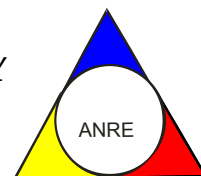




ROMANIAN ENERGY REGULATORY AUTHORITY
ELECTRICITY MARKET DEPARTMENT



REPORT ON MONITORING RESULTS OF THE
ELECTRICITY MARKET
JANUARY 2009

- This document represents an unauthorised translation of the Romanian document -

ANRE makes all the necessary efforts to present within the hereabove mentioned document, as accurately and concisely as possible, the data based on the legal entities reports. This document published by **ANRE** is for information purpose only. **ANRE** is not and will not be under any circumstances legal responsible for any inadvertences regarding the information presented within the document or for the improper way the information is used

TABLE OF CONTENTS

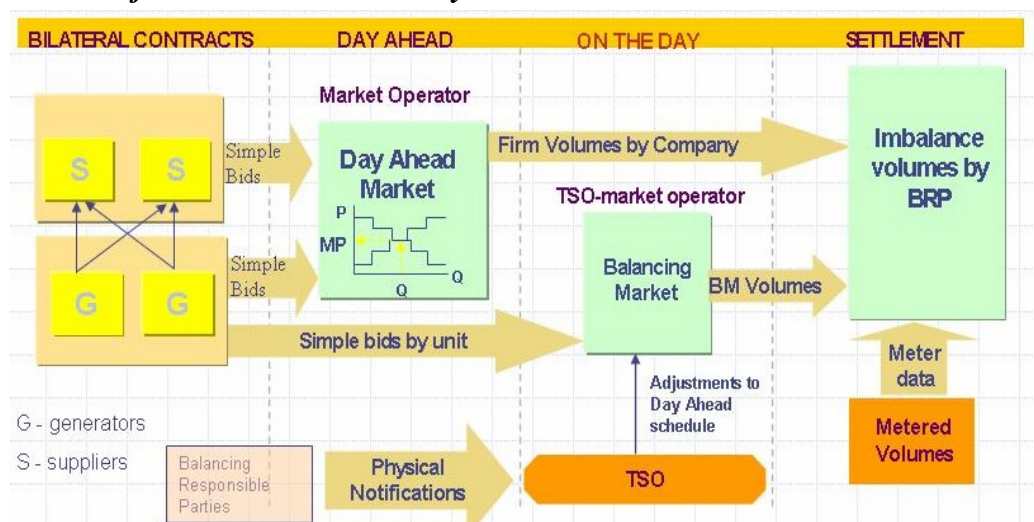
<u>I.MAIN EVENTS IN THE DEVELOPMENT OF THE ROMANIAN ELECTRICITY MARKET</u>	<u>3</u>
<u>II.WHOLESALE ELECTRICITY MARKET</u>	<u>3</u>
<u>1.Structure of the wholesale electricity market</u>	<u>3</u>
<u>2.Participants on the wholesale electricity market</u>	<u>4</u>
<u>3.Generation structure of National Energy System on resources types</u>	<u>5</u>
<u>4.Transactions' structure on the wholesale electricity market</u>	<u>7</u>
<u>5.Trading structure on the wholesale electricity market of different participant categories</u>	<u>11</u>
Generators	11
Suppliers	12
Main distribution operators	13
<u>6.Concentration indicators on the wholesale electricity market and its components</u>	<u>14</u>
<u>7.Price evolution on wholesale electricity market</u>	<u>16</u>
<u>III.RETAIL ELECTRICITY MARKET</u>	<u>21</u>
<u>1. Structure of the retail electricity market</u>	<u>21</u>
<u>2.Steps in the opening process of the electricity market</u>	<u>21</u>
<u>3.Electricity market opening degree</u>	<u>21</u>
<u>4.Market shares of the electricity suppliers</u>	<u>22</u>
<u>5.Concentration indicators of the competitive retail electricity market</u>	<u>24</u>
<u>6.Evolution of consumers' number and of the electricity delivered</u>	<u>25</u>
<u>IV.TRANSMISSION AND SYSTEM OPERATOR C.N. TRANSELECTRICA S.A.</u>	<u>27</u>
<u>V.EVOLUTION OF MARKET RULES IN JANUARY 2009</u>	<u>28</u>
<u>VI.EXPLANATIONS AND ABBREVIATION</u>	<u>28</u>

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

- **GD 365/1998** – vertically integrated monopoly – RENEL – was split in. 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).

II. WHOLESALE ELECTRICITY MARKET

1. Structure of the wholesale electricity market



2. Participants on the wholesale electricity market

The market participants* in January 2009 are presented below split into categories:

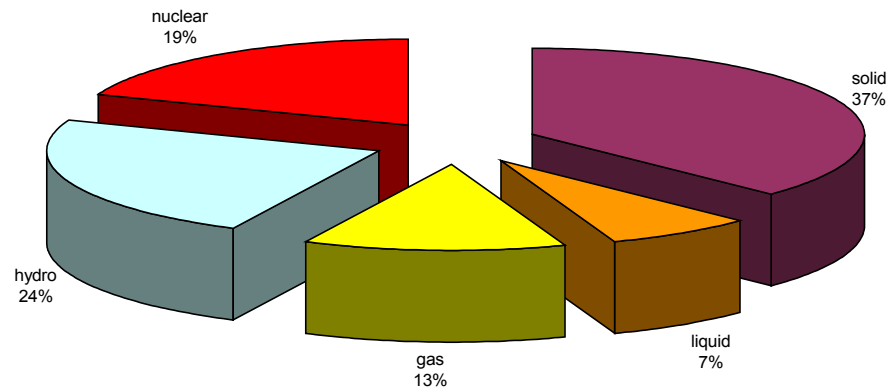
No.	Name	Comments
A	Electricity generators operating dispatching units	
1	SC CET Bacau SA	
2	SC CET Brasov SA	
3	SC CET Govora SA	
4	SC CET Iasi SA	
5	SC CET Oradea SA	
6	SC Electrocentrale Bucuresti SA	
7	SC Electrocentrale Galati SA	
8	SC Dalkia Termo Prahova SRL	
9	SNP Petrom Sucursala Petrobrazii	
10	SC Termica SA Suceava	
11	SC Termoelectrica SA	
12	SC Termoficare 2000 SA Pitesti	
13	SC Uzina Termica Giurgiu SA	
14	SN Nuclearelectrica SA	
15	SC CE Rovinari SA	
16	SC CE Turceni SA	
17	RAAN	
18	SC CE Craiova SA	Generators acting also as suppliers on the competitive market
19	SC CET Arad SA	
20	SC Electrocentrale Deva SA	
21	SC Hidroelectrica SA	
B	Transmission System Operator	
1	CN TRANSELECTRICA SA	Balancing Market Operator
C	DAM Operator	
1	SC OPCOM SA	Operator of the Green Certificates Market, Bilateral Contracts Market and Settlement Administrator
D	Distribution network operators	
1	SC CEZ Distributie SA	Operators of the distribution network
2	SC ENEL Distributie Banat SA	
3	SC ENEL Distributie Dobrogea SA	
4	SC E.ON Moldova Distributie SA	
5	SC ENEL Distributie Muntenia SA	
6	SC FDEE Electrica Distributie Muntenia Nord SA	
7	SC FDEE Electrica Distributie Transilvania Sud SA	
8	SC FDEE Electrica Distributie Transilvania Nord SA	
E	Incumbent suppliers	
1	SC CEZ Vanzare SA	Incumbent suppliers acting also as suppliers on the competitive market
2	SC ENEL Energie SA	
3	SC E.ON Moldova Furnizare SA	
4	SC ENEL Energie Muntenia SA	
5	SC FFEE Electrica Furnizare Muntenia Nord SA	
6	SC FFEE Electrica Furnizare Transilvania Sud SA	
7	SC FFEE Electrica Furnizare Transilvania Nord SA	

No.	Name
F	Electricity Suppliers acting exclusively on the wholesale market
1	SC Atel Energy Romania SRL
2	SC CEZ Trade Romania SRL
3	SC EFT Romania SRL
4	SC Electrabel Romania SRL
5	SC Encaz SRL
6	SC Enel Trade Romania SRL
7	SC Energy Market Consulting SRL
8	SC E.ON Energy Trading AG
9	SC Eco Energy SRL
10	SC Edison Trading SpA
11	SC Ezpada SRL
12	SC Global Electric Trading SRL
13	SC Grivco SA
14	SC Inteltra SRL
15	SC Jas Budapest Zrt
16	SC Korlea Invest SRL
17	SC Re Energie SRL
18	SC Romelectro SA
19	SC Rudnap SRL
20	SC RBS Sempra Energy Europe Ltd
21	SC Statkraft Romania SRL
No.	Name
G	Electricity Suppliers
1	SC Alro SA
2	SC Also Energ SA
3	SC Arelco Distributie SRL
4	SC Beny Alex SRL
5	SC Biol Energy SRL
6	SC Buzmann Industries SRL
7	SC Distrigaz Sud
8	SC EFE Energy SRL
9	SC EGL Gas & Power Romania SA
10	SC Ehol Distribution SRL
11	SC Elcomex EN SRL
12	SC Electrica SA
13	SC Electricom SA
14	SC Electromagnetica SA
15	SC Energotrans
16	SC Energy Holding SRL
17	SC Energy Network SRL
18	SC Enex SRL
19	SC Ennet Grup SRL
20	SC Enol Grup SA
21	SC EURO-PEC SA
22	SC Fidelis Energy SRL
23	SC General Com Invest SRL
24	SC Gevco SRL
25	SC Green Energy SRL
26	SC Hidroconstructia SA
27	SC ICCO Electric SRL
28	SC ICPE Electrocond Technologies SA
29	SC Interagro SA
30	SC Luxten LC SA
31	SC Petprod SRL
32	SC Timmar Ind SA
33	SC Total Electric Oltenia SA
34	SC Transenergo Com SA
35	SC UCM Energy SRL

*) 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.opec.ro.

3. Generation structure of National Energy System on resources types

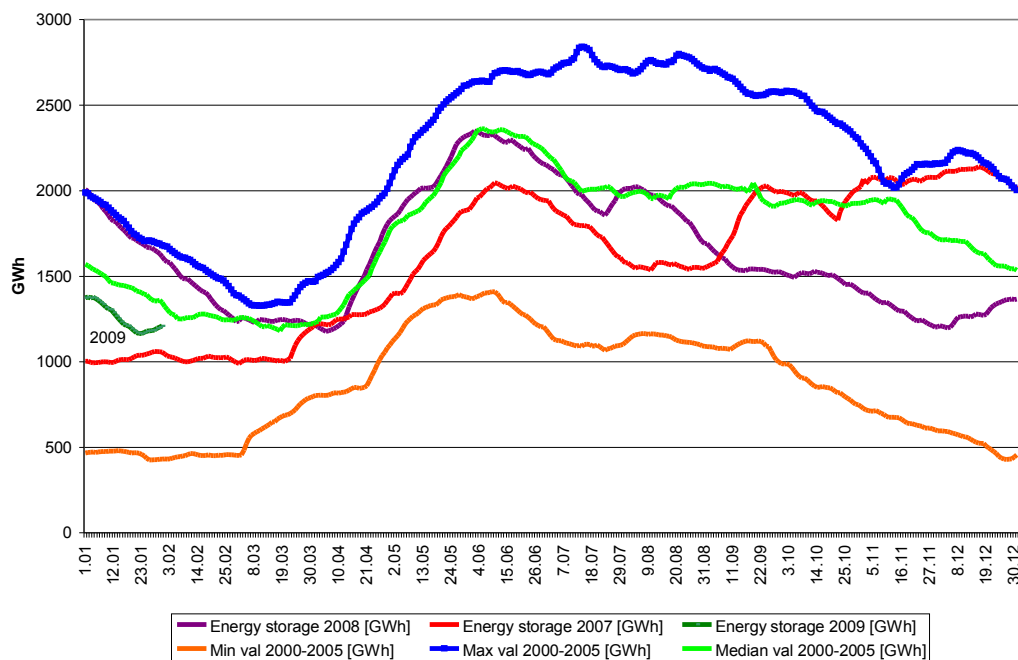
Electricity structure by primary sources (delivered by generators
with dispatchable units)
January 2009



Source: Monthly reports of generators – processed by MG

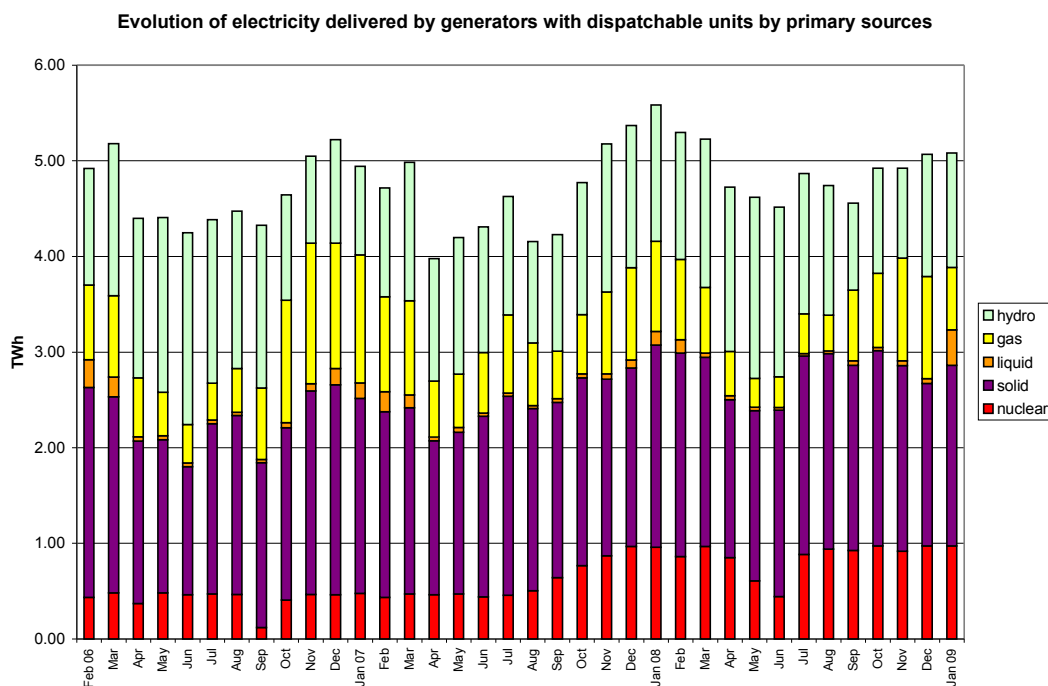
The electricity generated from hydro resources depends on and at the same time influences the energy stored in the main water reservoirs. The following graph presents the evolution of daily amounts of energy storage in January 2009 compared to daily values from 2007 and 2008 and with minimum, maximum and median values for 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, starting with February 2006, 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 January 2009, compared with data for similar month of 2008:

No.	Indicator	MU	January 2008	January 2009	%
0	1	2	3	4	5=4/3*100
1	Generated electricity	TWh	6.14*	5.59	91.14
2	Delivered electricity	TWh	5.59*	5.11	91.40
3	Import	TWh	0.09	0.14	160.21
4	Export	TWh	0.59	0.52	88.85
5	Internal consumption	TWh	5.08	4.72	92.92
6	Electricity supplied on the regulated market	TWh	2.14	2.13	0.99
6.1	<i>Of which electricity supplied to households</i>	<i>TWh</i>	<i>0.94</i>	<i>1.01</i>	<i>107.40</i>
7	Electricity supplied on the competitive market	TWh	1.87	1.45	0.78
8	Transmission – Injection component	TWh	5.54	5.09	91.88
9	Transmission – Extraction component	TWh	5.58	5.16	92.36
10	System services	TWh	5.58	5.16	92.36
11	Actual transmission grid losses	TWh	0.11	0.09	88.17
12	Heat generated for delivery	Tcal	3324.99	2913.69	87.63
13	Heat in co-generation	Tcal	2557.35	2465.60	96.41

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 the cross border exchange of CN Transelectrica SA with neighbor countries for 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.

*The values of delivered electricity for January 2008 were modified due to some corrections.

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) and on BM (Balancing Market).

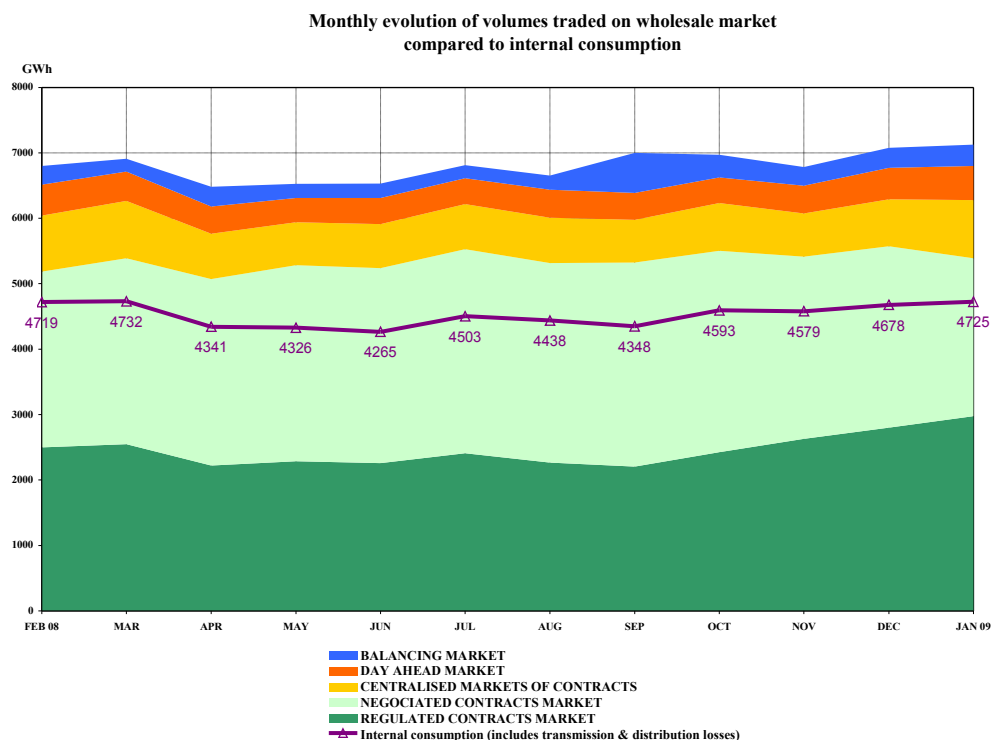
The volumes traded on each type of contracts and on the main components of the wholesale market are presented in the table below for January 2009 compared to the volumes of the month before and January 2008:

- GWh -

TRANSACTIONS ON THE WHOLESALE MARKET	December 2008	January 2009	January 2008
0	1	2	3
1. BILATERAL CONTRACTS' MARKET	6084	5912	5623
1.1. Sales on regulated contracts	2800	2976	2563
1.2. Sales on negotiated contracts *	2772	2412	2470
1.3. Export	512	525	590
2. CONTRACTS ON CENTRALISED MARKETS	718	889	869
3. DAY AHEAD MARKET	480	525	571
4. BALANCING MARKET (all the transactions)	307	324	365
4.1. Upward volume	128	104	289
4.2. Downward volume	179	219	76
INTERNAL CONSUMPTION (includes distribution and transmission losses)	4678	4725	5085

* sales to final consumers are not included

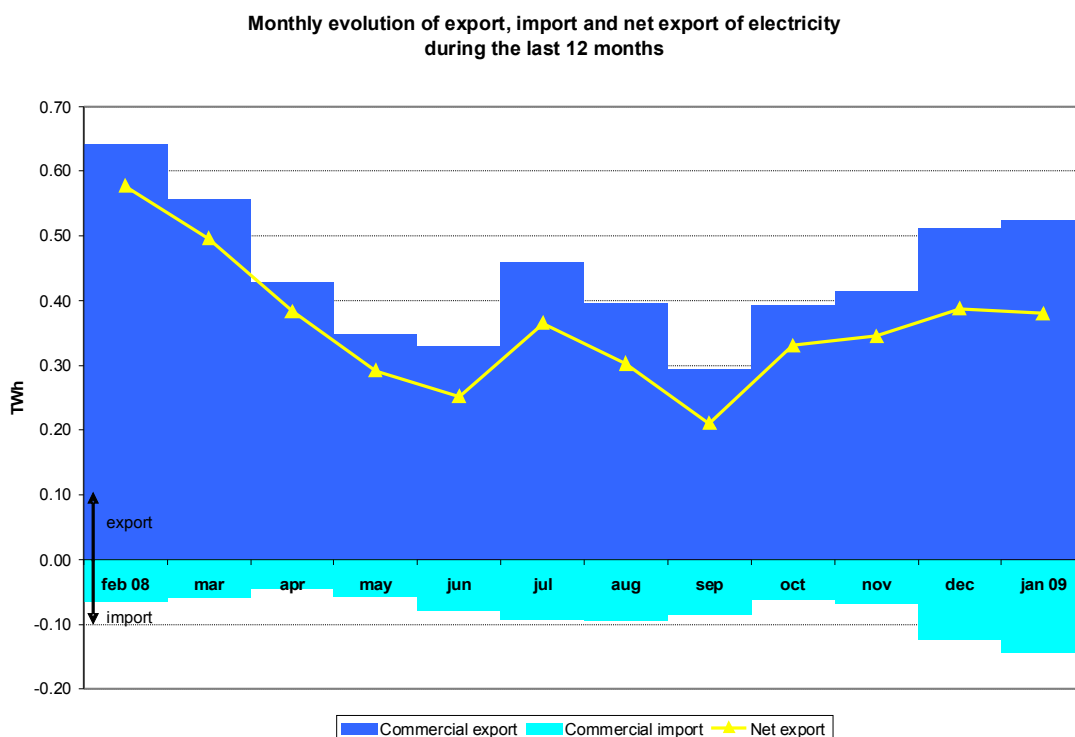
The evolution of the relation between the volumes sold on each market and the estimated internal consumption, for February 2008 – January 2009, is presented below:



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

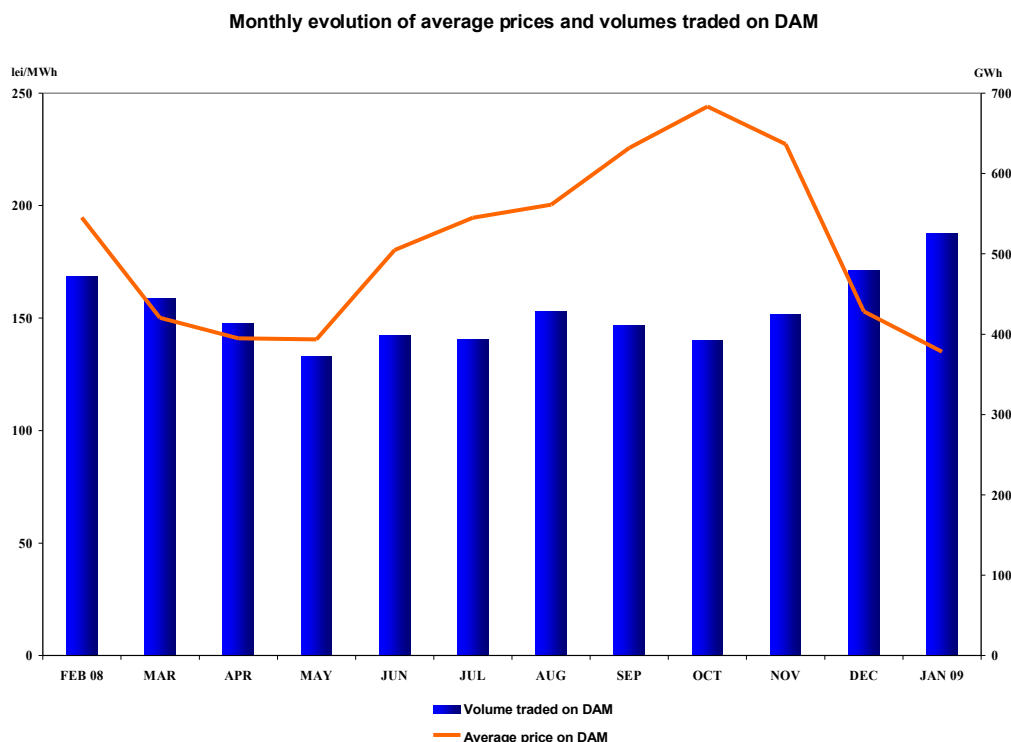
Comment: The volumes corresponding to the negotiated contracts in the above graph do not include the export trades.

The following graph represents 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) from the last 12 months:



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

The following graph presents the volumes and the monthly average prices on DAM for February 2008 – January 2009.



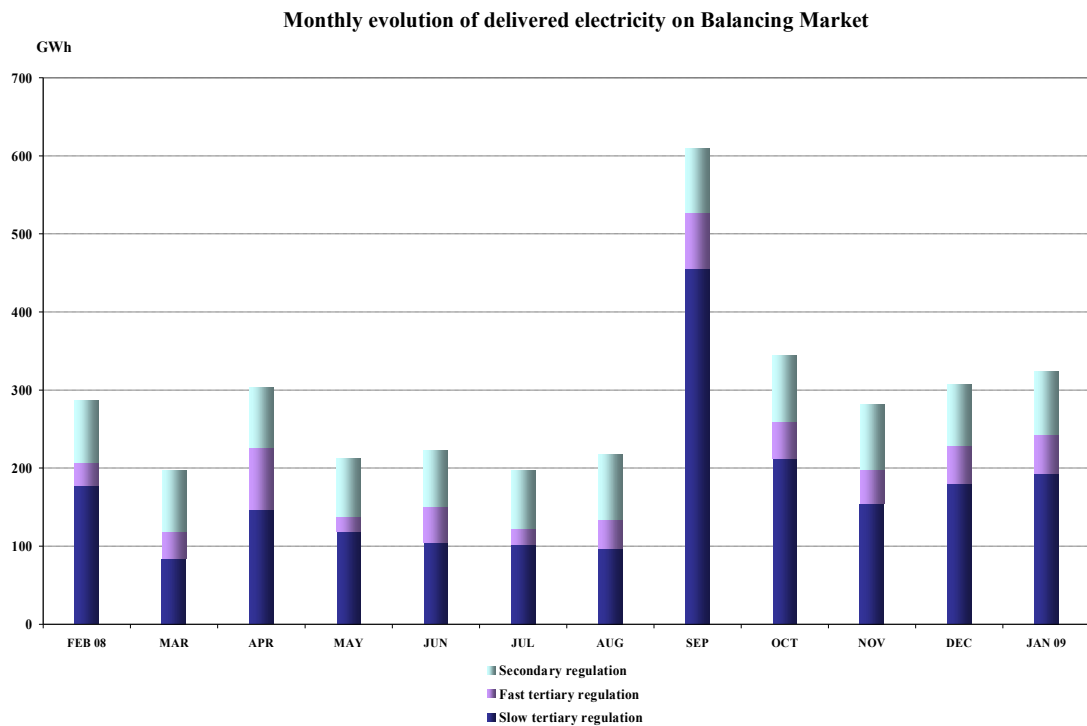
Source: Monthly reports of SC Opcom SA and CN Transelectrica SA – processed by MG

Balancing electricity is determined by the dispatch orders (accepted offers) received by generators. After settlement, the actual electricity delivered by generators on the balancing market is determined based on the measured (approved) values; the relation between the accepted and delivered electricity during February 2008 – January 2009 is presented in the following table:

- January 2009 -	Dispatch order (GWh)	Delivered electricity (GWh)	Deviation (%)
Secondary regulation	82	82	0
<i>upward</i>	29	29	0
<i>downward</i>	53	53	0
Fast tertiary regulation	57	49	13
<i>upward</i>	21	19	9
<i>downward</i>	36	30	16
Slow tertiary regulation	213	193	9
<i>upward</i>	61	56	8
<i>downward</i>	151	136	10
TOTAL	351	324	8
<i>upward</i>	111	104	6
<i>downward</i>	240	219	9
INTERNAL CONSUMPTION		4725	
% share of traded volumes from internal consumption		6.8%	

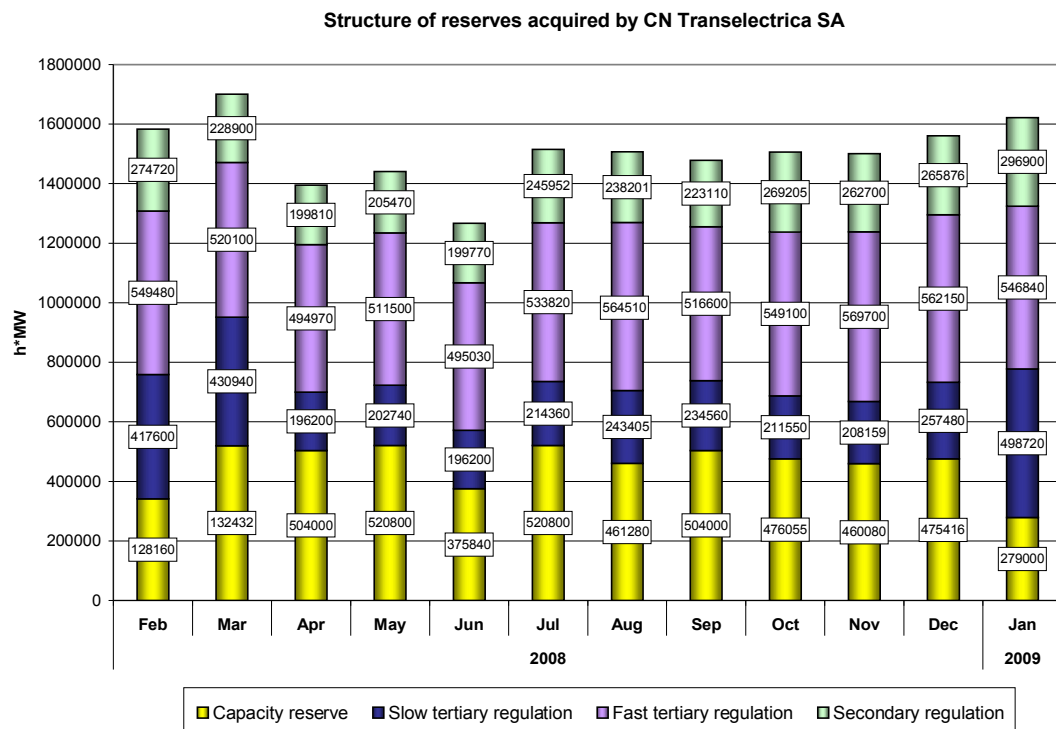
Source: Monthly reports of CN Transelectrica SA – processed by MG

The structure of balancing electricity delivered in the system on each type of regulation for the period February 2008 – January 2009 is presented in the graph below:



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

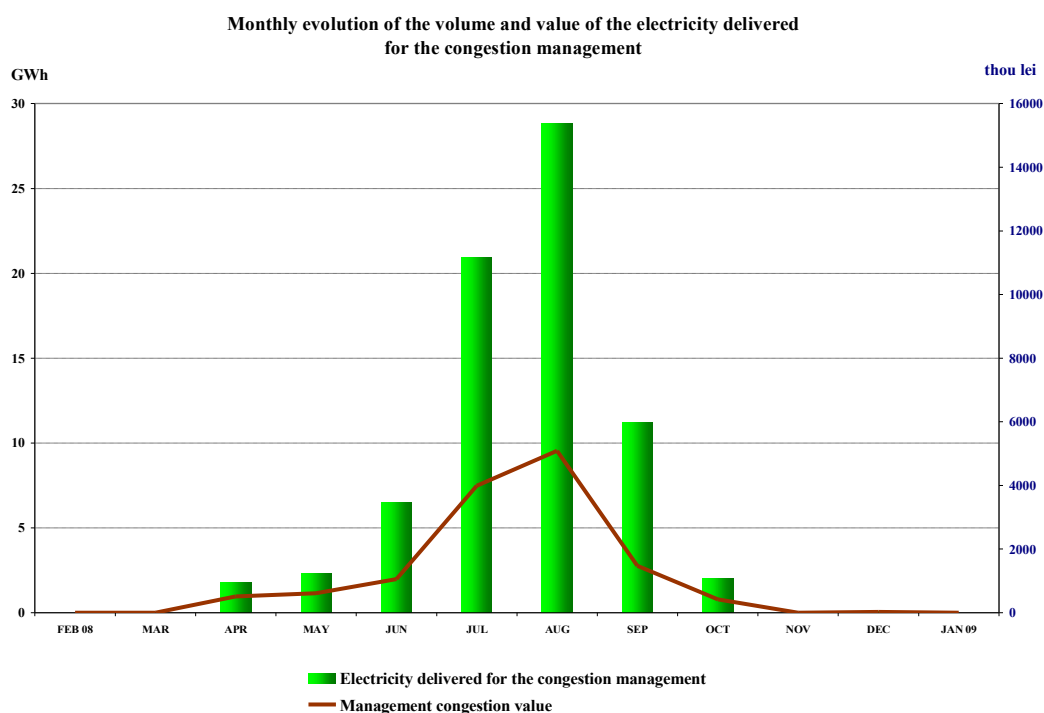
For comparison, the following graph presents the evolution of reserves (ancillary services, i.e. obligations of generators to maintain their contracted capacities available for dispatching/offering on BM) acquired/paid by CN Tranelectrica SA during February 2008 – January 2009



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

The following graph presents the last 12-months 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.



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 January 2009 compared to December 2008 and January 2008 was the following:

- GWh -

Transaction type	December 2008	January 2009	January 2008
0	1	2	3
Regulated to incumbents, thermal generators	1342.78	1547.00	1271.31
Regulated to incumbents, hydro generator	174.96	209.53	153.80
Regulated to incumbents, nuclear generator	505.36	502.50	505.36
Regulated for distribution losses, thermal generators	331.98	408.28	334.14
Regulated for distribution losses, hydro generator	63.24	46.72	45.00
Regulated for distribution losses, nuclear generator	147.93	148.16	147.93
Regulated for transmission losses, thermal generator	84.84	80.59	74.57
Regulated, to other generators (with the return obligation, within a year)	149.05	33.37	30.52
Regulated to other generators, activated on request, with option premium	0.00	0.00	0.00
Negotiated, to suppliers	1082.45	902.44	1180.29
Negotiated, to distributors	0.00	0.00	0.00
Negotiated, to other generators	102.52	97.25	109.79
Contracts concluded on centralized markets (CMBC, CMBC-NC, RCE)	718.55	885.11	869.49

Supply to consumers (regulated and competitive)	237.83	211.93	137.07
Export	119.37	107.17	138.15
DAM	204.29	179.53	438.42
Total	5265.15	5359.58	5435.84

Source: Monthly reports of generators – processed by MG

Suppliers

In January 2009, 63 companies having as main activity the supply of electricity concluded transactions on the electricity market; from these, 21 suppliers traded electricity exclusively on the wholesale market and 42 suppliers on both retail and wholesale markets (in this category are also included the 7 incumbent suppliers).

Suppliers acting exclusively on WEM

The following table shows the activity for January 2009 compared to January 2008 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	January 2008	January 2009
Acquisitions		
Import	30.80	19.71
Negotiated contracts with suppliers	494.83	645.62
Negotiated contracts with generators	159.54	154.92
Contracts concluded on centralized markets	184.17	407.11
DAM	18.69	60.32
Sales		
Export	339.37	390.11
Negotiated contracts with suppliers	507.82	700.05
Negotiated contracts with generators	1.32	-
Contracts concluded on centralized markets	-	-
DAM	39.94	145.17

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

The following table presents aggregated information on acquisitions volume and structure for suppliers providing electricity to final consumers, on the competitive market, for January 2009 and January 2008.

- GWh -

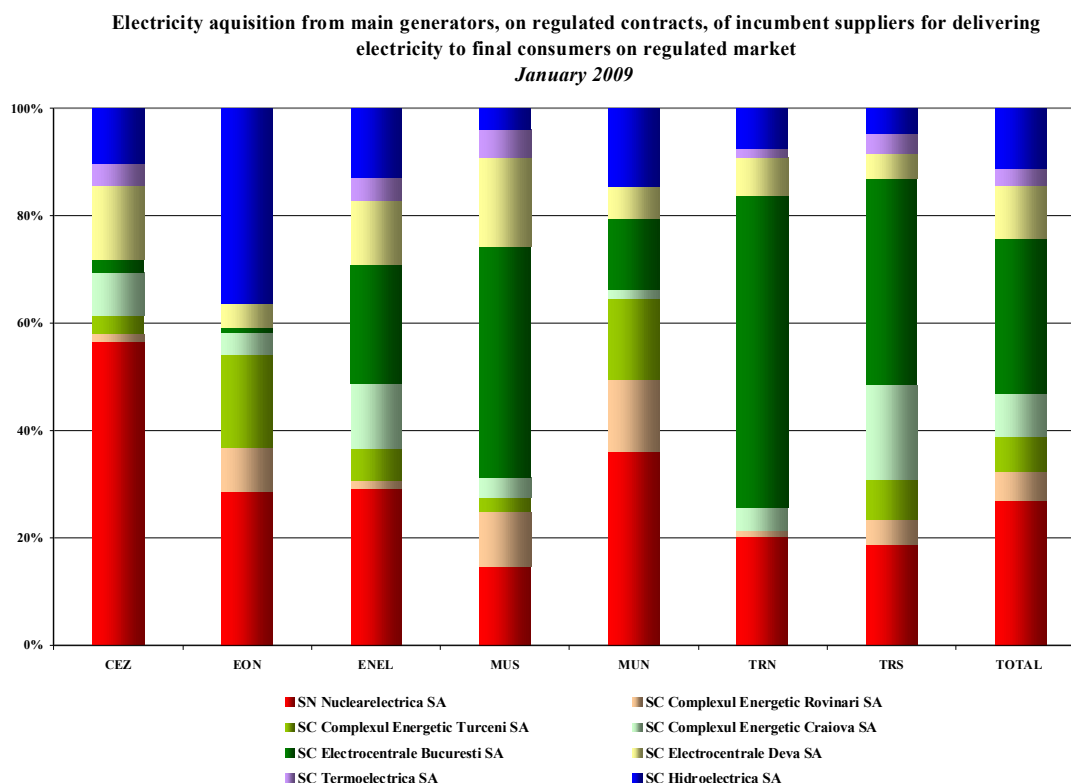
Acquisition structure of suppliers providing electricity to final consumers (the incumbent suppliers are not included)	January 2008	January 2009
Import	59.23	74.38
Negotiated contracts with suppliers	467.26	428.67
Negotiated contracts with generators	1021.54	747.86
Contracts concluded on centralized markets	541.49	466.75
DAM	94.09	114.83

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 January 2009 compared to the situation of January 2008:

- GWh -		
Acquisition structure of incumbent suppliers for regulated REM component	January 2008	January 2009
Regulated contracts	1980.94	2307.87
Negotiated contracts	5.01	17.97
Contracts concluded on centralized markets	4.19	-
DAM	171.77	86.69

The structure of the electricity purchased by the incumbent suppliers from the main generators on regulated contracts is presented in the following graph for January 2009:



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

Likewise to the situation presented for the regulated REM, the table below presents the acquisition structure of incumbent suppliers (before the delivery day), corresponding to the competitive REM (energy supplied at negotiated prices to the consumers who renounced to regulated tariffs) for January 2009 compared to January 2008:

- GWh -		
Acquisition structure of incumbent suppliers for competitive REM component	January 2008	January 2009
Import	-	50.15
Negotiated contracts with suppliers	207.38	249.00
Negotiated contracts with generators	-	-
Contracts concluded on centralized markets	139.20	14.97
DAM	62.29	52.71

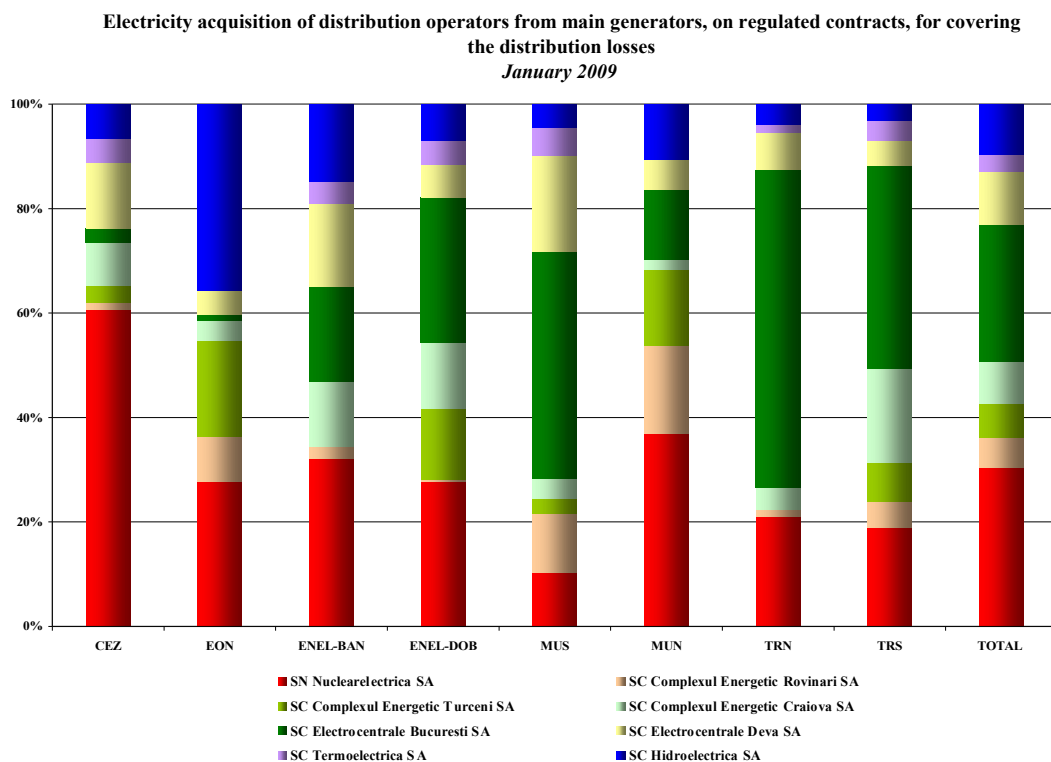
Main distribution operators

The following table shows the electricity acquisition structure of main distribution operators (before the delivery day), for covering the distribution network losses, for January 2009 compared to January 2008:

- GWh -

Acquisition structure	January 2008	January 2009
Regulated contracts	528.12	603.16
Negotiated contracts	4.89	10.73
Contracts concluded on centralized markets	-	-
DAM	225.59	174.24

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 January 2009:



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	unconcentrated 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

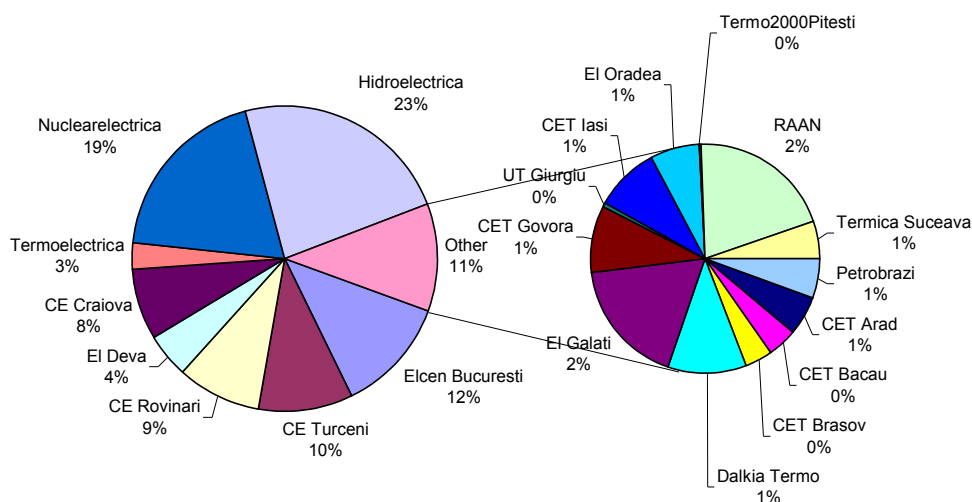
The market structure regarding the electricity generation offers an initial basis for analyzing the possible competitiveness level of the electricity market.

The following table presents the concentration indicators of electricity generation for January 2009, calculated based on electricity delivered into the networks by the generators with dispatchable units.

Concentration indicators - January 2009 -	C1 (%)	C3 (%)	HHI
Value	23	55	1347

The market shares of the electricity generators, taking into account all components of the wholesale electricity market, are presented in the following graph, for January 2009. These market shares are calculated based on the electricity delivered into networks.

**Market shares of dispatchable generators by delivered electricity
January 2009**



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 for January 2009 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:

Concentration indicators on BM - January 2009 -	Regulation					
	Secondary		Fast tertiary		Slow tertiary	
	upward	Downward	upward	downward	upward	downward
C1 (%)	77	75	52	37	40	23
C3 (%)	97	97	86	73	85	61
HHI	6157	5846	3294	2223	2685	1657

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 the 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 January 2009:

Concentration indicators on ASM - January 2009 -		Secondary reserve	Fast tertiary reserve	Slow tertiary reserve	Capacity reserve
regulated component	contracted quantity (h*MW)	296900	546840	260400	0
	C1 (%)	66.4	80.9	85.7	0
	C3 (%)	90.0	91.2	100	0
competitive component	contracted quantity (h*MW)	0	0	238320	279000
	C1 (%)	0	0	74.9	74.7
	C3 (%)	0	0	100	100
	HHI	0	0	6039	6217

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 January 2009, based on quantities traded by participants on this market.

Concentration indicators on DAM - January 2009 -	C1 (%)	C3 (%)	HHI
Buying transactions	19	44	930
Selling transactions	8	25	441

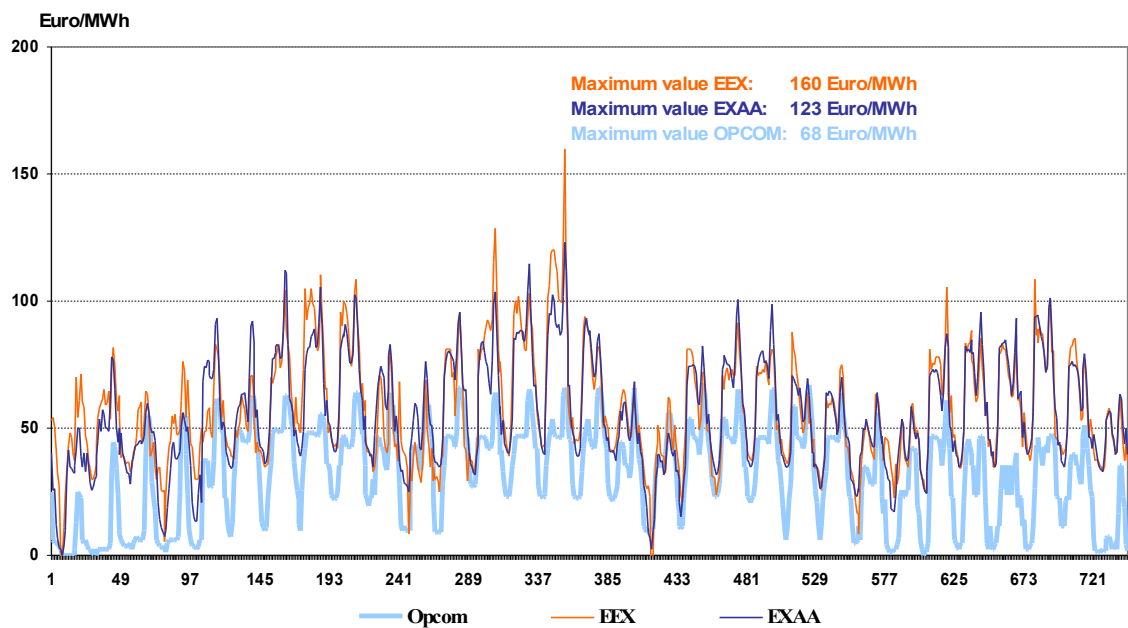
7. Price evolution on wholesale electricity market

SC Opcom SA is the administrator of DAM. The MCP on DAM represents a reference value for the prices on the bilateral contracts. The evolution of hourly and daily average prices on DAM in January 2009 is presented in the following graphs, along with the prices on EEX and 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.

HOURLY SPOT PRICES

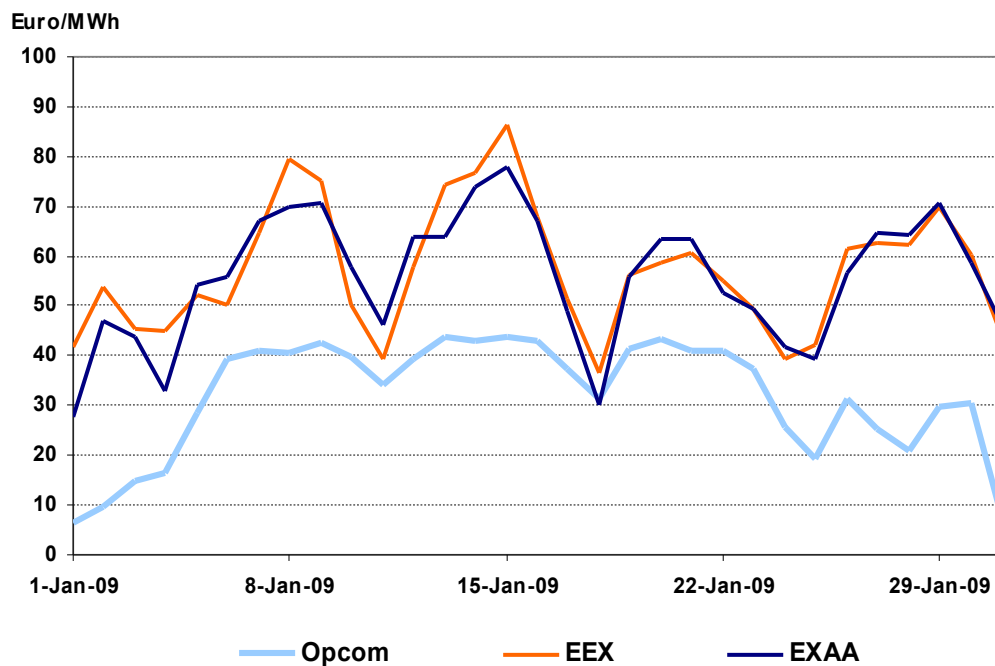
January 2009



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

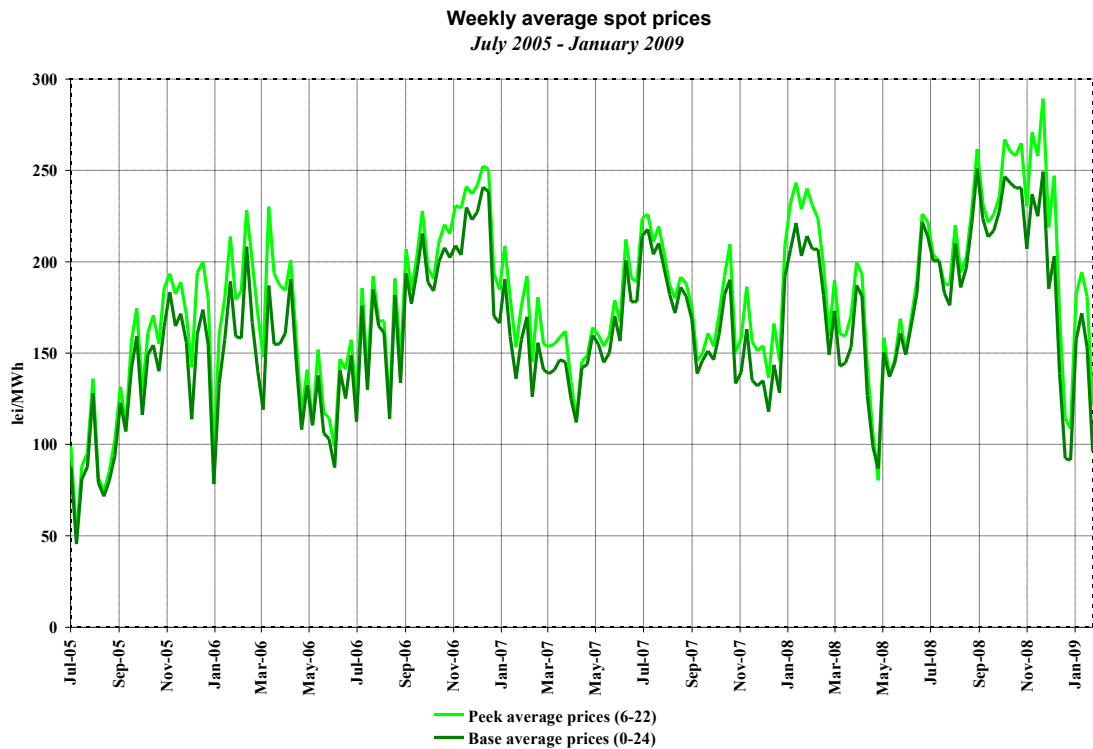
DAILY AVERAGE SPOT PRICES

January 2009



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

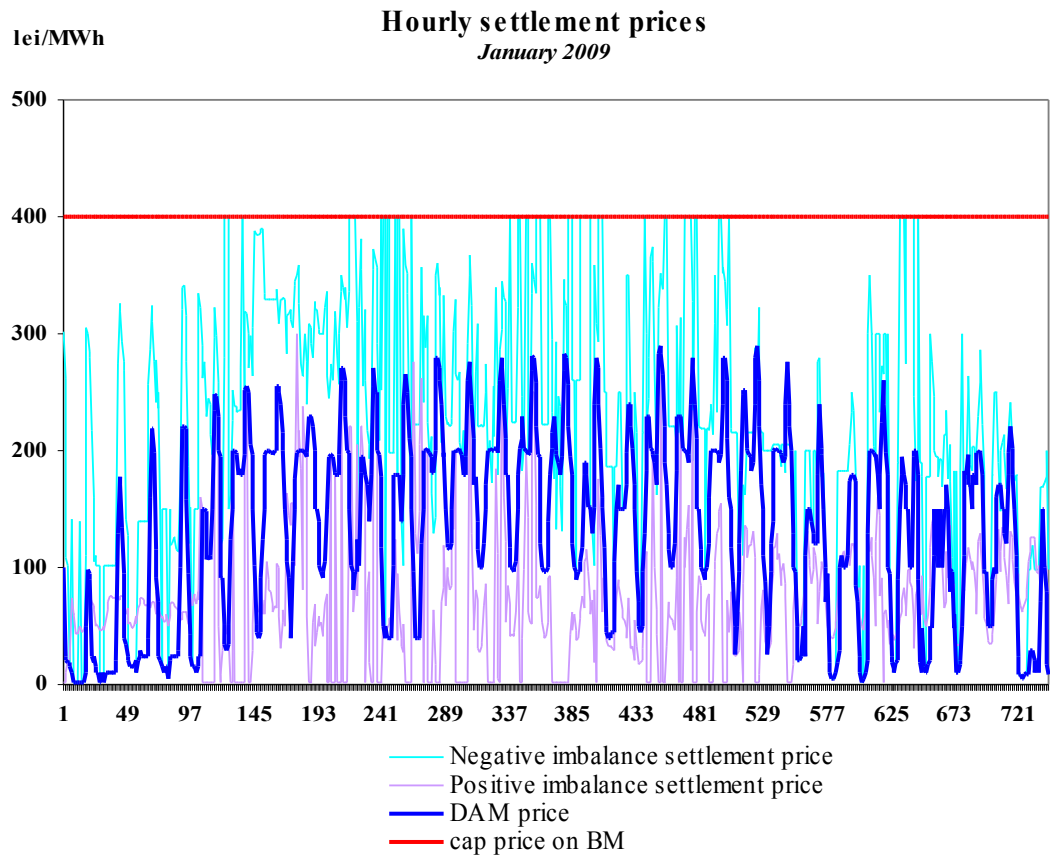
The following graph presents the evolution of weekly average spot prices starting with July 2005:



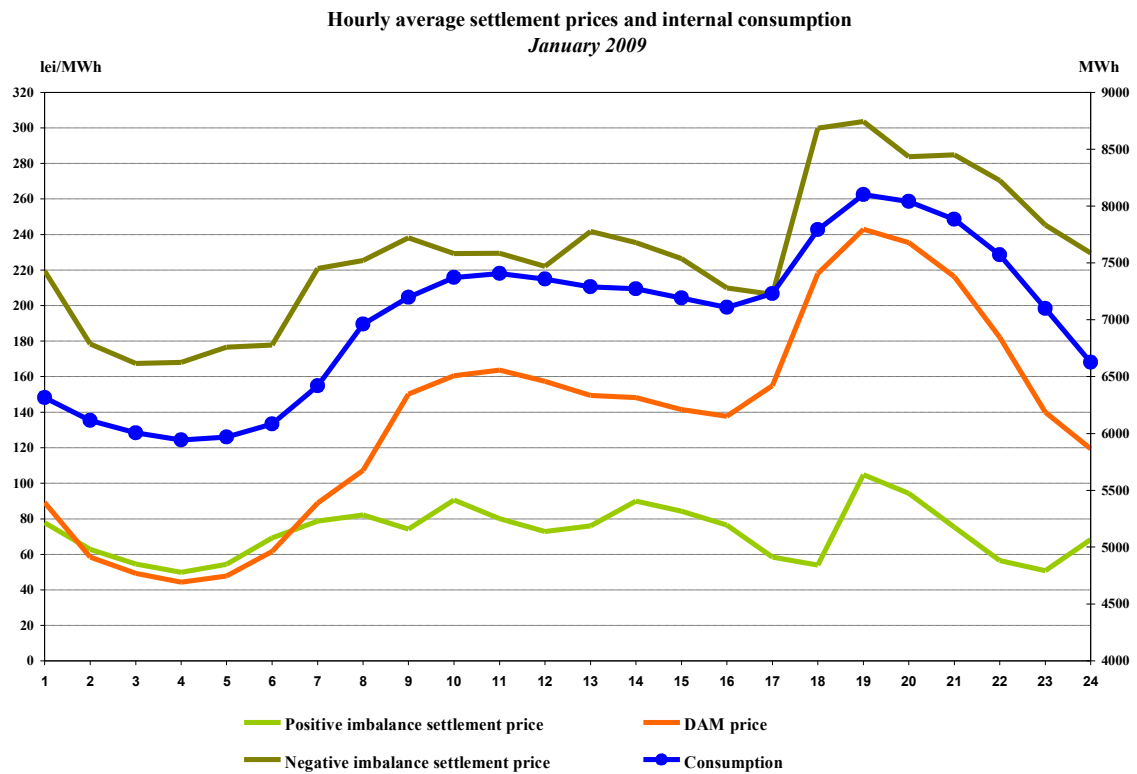
Source: Daily reports of SC Opcom SA – processed by MG

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.

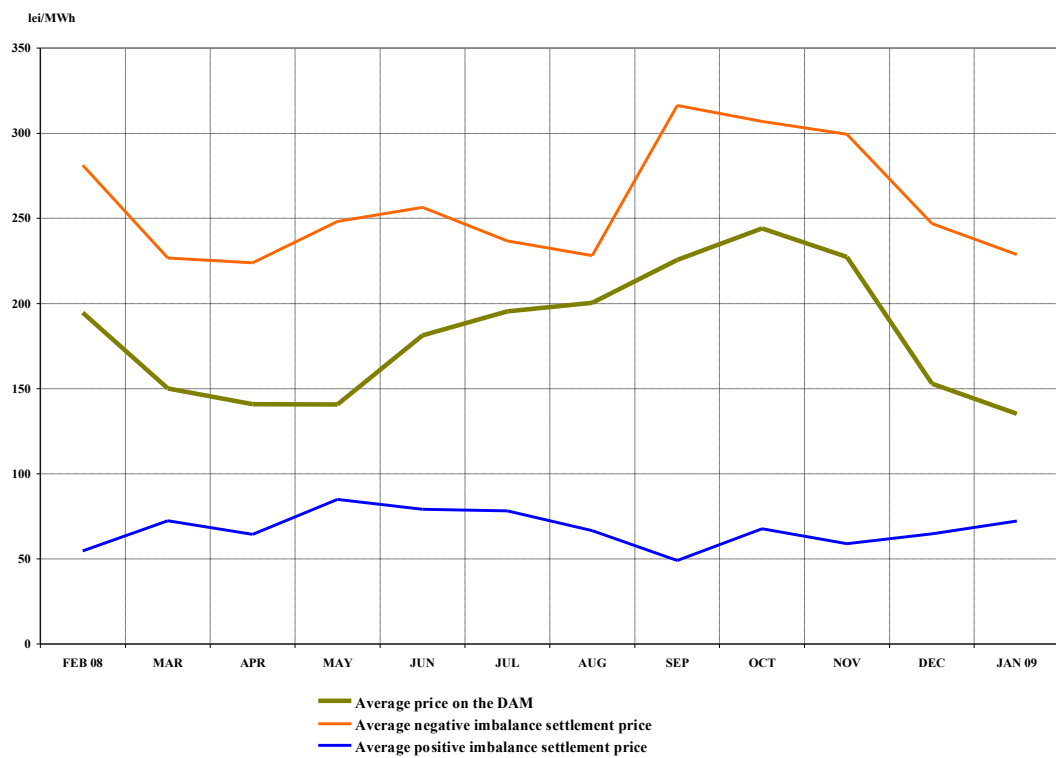


Source: Daily/monthly reports of SC Opcom SA – processed by MG



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

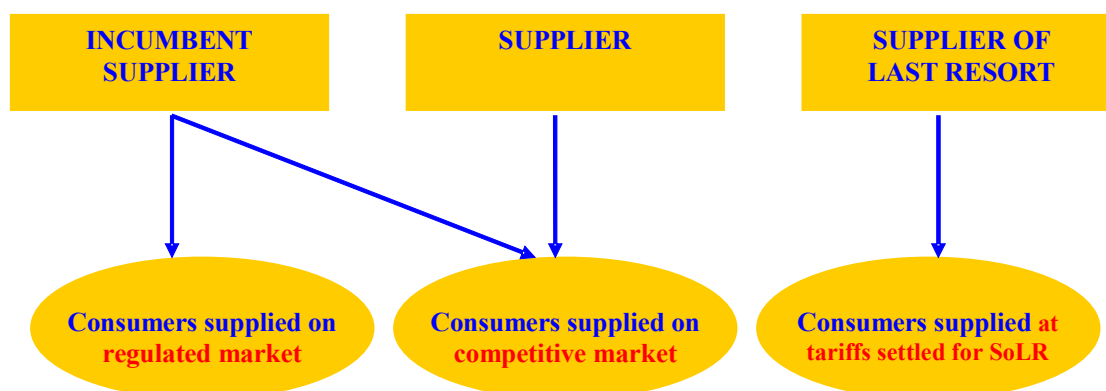
Monthly average prices on DAM and BM



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

III. RETAIL ELECTRICITY MARKET

1. Structure of the retail electricity market



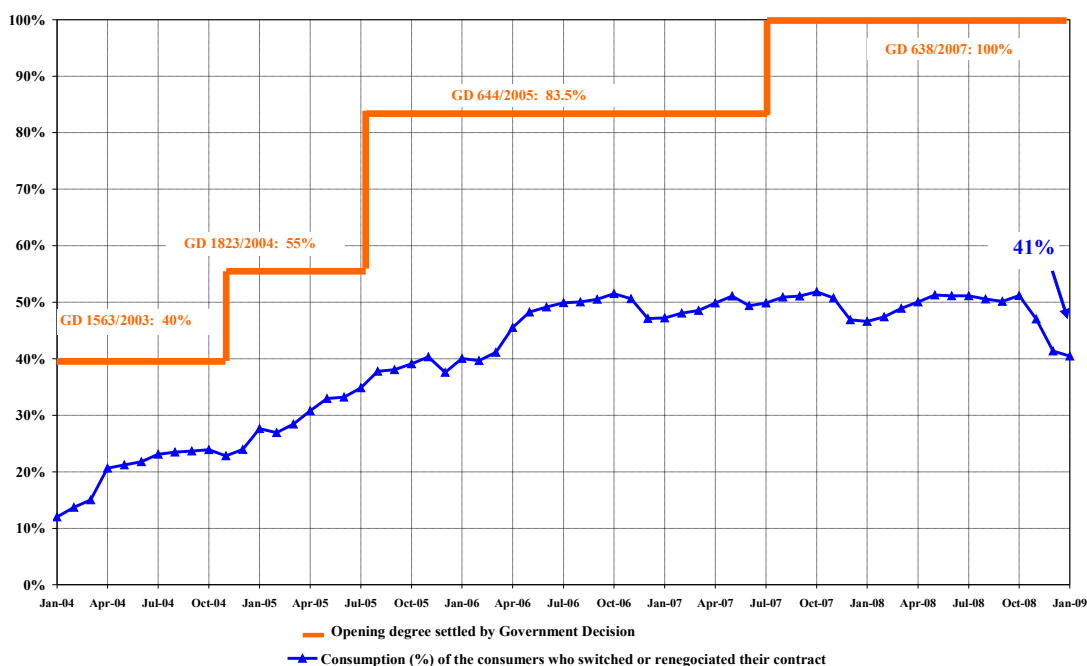
2. Steps in the opening process of the electricity market

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 – January 2009. The values presented are cumulated from the beginning of the opening process and are presented monthly:

Opening degree evolution for electricity market
January 2004 - January 2009



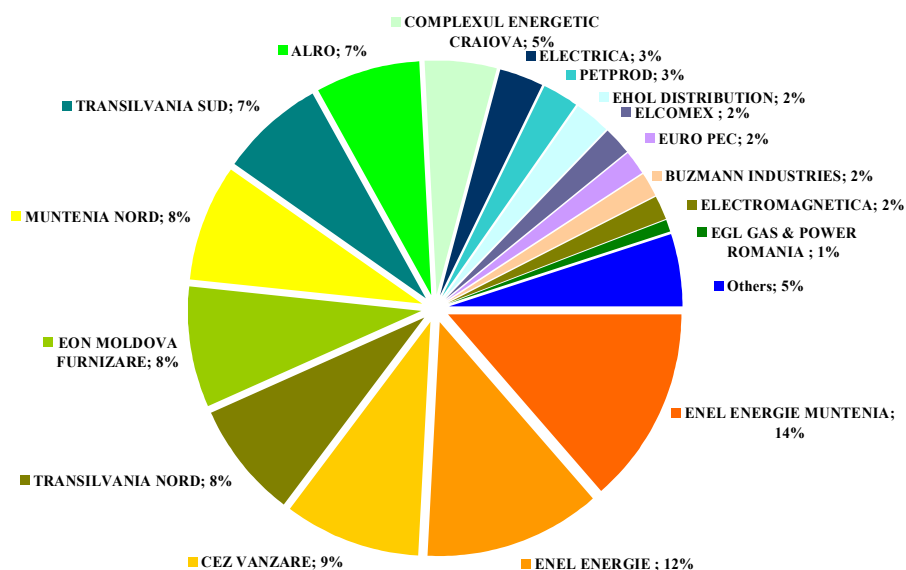
Source: Monthly reports of the final consumers' suppliers – processed by MG

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:

- for all suppliers (including the incumbents) - based on the electricity supplied for the consumers at regulated tariffs and negotiated prices on REM;

Market shares of suppliers for final consumers
- January 2009 -

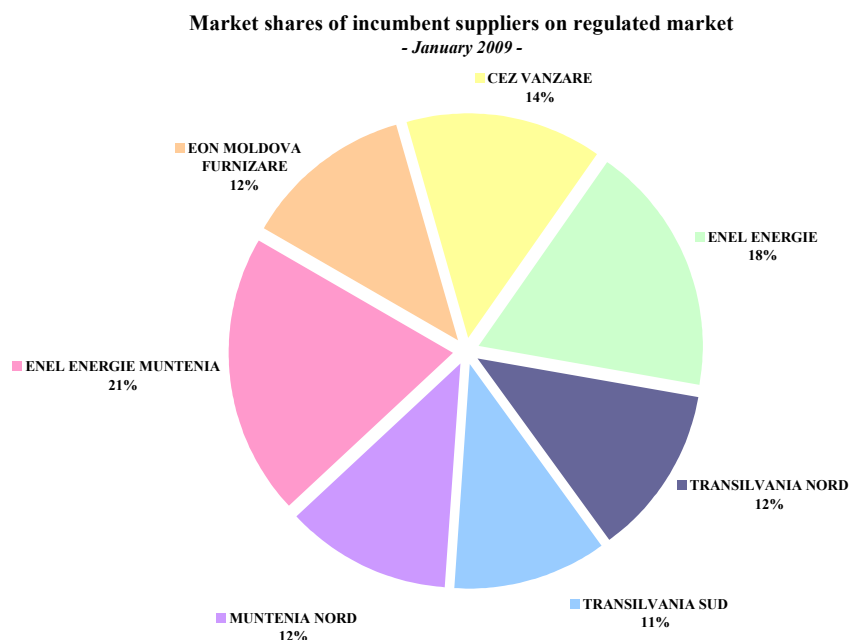


Final consumption: 3587 GWh

Category "Others" includes 29 suppliers with individual market share less than 1%

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

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

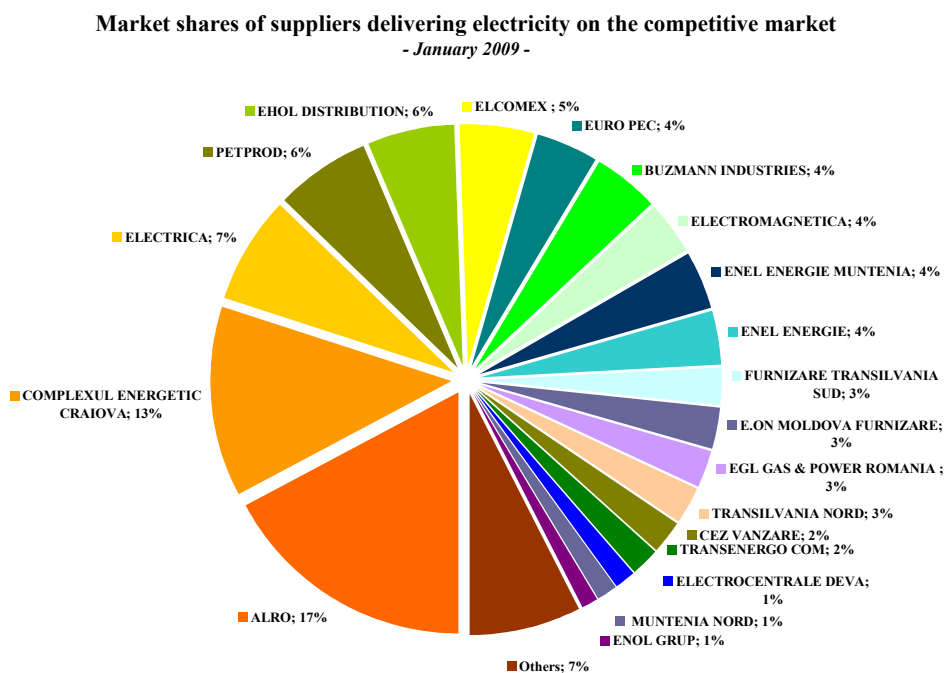


Consumption of consumers supplied at regulated tariffs: 2135 GWh

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:



Consumption on competitive market: 1452 GWh

Structure indicators:

HHI - 736

C3 - 37%; C1 - 17%

Category "Others" includes 26 suppliers with individual market share less than 1%

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

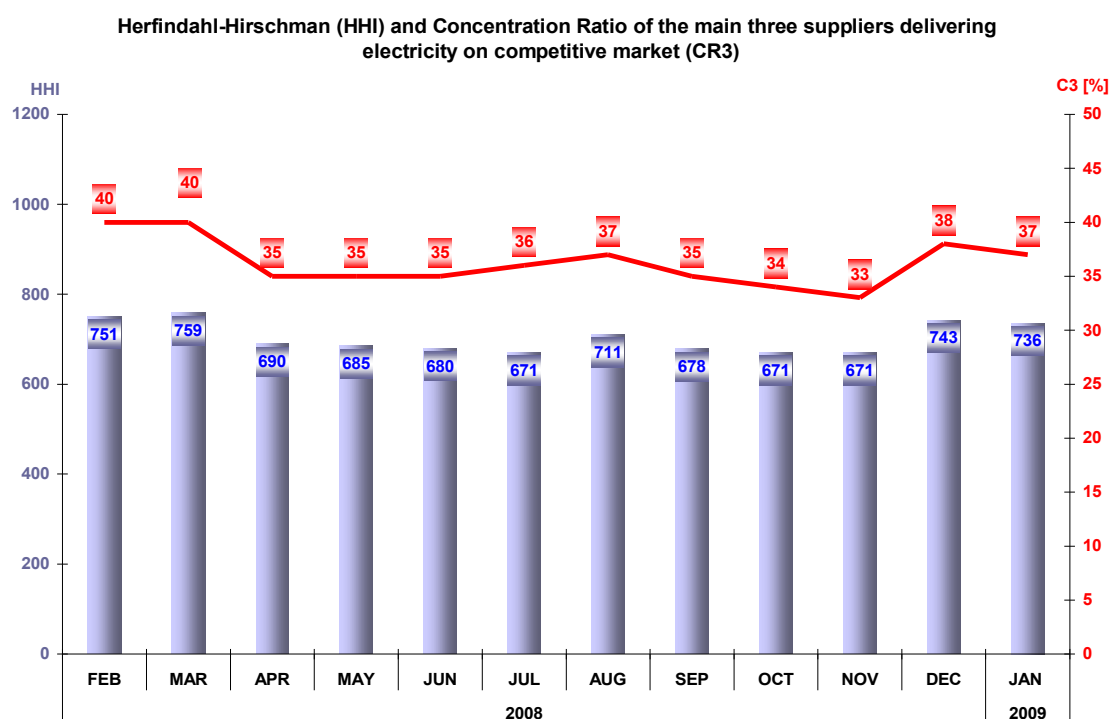
The electricity supplied to the final consumers used for calculating the market share of every supplier includes also the self-consumption of that particular supplier (e.g. consumers with supply license who buy electricity for themselves from WEM as competitive suppliers).

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 January 2009:

Number of suppliers - January 2009 -	Share of sales to final consumers from total sales transactions			
	100%	75% - 100%	50% - 75%	<50%
Competitive	8	8	6	13
Incumbent	4	2	0	1

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 in the following graph:



Source: Monthly reports of the suppliers – processed by MG

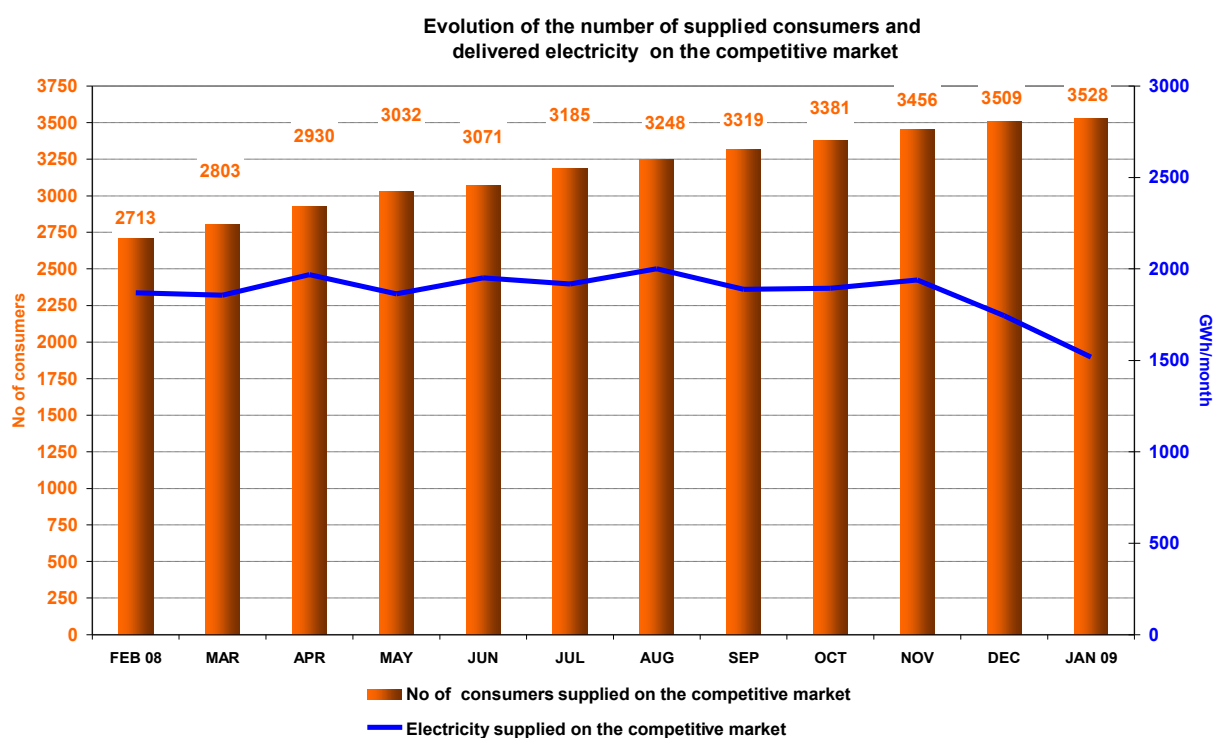
The table below shows the values of structure indicators of competitive component of REM for January 2009, calculated for each consumer category as defined by European Council Directive 90/377/EEC, modified by the Commission Decision 2007/394/EC:

Indicators - January 2009 -	Consumer category							Total
	IA	IB	IC	ID	IE	IF	Others	
C1 (%)	28	39	20	13	19	23	33	17
C3 (%)	71	64	45	32	39	51	69	37
HHI	1909	1960	941	657	824	1245	1979	736
Consumption (GWh)	0.2	28	76	293	177	111	767	1452
No. of suppliers	9	28	35	36	22	12	11	46
Incumbent suppliers	6	7	7	7	6	3	0	7
Competitive suppliers	3	19	25	26	15	9	8	35
Generators acting as suppliers	0	2	3	3	1	0	3	4

6. Evolution of consumers' number and of the electricity delivered

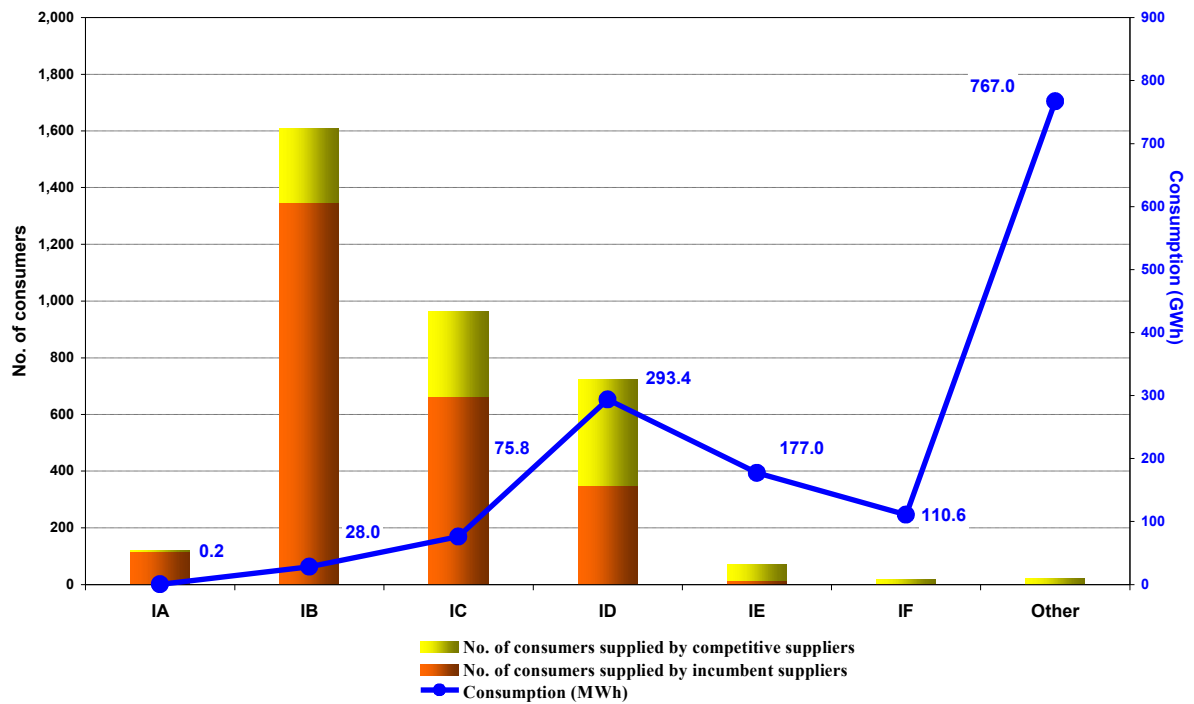
Number of consumers supplied on the competitive market is presented as total value from the beginning of the market opening process; for January 2009 this number is split into categories, according to the provisions of the European Council Directive 90/377/EC, with the subsequent modifications. The table 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	



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
- January 2009 -**



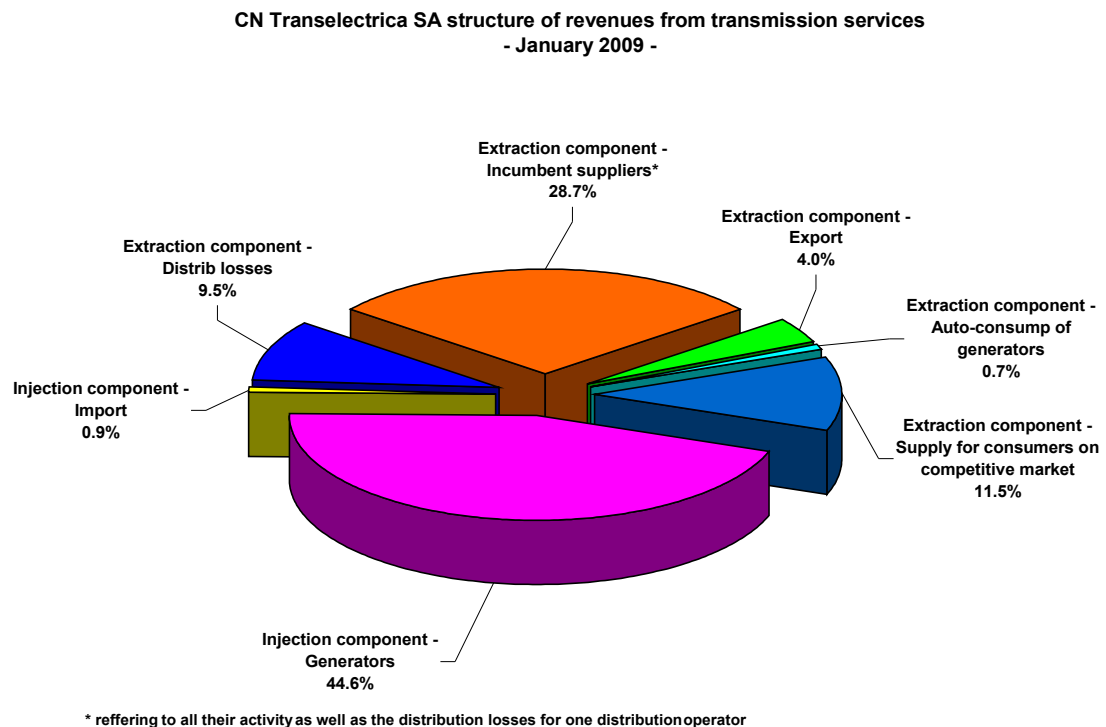
Source: Monthly reports of the suppliers – processed by MG

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 January 2009.

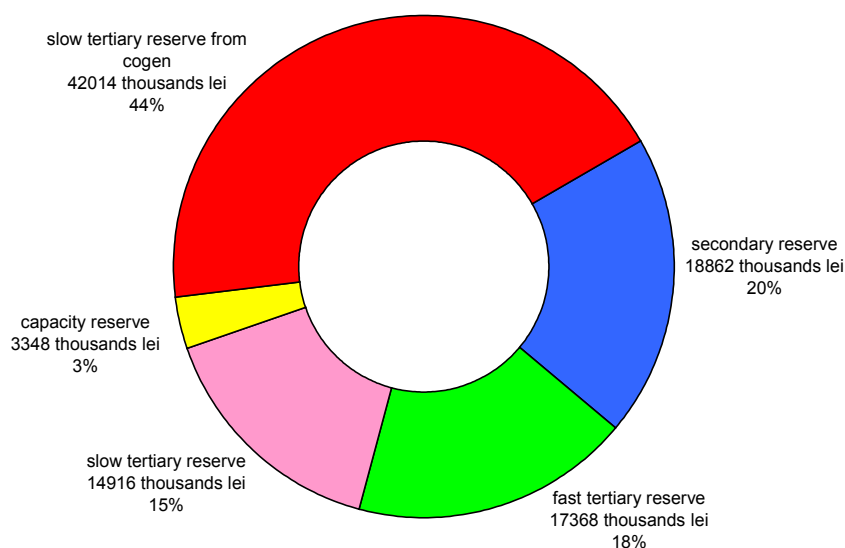


Source: Monthly reports of CN Transelectrica SA – processed by MG

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 used are: reserves for secondary, fast tertiary, slow tertiary regulation and slow tertiary reserve from cogeneration. Starting with July 2007, the rules for capacity reserve entered into force, by determination of the reserve dimensions, the way in which the suppliers of this service are selected and the conditions in which this new type of reserve may be used by CN Transelectrica SA.

The following graph presents the costs of ancillary services CN Transelectrica SA had to pay in January 2009. In order to cover these costs and its own operating costs, TSO applies a regulated tariff for system services.

Structure of CN Transelectrica SA costs with ancillary services acquired from qualified generators
- January 2009 -



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

V. EVOLUTION OF MARKET RULES IN JANUARY 2009

- In January 2009 ANRE issued Decision no. 16/08.01.2009 regarding the cross-border exchanges of electricity between CN Transelectrica SA and TSO (transmission and system operators) from other EU countries, on emergency situations. This Decision was valid until March 31st, 2009.
- ANRE modified the regulated electricity quantities for SC Electrocentrale București SA, SN Nuclearelectrica and SC Hidroelectrica SA and the prices and quantities for SC Electrocentrale Deva SA. ANRE qualified the priority production configurations of SC Hidroelectrica SA.
- No regulations concerning the functioning of the retail electricity market were issued in January 2009.

VI. 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 SNP 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