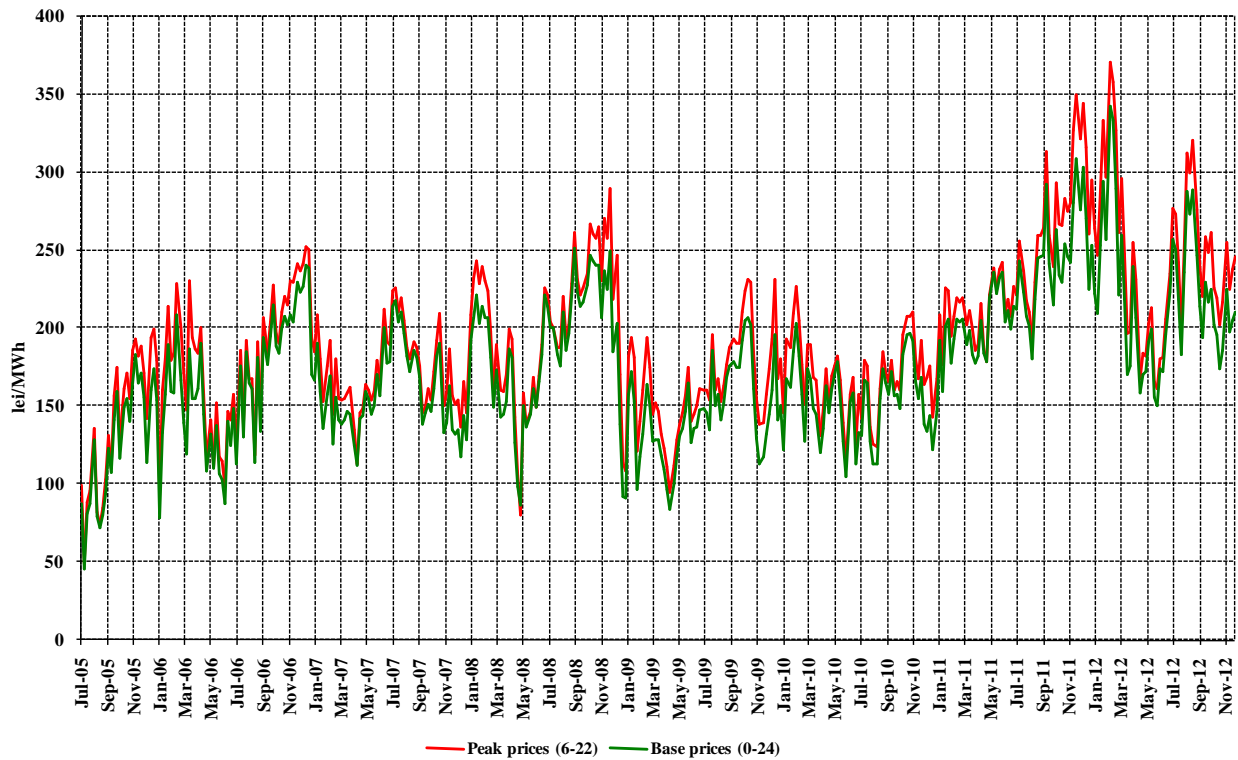
Source: Daily reports of SC Opcom SA and published data of EXAA
– processed by MG



Source: Daily reports of SC Opcom SA and published data of EXAA
– processed by MG

The following graph presents the evolution of weekly average spot prices starting with July 2005:

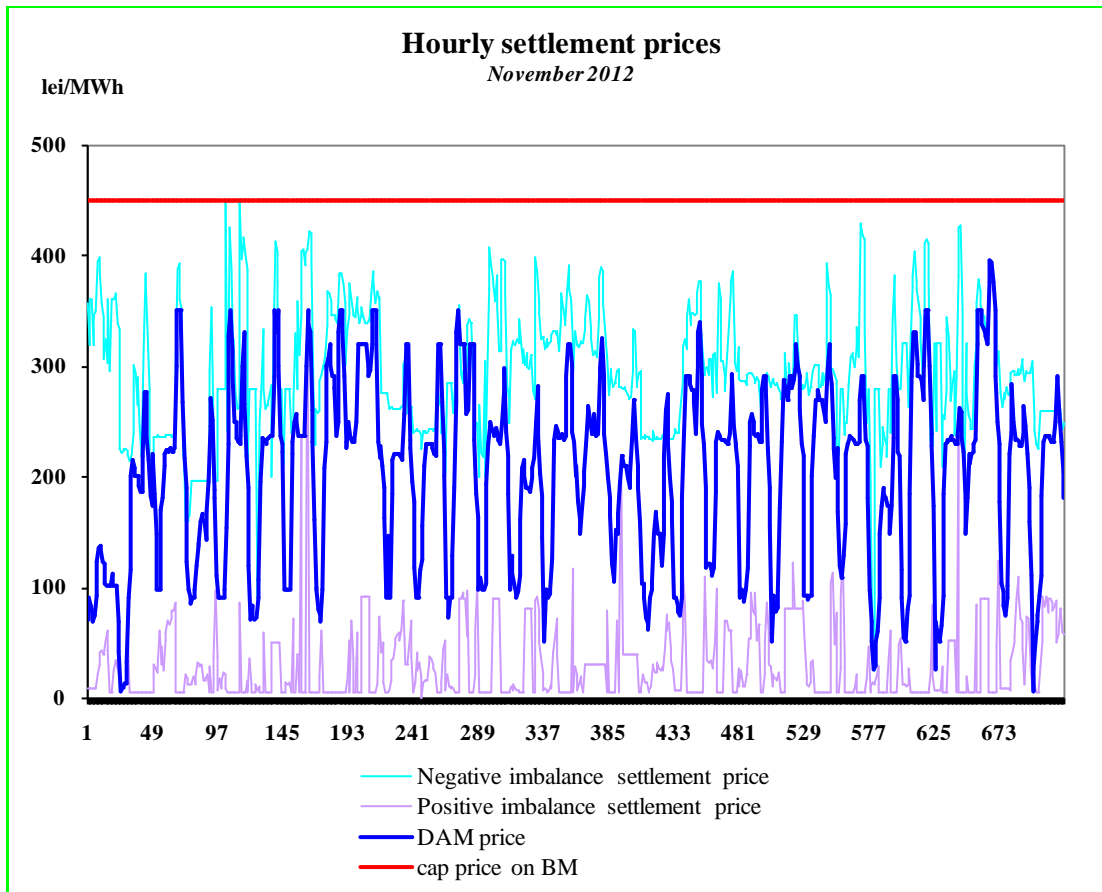
Weekly average spot prices
July 2005 - November 2012



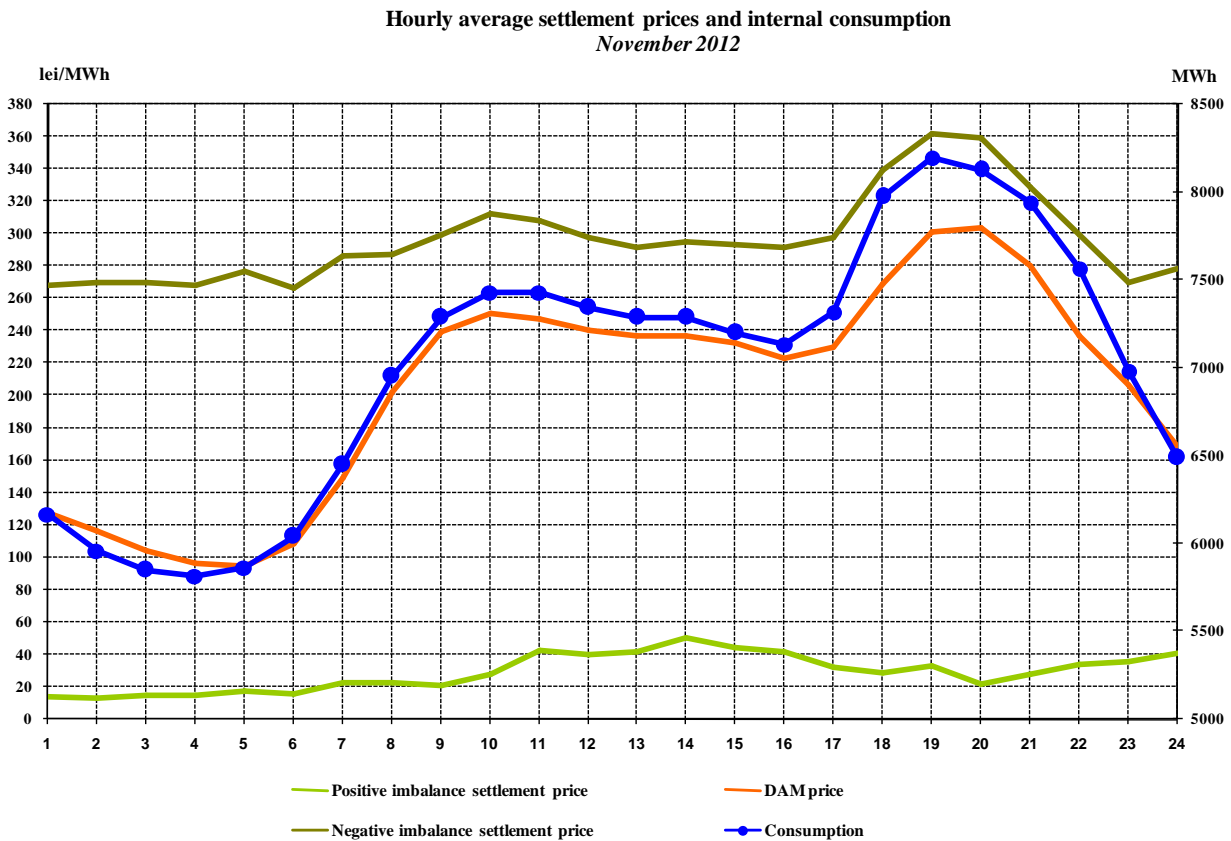
Source: Daily reports of SC Opcom SA – processed by MG

In order to cover the differences between planned/contracted amounts of consumption/ generation and the real time consumption, the system operator (CN Transelectrica SA) operates the BM by buying or "selling" electricity at prices determined by the merit order of dispatchable generators' offers. The participants who generate the imbalances, grouped in BRPs, have to bear the imbalances costs. For the negative imbalances, they have to pay the settlement price resulting from the upward bids accepted on the BM, while for the positive imbalances they receive the settlement price resulting from the downward bids accepted on the BM.

The settlement prices (MCP on DAM, negative imbalance settlement price and positive imbalance settlement price) are represented on the same graph, showing the two markets correlation degree. In the first graph the prices are expressed in hourly values, in the second graph in hourly average values compared to internal consumption, and in the last graph in average monthly values.

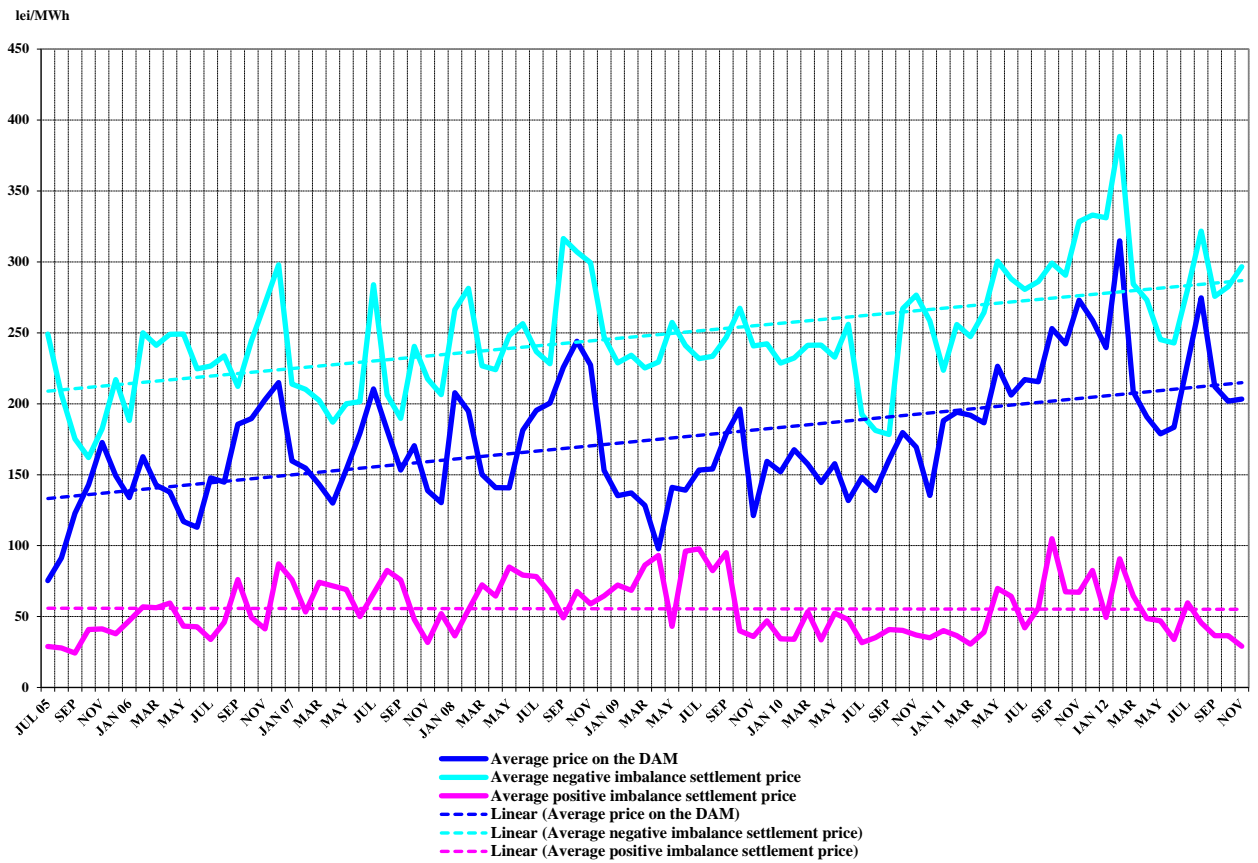


Source: Daily/monthly reports of SC Opcom SA – processed by MG



Source: Monthly reports of SC Opcom SA and CN Transselectrica SA – processed by MG

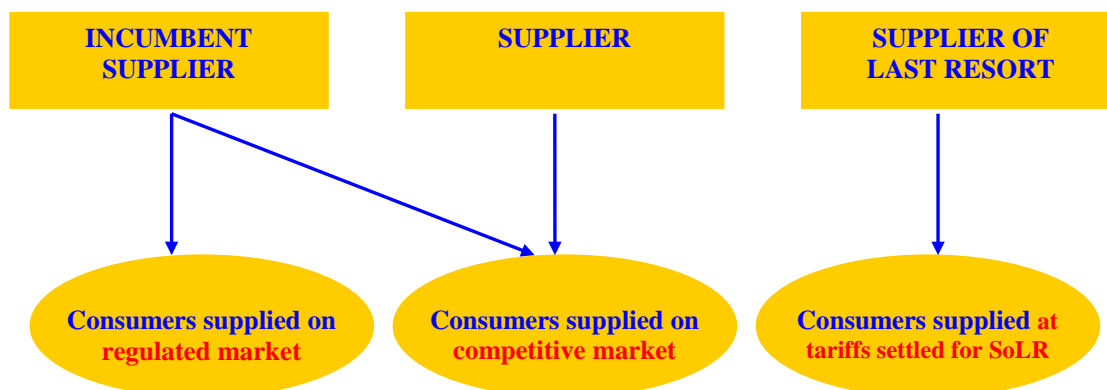
Monthly average prices on DAM and BM
July 2005 - November 2012



Source: Monthly/daily reports of SC Opcom SA – processed by MG

III. RETAIL ELECTRICITY MARKET

1. Structure of the retail electricity market



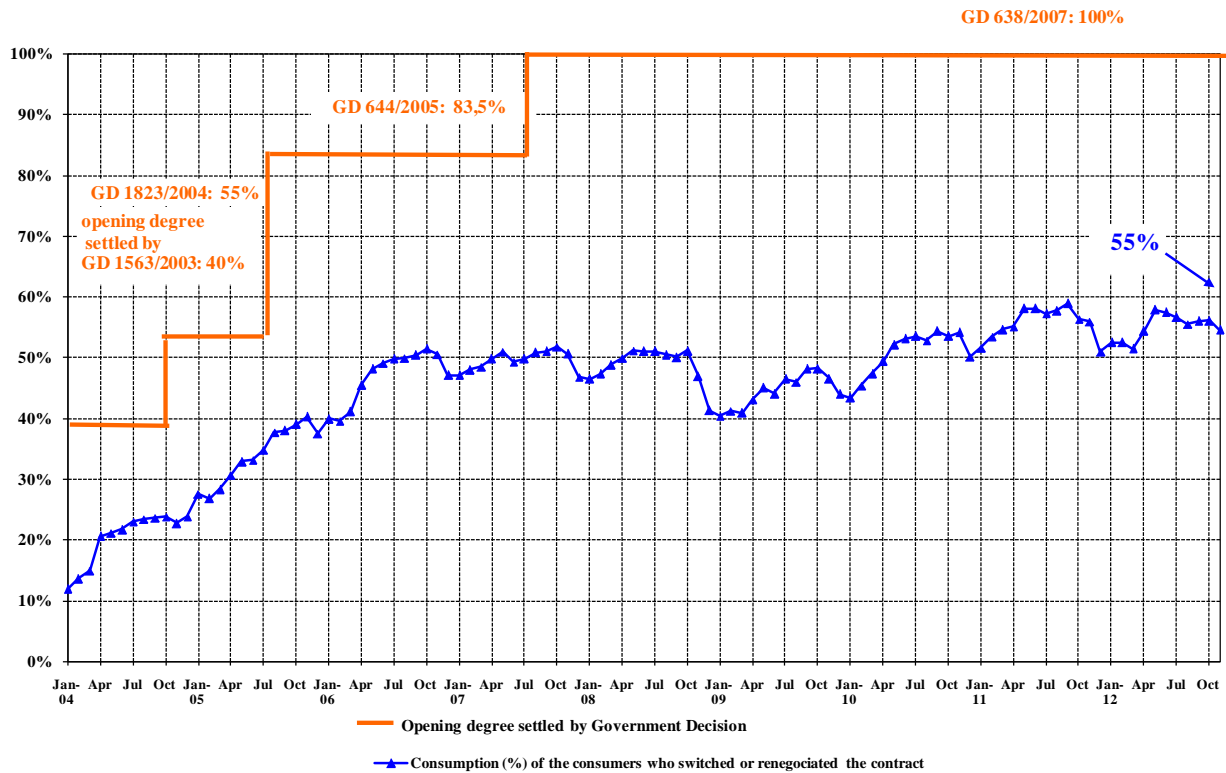
2. Steps in the opening process of the electricity market

Government Decision	Opening degree %	Annual consumption threshold GWh/year
No. 122/2000, published in O.G. 77/21.02.2000	10	100
No. 982/2000, published in O.G. 529/27.10.2000	15	100
No. 1272/2001, published in O.G. 832/21.12.2001	25	40
No. 48/2002, published in O.G. 71/31.01.2002	33	40
No. 1563/2003, published in O.G. 22/12.01.2004	40	20
No. 1823/2004, published in O.G. 1062/16.11.2004	55	1
No. 644/2005, published in O.G. 684/29.07.2005	83.5	-
No. 638/2007, published in O.G. 427/27.06.2007	100	-

3. Electricity market opening degree

The following graph contains the quota of the consumption from total consumption, of the consumers who switched their supplier or renegotiated their contracts with the suppliers operating on the regulated market, during January 2004 – November 2012. The values presented are cumulated from the beginning of the opening process and are presented monthly:

Opening degree evolution for electricity market
January 2004 - November 2012



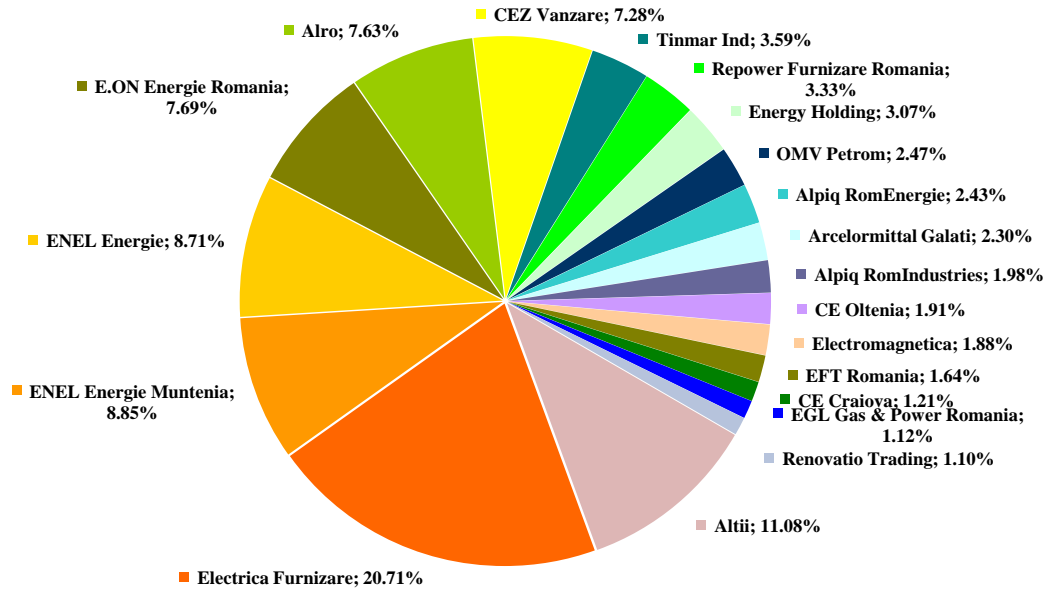
Source: Monthly reports of the final consumers' suppliers – processed by MG

4. Market shares of the electricity suppliers

In the following three graphs there are presented the market shares of electricity suppliers on the retail market, calculated:

- a) for all suppliers (including the incumbents) on REM – based on the electricity supplied to the consumers on regulated tariffs (including CMC) as well as to the consumers who switched their supplier or renegotiated their contract;

Market shares of suppliers for final consumers
- JANUARY - NOVEMBER 2012 -



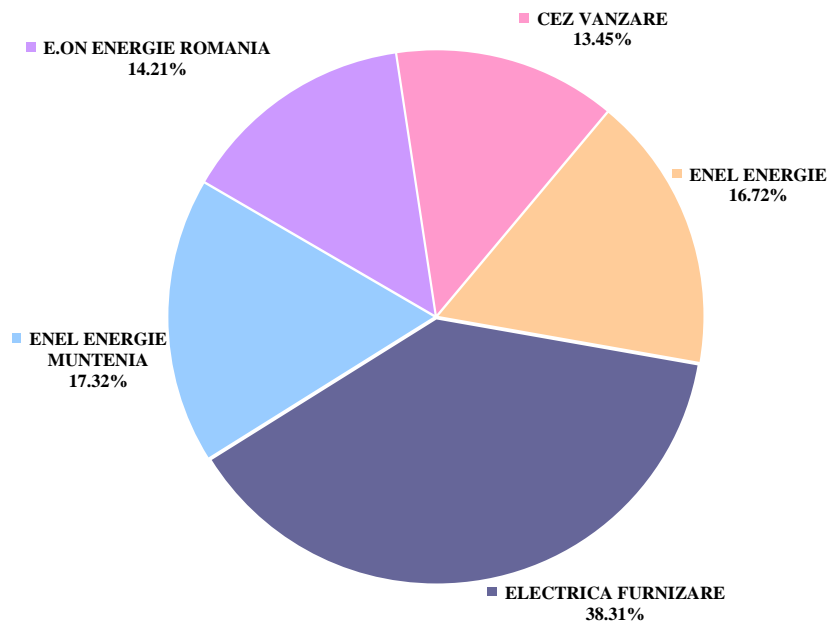
Category "Altii" includes 43 suppliers with individual market share less than 1%

Final consumption: 42130 GWh

Source: Monthly reports of the incumbent suppliers– processed by MG

b) for incumbent suppliers - based on the electricity supplied to the consumers at regulated tariffs:

Market shares of incumbent suppliers on regulated market
- JANUARY - NOVEMBER 2012 -

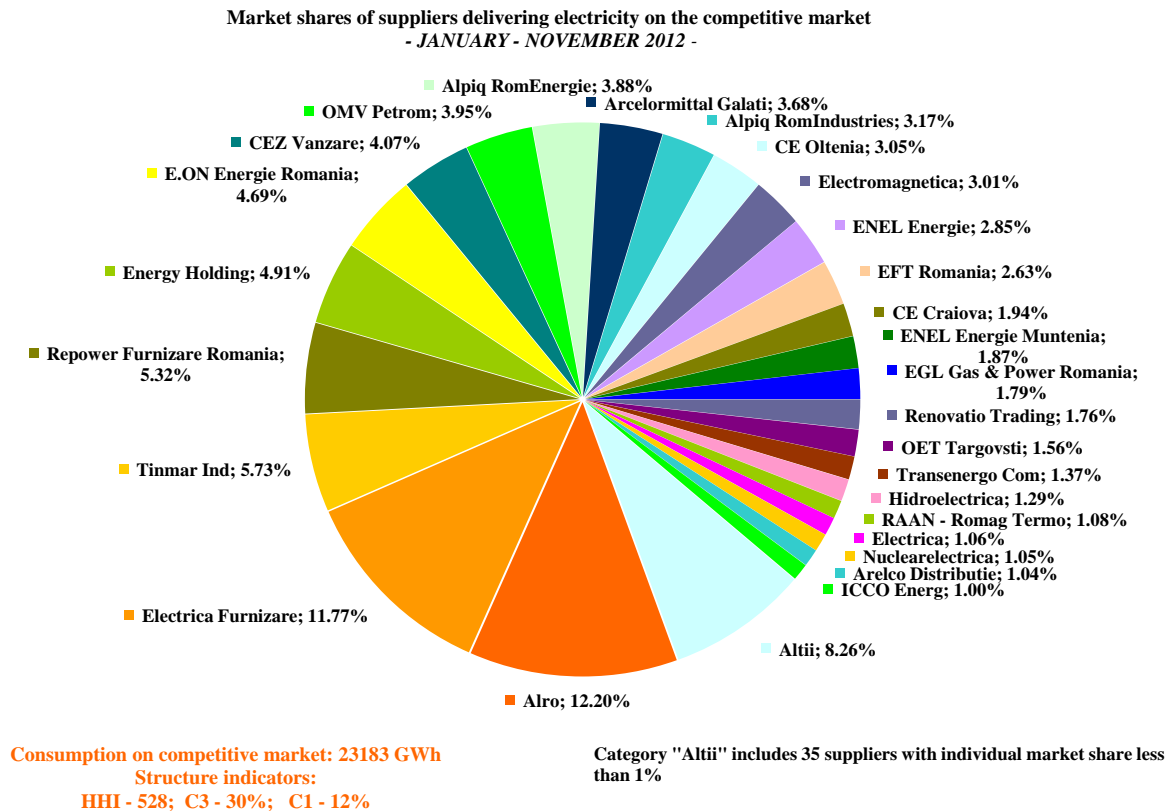


Consumption of consumers supplied at regulated tariffs: 18947 GWh

Source: Monthly reports of the incumbent suppliers– processed by MG

and

- c) for all suppliers (including the incumbents) based on the electricity supplied for the consumers at negotiated prices on competitive component of REM:



Source: Monthly reports of the competitive suppliers – processed by MG

The structure indicators were calculated without considering the principle of dominance. The delivered electricity (used for calculating the market shares) comprises the self-consumption of large industrial consumers who possess supply licenses and acquire electricity from the wholesale market as competitive suppliers.

The values of market indicators were calculated without taking into consideration the dominance principle. The delivered electricity used for determining the market share of each supplier comprises the self-consumption of the largest industrial consumer which owns a supply license and based on it acquired its electricity from the WEM as a competitive supplier.

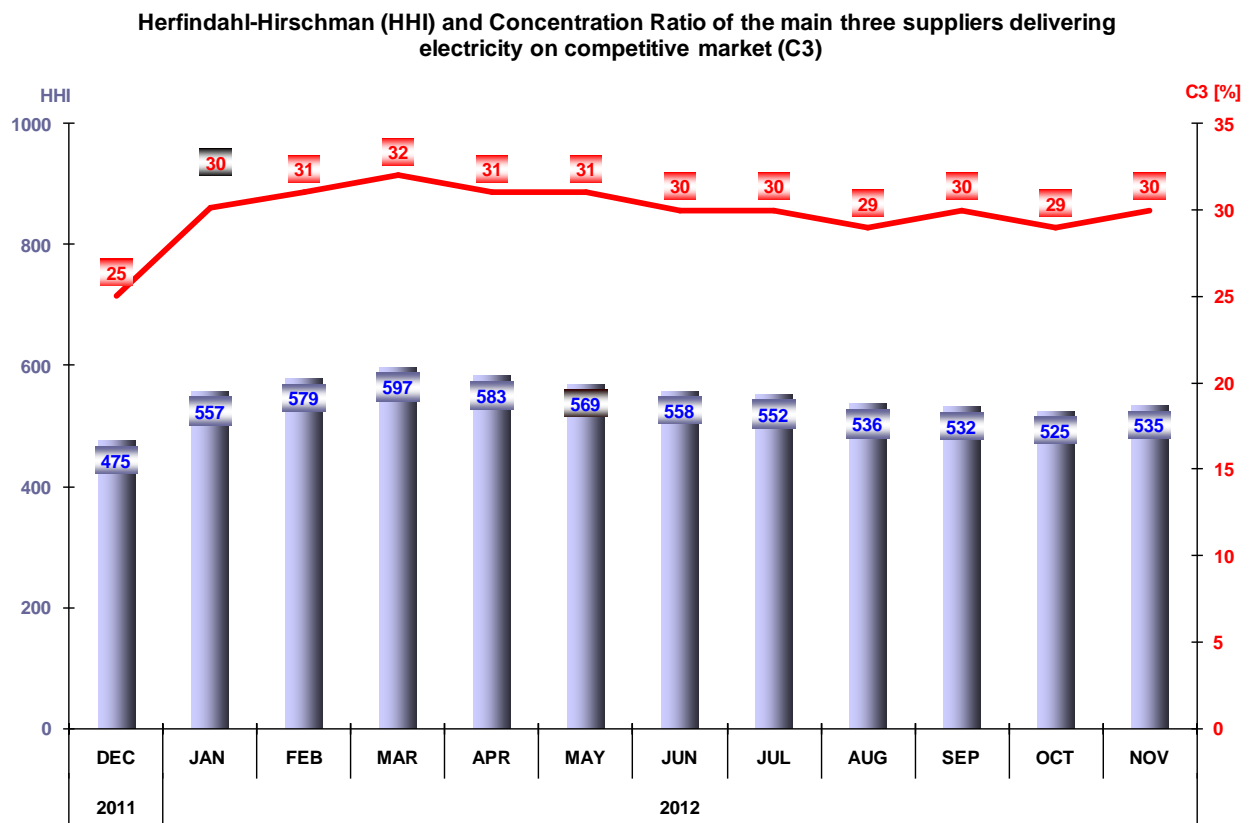
The electricity supplied to the final consumers used for calculating the market share of every supplier includes also the self-consumption of that particular supplier (e.g. consumers with supply license who buy electricity for themselves from WEM as competitive suppliers).

The analysis of the competitive suppliers’ activity on the competitive REM component compared to their activity on the WEM is developed based on the weight of the electricity sold to final consumers in total electricity sales. The table below presents the number of suppliers acting on the REM, grouped into categories of sales weight during November 2012:

Number of suppliers	Share of sales to final consumers from total sales transactions			
	100%	75% - 100%	50% - 75%	<50%
Competitive	6	9	4	16
Incumbent	0	4	1	0

5. Concentration indicators of the competitive retail electricity market

The monthly evolution of concentration indicators (C3, HHI) determined on the competitive component of the REM is presented for December 2011 – November 2012 in the following graph:



Source: Monthly reports of the suppliers – processed by MG

The table below shows the values of structure indicators of competitive component of REM for and the number of active suppliers in November 2012, calculated for each consumer category as defined by the Directive 2008/92/EC of the European Parliament and of the Council:

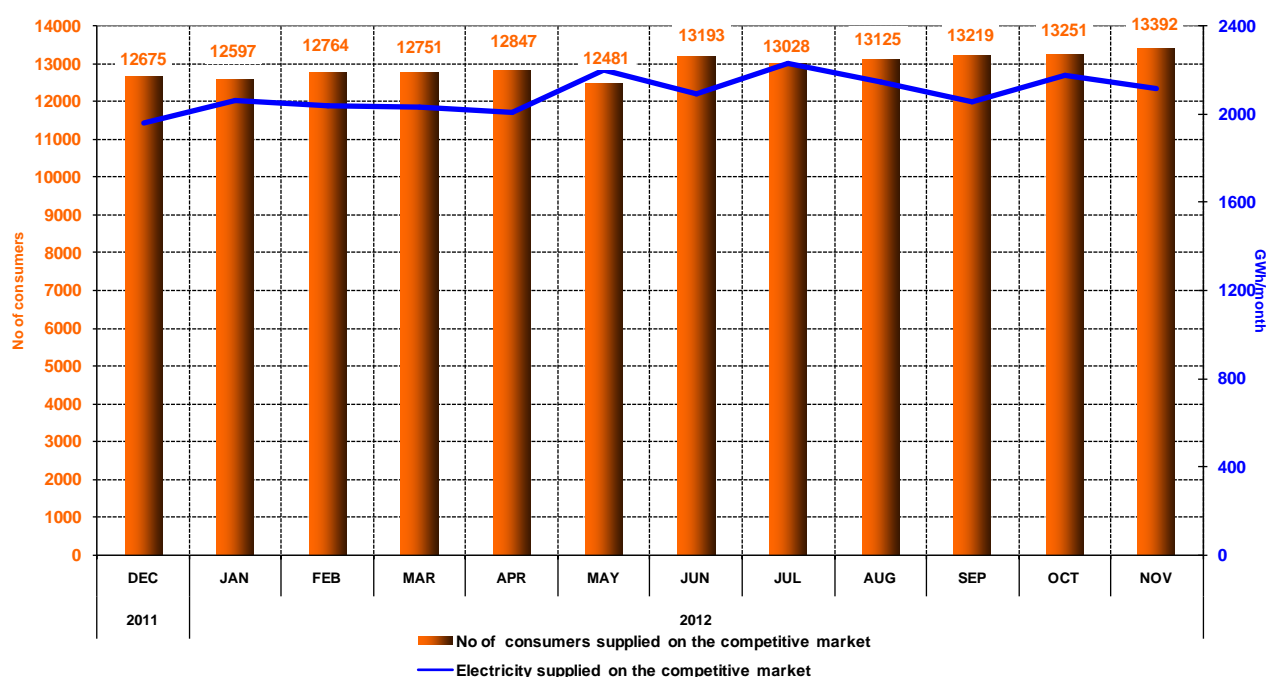
Indicators - November 2012	Consumer category								Total REM
	IA	IB	IC	ID	IE	IF	Other		
C1 - % -	43	28	28	15	13	25	28	12	
C3 - % -	74	53	46	34	32	53	52	30	
HHI	2516	1342	1157	681	741	1336	1320	535	
Consumption - GWh -	5.0	117	179	501	242	203	869	2117	
No. of SUPPLIERS	23	40	41	41	20	12	16	49	
No. of incumbent suppliers	5	5	5	5	3	3	1	5	
No. of competitive suppliers	14	30	30	31	15	9	8	35	
No. of producers	4	5	6	5	2	0	7	9	

6. Evolution of consumers' number and of electricity delivered

Number of consumers supplied on the competitive market is presented as total value from the beginning of the market opening process; for November 2012 this number is split into categories, according to the provisions of Directive 2008/92/EC of the European Parliament and of the Council. The table below presents the bands of consumption of each category of consumers:

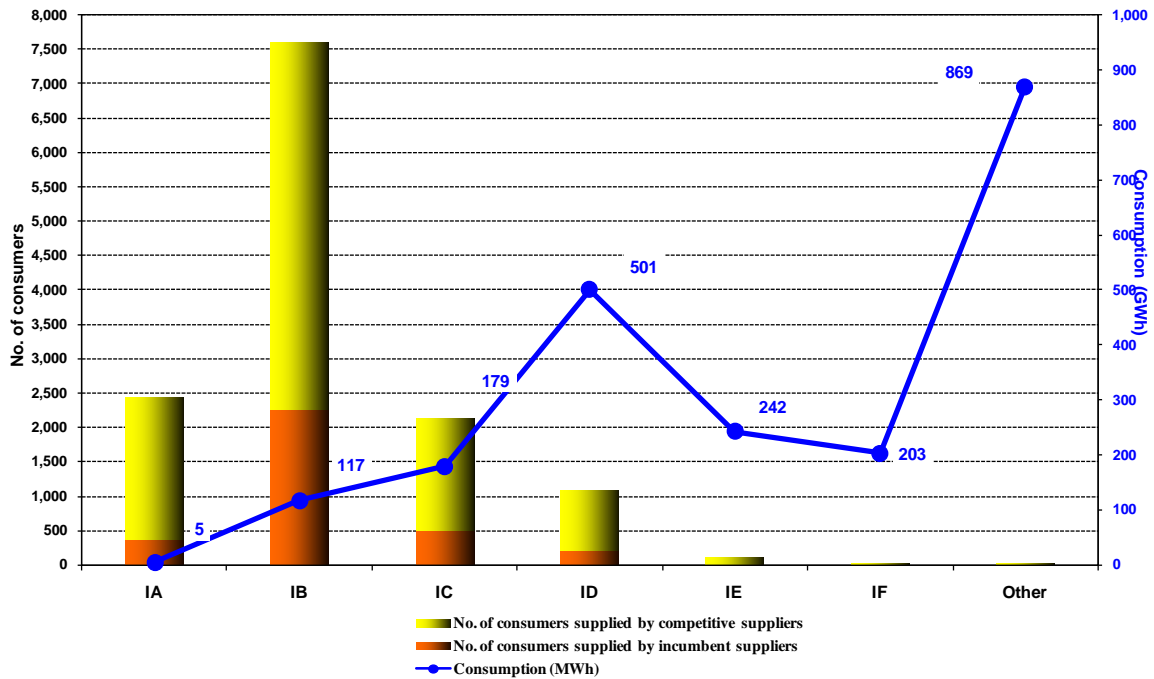
Industrial end-user	Annual electricity consumption (MWh)	
	Lowest	Highest
IA		<20
IB	20	<500
IC	500	<2000
ID	2000	<20000
IE	20000	<70000
IF	70000	<=150000
Others	>150000	

Evolution of the number of supplied consumers and delivered electricity on the competitive market



Source: Monthly reports of the competitive suppliers – processed by MG

Number of consumers supplied on competitive market and the consumption of each category of consumers
- NOVEMBER 2012 -

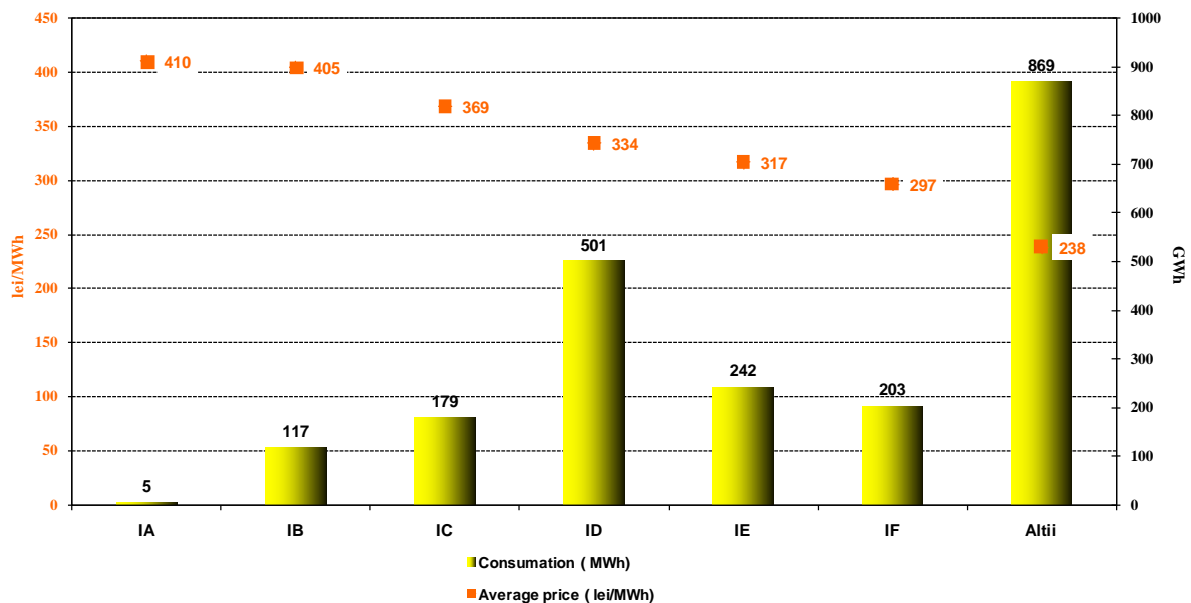


Source: Monthly reports of the suppliers – processed by MG

7. Average selling prices of consumers supplied on the competitive market

The following graph presents the average selling prices of consumers supplied on the competitive market, based on the structure defined according to the Directive 2008/92/EC of the European Parliament and of the Council.

Average price and energy consumption on types of consumers applied on competitive market
- NOVEMBER 2012 -



Source: Monthly reports of the competitive suppliers – processed by MG

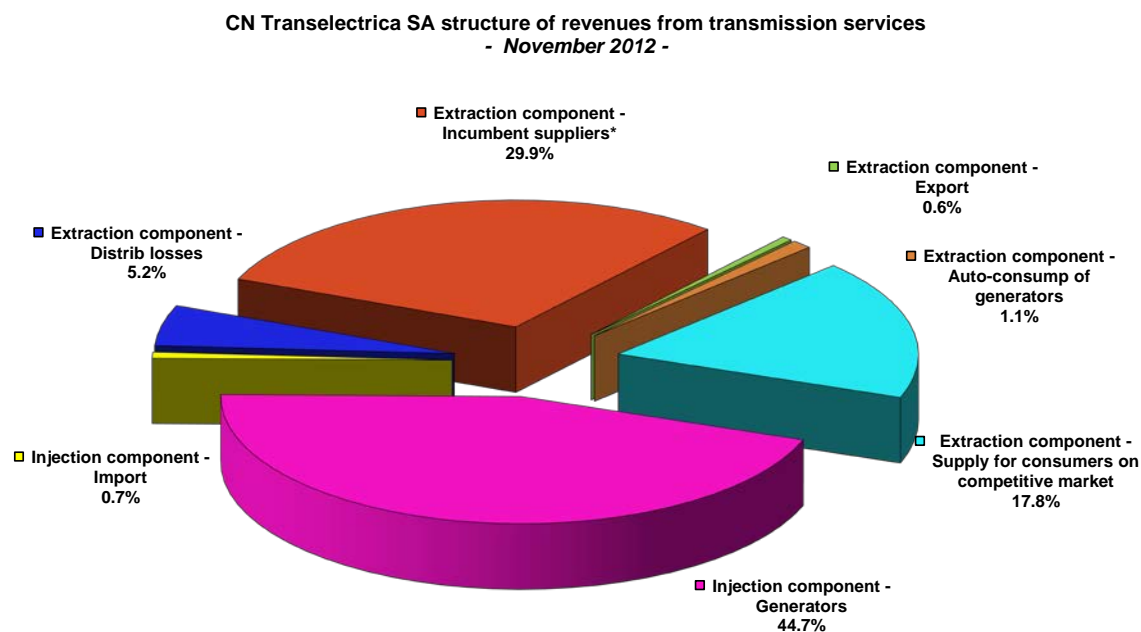
Note: The average selling price on each category was calculated as weighted average of prices applied by suppliers with quantities supplied according to the provisions of the European Directive. The average prices do not include VAT, excise or other taxes but include the supplied services (injection and extraction components of transmission, system services, distribution, market settlement, imbalance, BRP aggregated tax, metering). Splitting consumers into categories was based on their annual consumption forecast, according to the provisions of above mentioned Directive.

IV. TRANSMISSION AND SYSTEM OPERATOR C.N. TRANSELECTRICA S.A.

CN Transelectrica SA performs the electricity transmission service at regulated tariffs, which have two components:

- injection component (TG), aimed to determine an optimum geographic positioning of the new power units;
- extraction component (TL), as an incentive for an equilibrate positioning into the territory of the consumers.

The following graph presents the structure of CN Transelectrica SA revenues from performing the transmission services and reflects the structure of its clients benefiting from this type of service in November 2012.

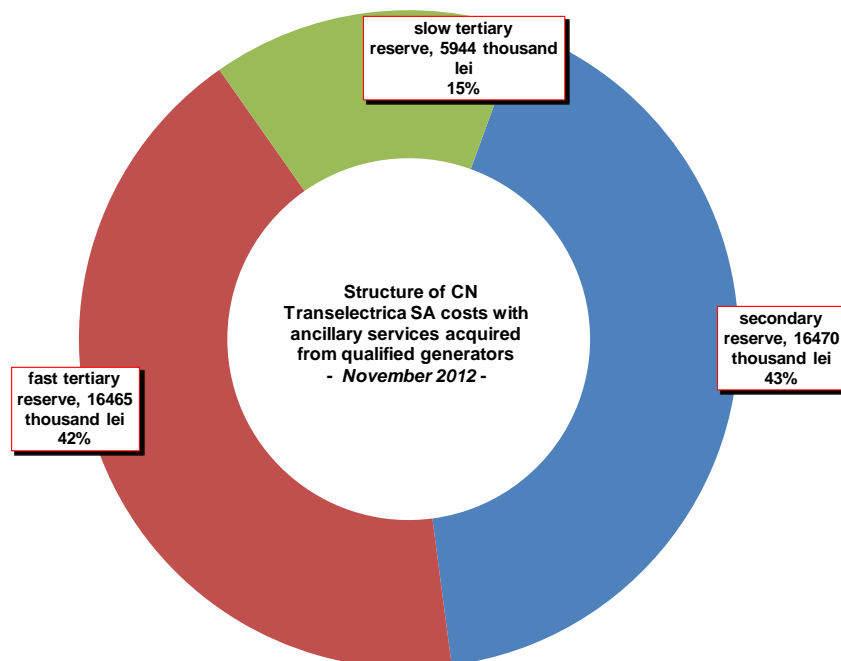


* for electricity extracted from their own licence areas as well as from other areas

Source: Monthly reports of CN Transelectrica SA – processed by MG

In order to perform the system operator tasks, CN Transelectrica SA assesses and contracts reserves (ancillary services) from qualified generators, which are integrated on BM. The ancillary services which may be used are reserves for secondary, fast tertiary, slow tertiary regulation and reactive energy.

The following graph presents the costs of ancillary services CN Transelectrica SA had to pay in November 2012. In order to cover these costs and its own operating costs, TSO applies a regulated tariff for system services.



Source: Monthly reports of CN Transelectrica SA – processed by MG

IV. EVOLUTION OF MARKET RULES IN NOVEMBER 2012

In November 2012, ANRE issued the following regulations with impact on the wholesale electricity markets:

- Order no. 40/2012 of ANRE president for modifying the procedure of designating the license holder for distribution service, approved by Order no. 4/2011 of ANRE president;
- Decision no. 2965/2012 of ANRE president regarding the approval of regulated prices and quantities for CE Hunedoara;
- Decision no. 2966/2012 of ANRE president for modifying the Decision no. 509/2012 regarding the approval of regulated prices and quantities for SN Nuclearelectrica;
- Decision no. 2967/2012 of ANRE president for modifying the Decision no. 506/2012 regarding the approval of regulated prices and quantities for Hidroelectrica;
- Decision no. 3046/2012 of ANRE president regarding the approval of co-generation bonus for Dalkia Termo Iasi;
- Decision no. 2964/2012 of ANRE President for approving the quantities produced in high efficiency cogeneration which benefit of bonus scheme in October 2012.

No regulation with direct impact on retail electricity market was issued.

V. EXPLANATIONS AND ABBREVIATION

1. Explanations

- *Self-consumption of generators* – in the graph regarding the revenues of CN Transelectrica SA the self-consumption exclusively represents the generators consumption at consumption places other than the generation sites.
- *Internal consumption* represents the electricity covered by the wholesale market participants and calculated as *Delivered electricity + Import – Export*.
- *Consumption of consumers on regulated market* represents the consumption of consumers supplied at regulated tariffs by the incumbent suppliers.

- *Consumption of consumers on competitive market* represents the consumption of consumers supplied at negotiated prices.
- *Fuel consumption* represents the fuel consumed for generating electricity and heat.
- *Electricity delivered into the grid* includes also the own consumption of auto-generators such as RAAN and OMV Petrom together with the electricity sold by the generators through direct lines or consumed by themselves at other consumption sites.
- *Competitive supplier* represents, within the present document, the supplier which is active on the competitive retail market.

2. Abbreviation

- MG – Monitoring Group
- EEX – European Energy Exchange – Leipzig, Germany. www.eex.de
- EXAA – Energy Exchange Austria. www.exaa.at
- DAM – Day Ahead Market
- BM – Balancing Market
- ASM – Ancillary Services Market
- MCP – Market Clearing Price
- BRP – Balancing Responsible Party
- TG/TL – injection / extraction component of the transmission tariff
- CMBC – centralised market of bilateral contracts
- CMBC-CN – centralised market for partially standardised bilateral contracts with continuous negotiation
- NES – National Energy System
- WEM – wholesale electricity market
- REM – retail electricity market
- RCE – Romanian Commodities Exchange