REPORT ON RESULTS OF MONITORING THE ROMANIAN ELECTRICITY MARKET MARCH 2011

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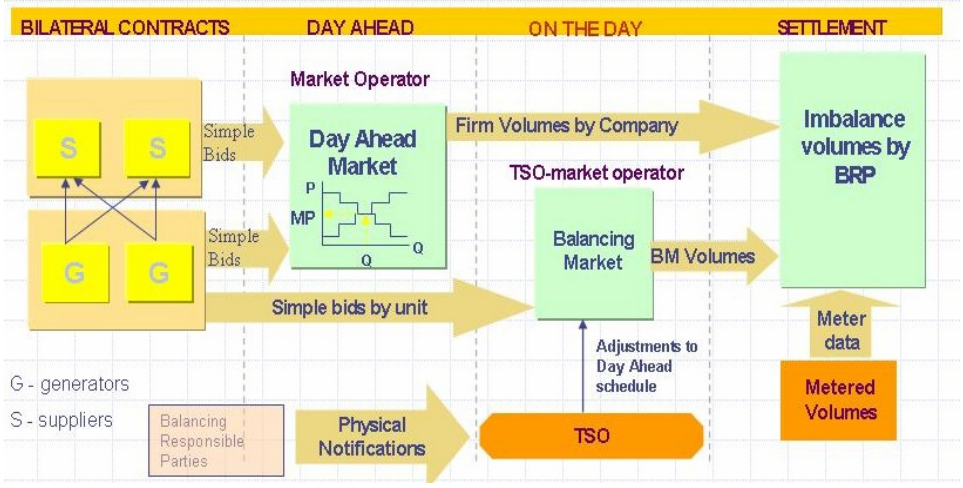
I. MAIN EVENTS IN THE DEVELOPMENT OF THE ROMANIAN ELECTRICITY MARKET

- GD 365/1998 – vertically integrated monopol – 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 disolved;
- 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 negociation;
- 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

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 March 2011 are presented below split into categories:

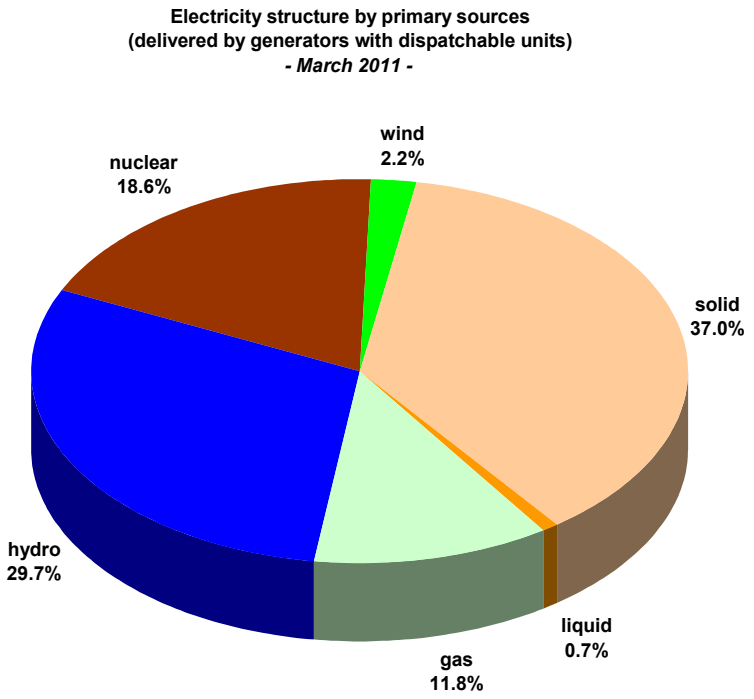
No.	Name	Comments
A	***Electricity generators operating dispatching units***	
1	SC CET Bacău SA	
2	SC CET Braşov SA	
3	SC CET Govora SA	
4	SC CET Iaşi SA	
5	SC CET Oradea SA	
6	SC Cernavoda Power SRL	
7	SC Dalkia Termo Prahova SRL	
8	SC EDP Renewables România SRL	
9	SC Electrocentrale Bucureşti SA	
10	SC Electrocentrale Galaţi SA	
11	SC Enel Green SRL	
12	SC Lukoil Energy & Gaz Romania SRL	
13	SC Termica SA Suceava	
14	SC Termoelectrica SA	
15	SC Tomis Team SRL	
16	RAAN	Generators acting also as suppliers on the competitive market
17	SN Nuclearelectrica SA	
18	SC OMV Petrom SA	
19	SC CE Craiova SA	
20	SC CE Rovinari SA	
21	SC CE Turceni SA	
22	SC CET Arad SA	
23	SC Electrocentrale Deva SA	
24	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 Energie Romania 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	Alpiq Energy SE
2	SC AMV Style SRL
3	CEZ as
4	SC CEZ Trade Romania SRL
5	Danske Commoditiesa/s Aarhus
6	SC Edison Trading SpA
7	SC Encaz SRL
8	SC Enel Trade Romania SRL
9	SC Energy Market Consulting SRL
10	SC Energon Power&Gaz SRL
11	SC Energostream SRL
12	E.ON Energy Trading SE
13	SC Ezpada SRL
14	Ezpada SRO
15	Gazprom Marketing &Trading
16	SC GDF Suez Energy Trading Romania SRL
17	GEN-I Bukarest Electricity Trading and Sales
18	SC Global Electric Trading SRL
19	SC Grivco SA
20	Holding Slovenske Electrarne d.o.o.
21	SC Iberdola Romania SRL
22	SC Invest Dinamic Project SRL
23	SC Jas Budapest Zrt
24	JP Morgan Ltd
25	SC Korlea Invest SRL
26	MVM Partner Energy Trading Ltd
27	SC Power Plus SRL
28	SC RomEnergy Industry SRL
29	RWE Supply Trading GmbH
30	Repower Trading Ceska Republica
31	SC RE Power Generation SRL
32	SC Repower Vanzari Romania SRL
33	SC Romelectro SA
34	SC Rudnap SRL
35	SC Sindserv SA
36	Societatea Naţională a Lignitului Oltenia
37	Statkraft Markets GmbH
38	SC Statkraft Romania SRL
39	SC TEN Transilvania Energie SRL

No.	Name
G	***Electricity Suppliers***
1	SC Alpiq RomEnergie SRL
2	SC Alpiq RomIndustries SRL
3	SC Alro SA
4	SC Arcelormittal Galati SA
5	SC Arelco Distributie SRL
6	SC Aton Transilvania SRL
7	SC Beny Alex SRL
8	SC Biol Energy SRL
9	SC EFE Energy SRL
10	SC EGL Gas & Power Romania SA
11	SC Elcomex EN SRL
12	SC Electrica SA
13	SC Electricom SA
14	SC Electromagnetica SA
15	SC Energotrans SRL
16	SC Energy Distribution Services SRL
17	SC EFT Romania SRL
18	SC Energy Holding SRL
19	SC Energy Network SRL
20	SC Enex SRL
21	SC Ennet Grup SRL
22	SC Enol Grup SA
23	SC EURO-PEC SA
24	SC Fidelis Energy SRL
25	SC GDF SUEZ Energy Romania SA
26	SC General Com Invest SRL
27	SC Hidroconstructia SA
28	SC ICCO Energ SRL
29	ILIOTOMI Impex GRPA
30	SC ICPE Electrocond Technologies SA
31	SC Luxten LC SA
32	OET Obedineni Energini Targovtsi
33	SC Petprod SRL
34	SC Renovation Trading SRL
35	SC Tinmar Ind SA
36	SC TEN Gaz SRL
37	SC Transformer Supply SRL
38	SC Transenergo Com SA
39	SC UCM Energy SRL

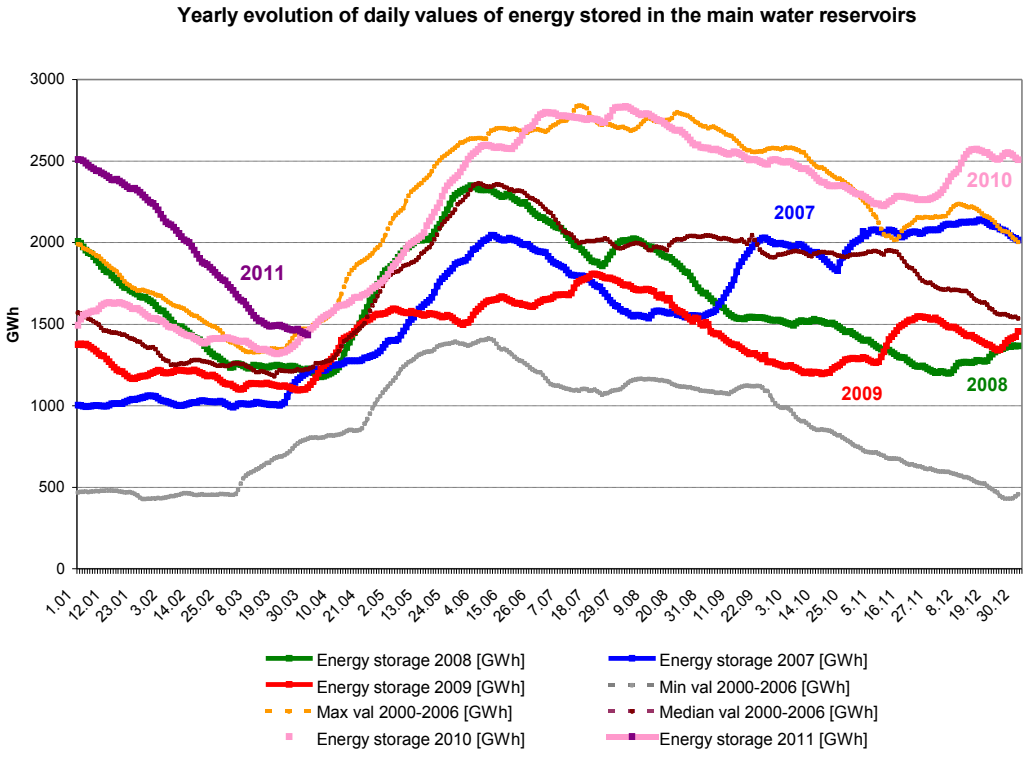
*) The electricity market participants report to ANRE technical/commercial data according to the *Methodology of wholesale electricity market monitoring for assessing the competition level on market and preventing the abuse of dominant position,* approved by ANRE Order no. 35/2006. The table does not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

3. *Generation structure of National Energy System on resources types*



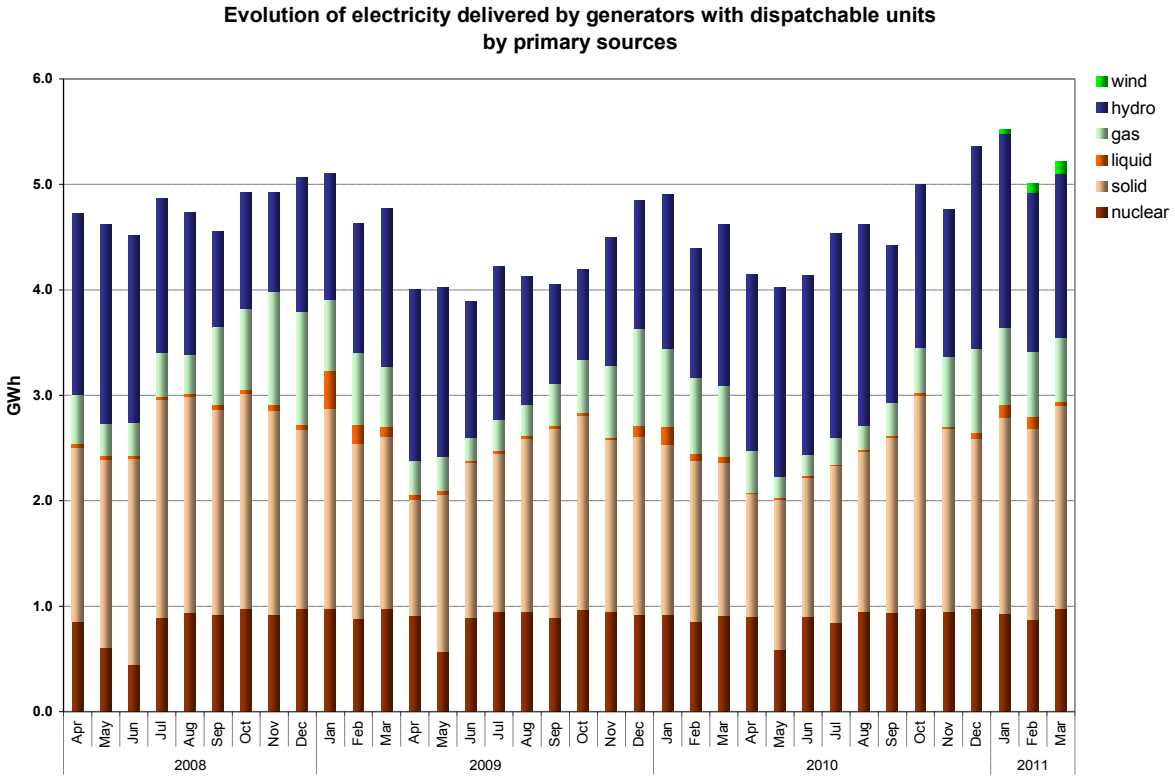
Source: Monthly reports of generators – processed by MG

The electricity generated from hydro resources and the energy stored in the main water reservoirs are directly correlated. The following graph presents the evolution of daily amounts of energy storage during the last 4 years and compared to minimum, maximum and median values from 2000-2006.



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 March 2011 and for the first 3 months of 2011, compared to data for similar periods of 2010:

	INDICATOR	MU	Mar 2010	Mar 2011	%	Jan-Mar 2010	Jan-Mar 2011	%
0	**1**	**2**	**3**	**4**	**5=4/3*100**	**6**	**7**	**8=7/6*100**
1	Generated electricity	TWh	5.03	5.65	112.33	15.19	17.08	112.44
2	Delivered electricity	TWh	4.63	5.21	112.53	13.93	15.75	113.07
3	Import	TWh	0.12	0.05	41.67	0.36	0.15	41.67
4	Export	TWh	0.09	0.45	500.00	0.41	1.41	343.90
5	Internal consumption	TWh	4.65	4.81	103.44	13.87	14.49	104.47
6	Consumption of household consumers on the regulated market	TWh	1.02	1.03	100.98	3.04	3.09	101.64
7	Consumption of non-households consumption	TWh	2.84	3.03	106.69	8.02	8.73	108.85
7.1	*on the regulated market*	TWh	*1.01*	*0.81*	*80. 19*	*2.99*	*2.43*	*81.27*
7.2	*on the competitive market*	TWh	*1.83*	*2.22*	*121.31*	*5.03*	*6.31*	*125.45*
8	Transmission – Injection component	TWh	4.57	5.10	111.60	13.78	15.45	112.12
9	Transmission – Extraction component	TWh	4.68	5.22	111.54	14.08	15.74	111.79
10	System services	TWh	4.68	5.22	111.54	14.08	15.74	111.79
11	Actual transmission grid losses	TWh	0.08	0.09	112.50	0.25	0.31	124.00
12	Heat generated for delivery	Tcal	2211.41	2208.19	99.85	7561.93	7354.82	97.26
13	Heat in co-generation	Tcal	1826.77	1820.63	99.66	6235.31	6173.21	99.00

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. 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 stardardised 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 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 March 2011 compared to the month before and March 2010:

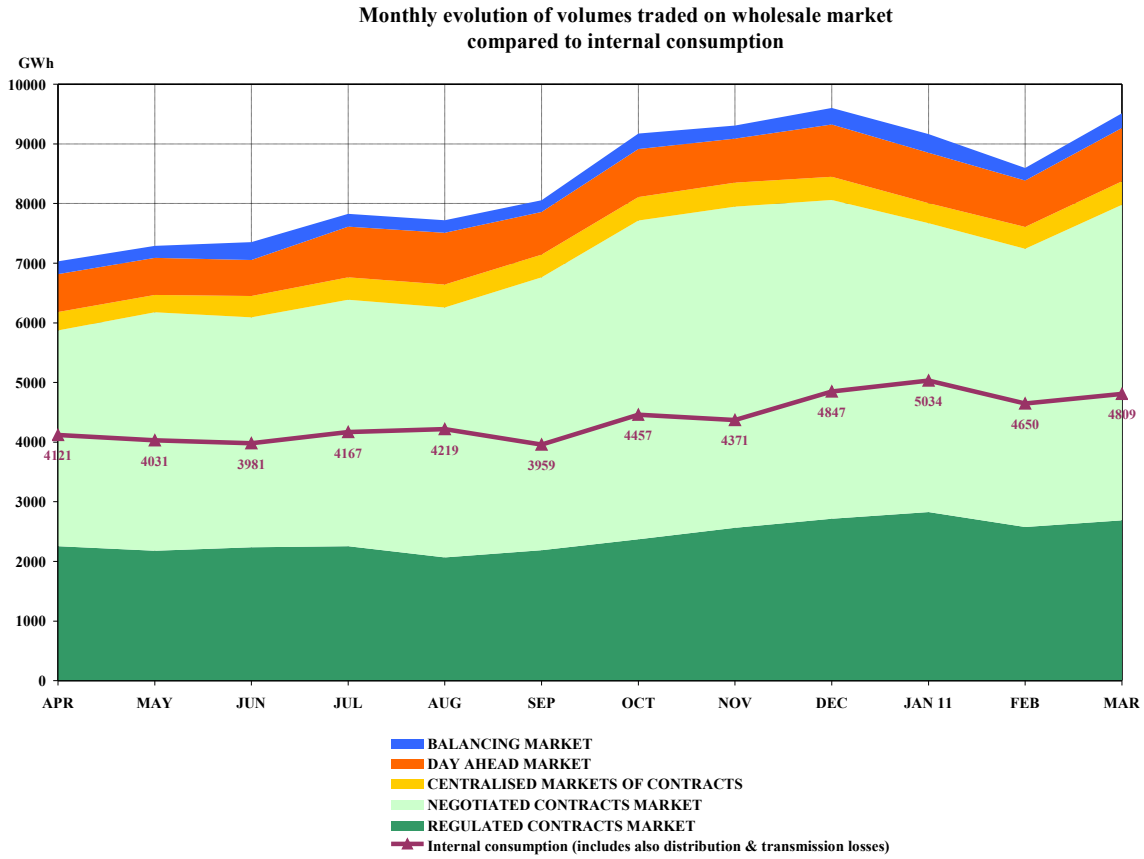
TRANSACTIONS ON THE WHOLESALE MARKET	February 2011	March 2011	March 2010
1. BILATERAL CONTRACTS' MARKET			
traded volume (GWh)	**7240**	**7979**	**6131**
% from internal consumption (%)	155.7	165.9	131.8
average price (lei/MWh)	167.58	166.06	163.60
1.1. **Sales on regulated contracts**			
traded volume (GWh)	**2576**	**2689**	**2701**
% from internal consumption (%)	55.4	55.9	58.1
average price (lei/MWh)	170.67	167.21	172.07
1.2. **Sales on negociated contracts***			
traded volume (GWh)	**4664**	**5290**	**3430**
% from internal consumption (%)	100.3	110.0	73.8
average price (lei/MWh)	165.88	165.47	156.92
2. EXPORT			
traded volume** (GWh)	**410**	**451**	**94**
% from internal consumption (%)	8.8	9.4	2.0
average price (lei/MWh)	179.60	186.34	150.47
3. CENTRALISED MARKETS OF CONTRACTS			
traded volume (GWh)	**368**	**393**	**366**
% from internal consumption (%)	7.9	8.2	7.9
average price (lei/MWh)	160.98	159.00	160.35
4. DAY AHEAD MARKET			
traded volume (GWh)	**778**	**896**	**649**
% from internal consumption (%)	16.7	18.6	14.0
average price (lei/MWh)	194.09	192.17	157.58
5. BALANCING MARKET			
traded volume (GWh)	**212**	**247**	**228**
% from internal consumption (%)	4.6	5.1	4.9
upward volume (GWh)	**149**	**145**	**104**
average negative imbalance price(lei/MWh)	255.78	247.30	241.28
downward volume (GWh)	**63**	**102**	**124**
average positive imbalance price (lei/MWh)	36.59	30.64	53.38
INTERNAL CONSUMPTION (includes distribution and transmission losses) (GWh)	**4650**	**4809**	**4650**

*Note: * Contracts of supply to consumers and contracts of export are not included*

*** Export volumes correspond to the quantities for which CN Transelectrica SA applied extraction component of transmission tariff for export, which in some cases are different to those reported as traded by participants*
Volumes traded on negotiated contracts do not include the quantities resulted from the processing contracts, as this activity is not subject of ANRE regulations and not comprised within the market participants' reports

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.

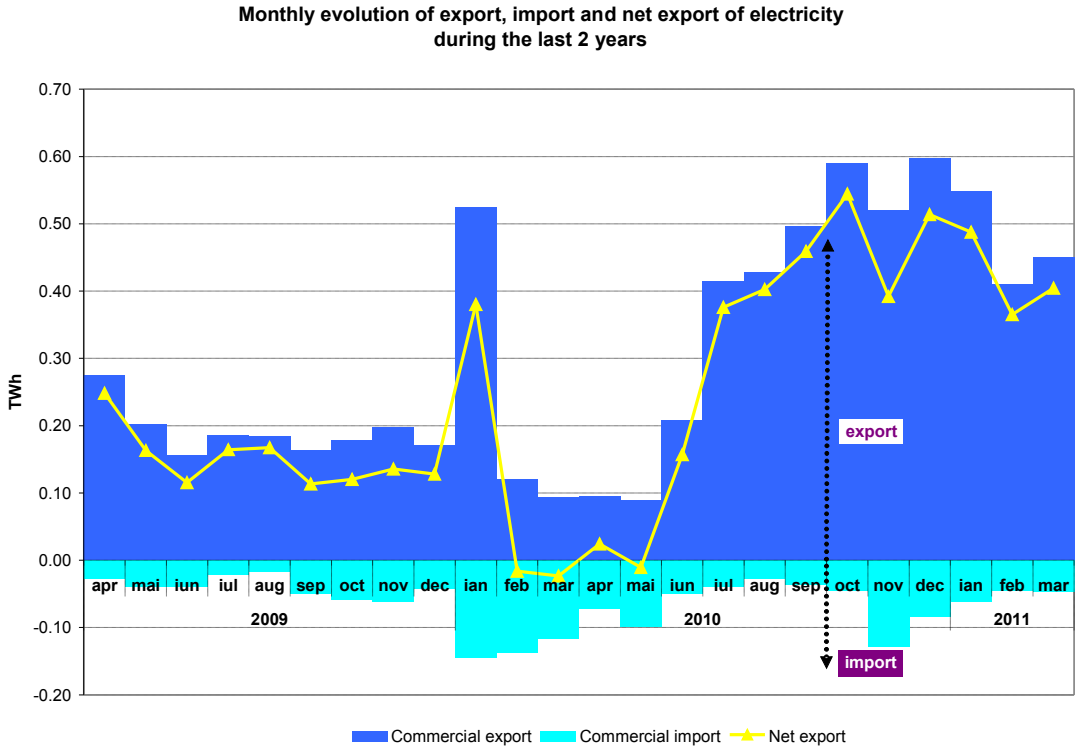
The evolution of the relation between the volumes sold on each market and the estimated internal consumption, during April 2010 – March 2011, is presented below:



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

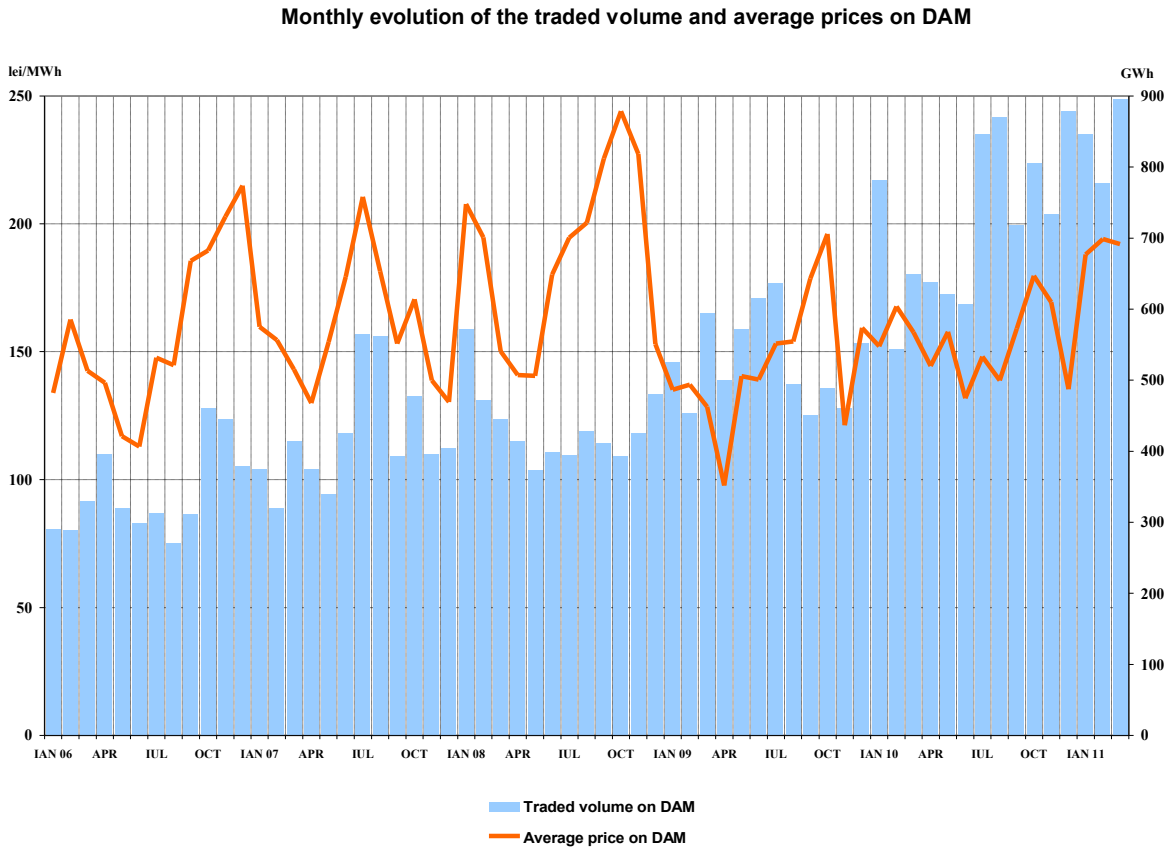
Note: In the above graph, the volumes traded on negociated contracts' market do not include the export trades

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) in the last 24 months:



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

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



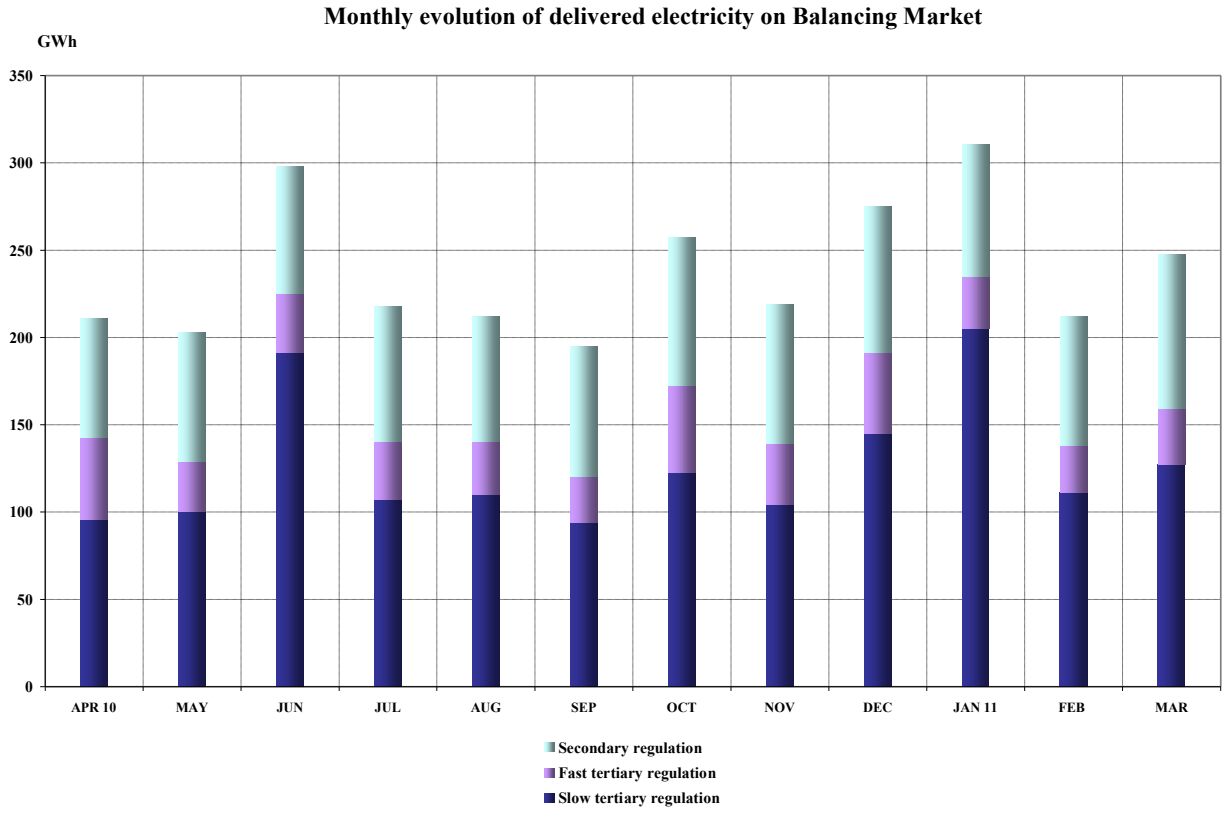
Source: Monthly reports of SC Opcom SA and CN Transelectrica SA – processed by MG

Balancing electricity is determined by the dispatch orders (accepted offers) received by generators. After settlement, the actual electricity delivered by generators on balancing market is determined based on the measured (approved) values; the relation between the accepted and delivered electricity in March 2011 is presented in the following table:

March 2011	Dispach order (GWh)	Delivered electricity (GWh)	Deviation (%)
Secondary regulation	**89**	**89**	
upward	35	35	
downward	54	54	
Fast tertiary regulation	**37**	**32**	**14**
upward	12	11	8
downward	25	20	17
Slow tertiary regulation	**138**	**127**	**8**
upward	105	99	6
downward	33	28	15
TOTAL	**264**	**247**	
upward	152	145	
downward	111	102	
INTERNAL CONSUMPTION		**4809**	
% share of traded volumes from internal consumption		***5.1%***	

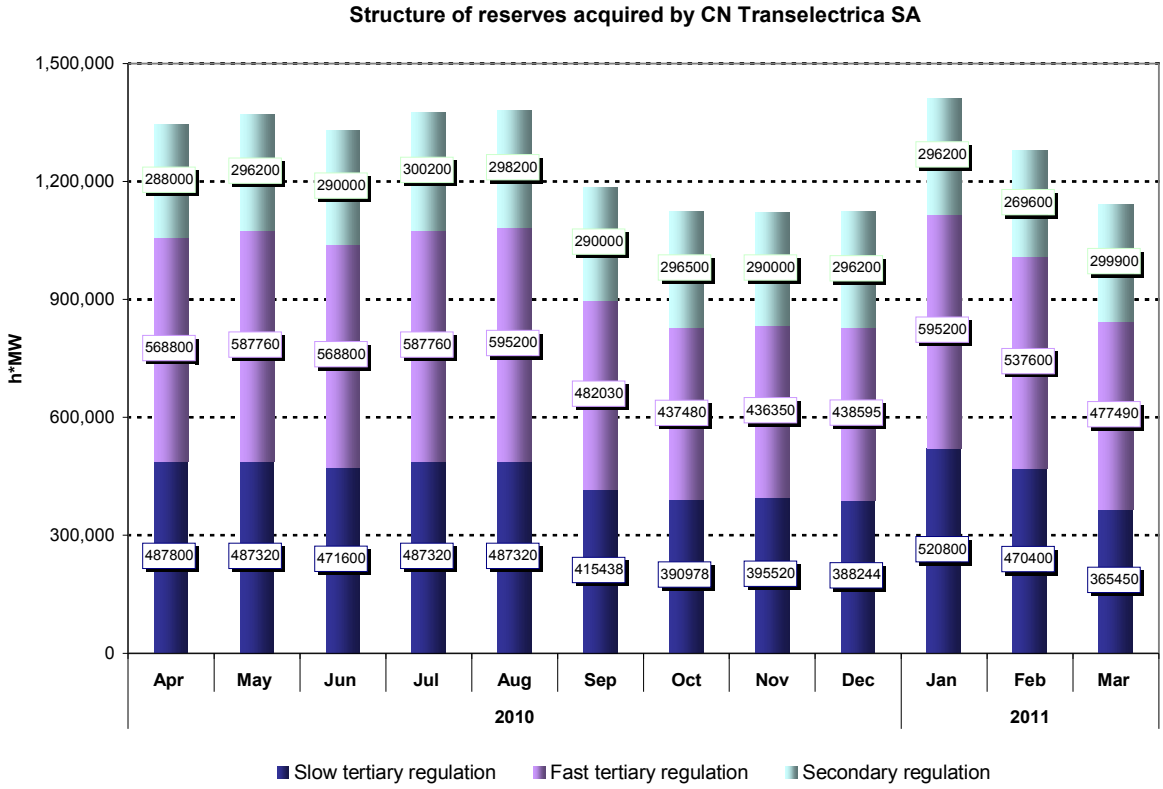
Source: Monthly reports of CN Transelectrica SA – processed by MG

The structure of balancing electricity delivered in the system on each type of regulation starting from April 2010 is presented in the graph below:



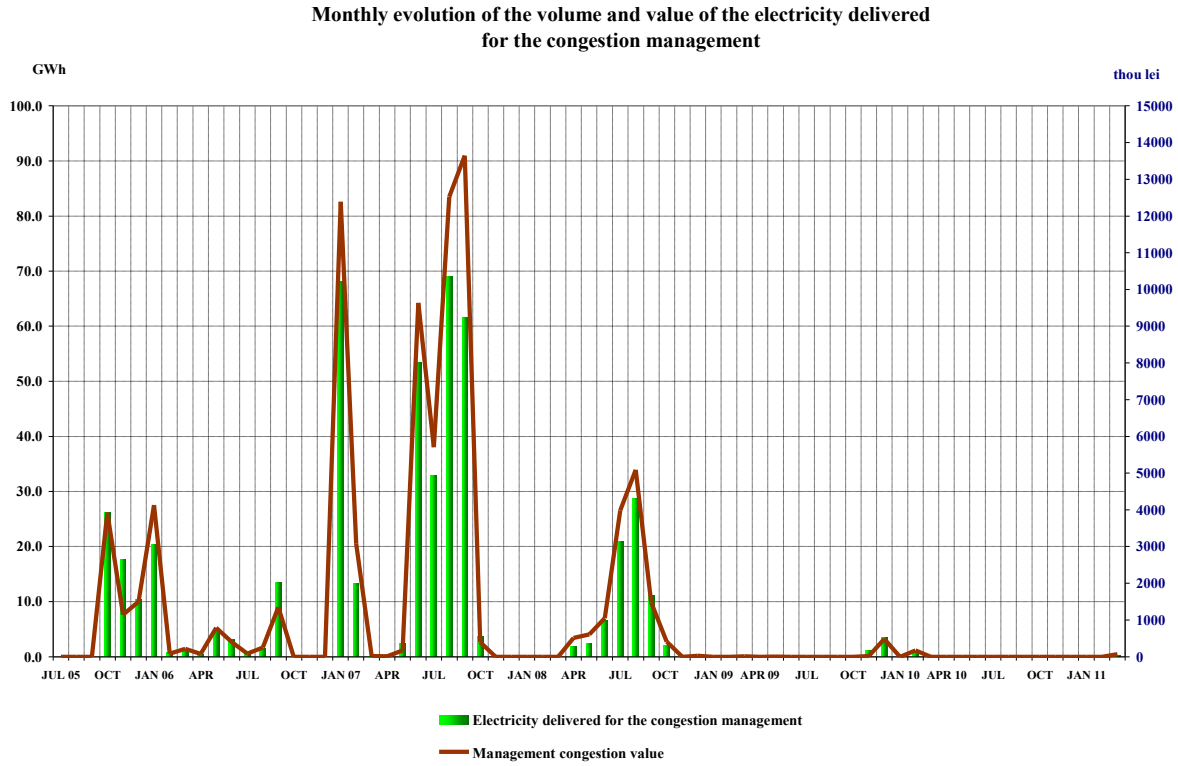
Source: Monthly reports of CN Transelectrica SA – processed by MG

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 Transelectrica SA starting with April 2010:



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

The following graph presents the evolution of electricity traded by CN Transelectrica 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 with 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 March 2011 compared to previous month and March 2010 was the following:

- GWh -

Transaction type	February 2011	March 2011	March 2010
0	**1**	**2**	**3**
Regulated to incumbents, thermal generators	1087.83	1059.55	1184.86
Regulated to incumbents, hydro generator	250.20	308.80	278.93
Regulated to incumbents, nuclear generator	432.61	452.09	483.57
Regulated for distribution losses, thermal generators	359.16	323.33	277.32
Regulated for distribution losses, hydro generator	87.64	67.45	57.32
Regulated for distribution losses, nuclear generator	129.01	135.48	128.25
Regulated for transmission losses, thermal generator	67.83	69.75	71.95
Regulated, to other generators (with return of obligation within a year)	161.47	272.21	219.30
Negotiated, to other generators	102.36	146.02	73.87
Negotiated, to suppliers	1276.71	1414.72	1059.37
Contracts concluded on centralized markets (CMBC, CMBC-NC, RCE)	367.91	393.38	365.70
Supply to consumers (regulated and competitive)	291.89	340.04	238.25
Export	129.66	90.13	62.43
DAM	514.32	610.72	414.14
Total	**5258.62**	**5683.65**	**4915.25**

Source: Monthly reports of generators – processed by MG

Suppliers

In March 2011, 85 companies having as main activity the supply of electricity concluded transactions on the electricity market; from these, 39 suppliers traded electricity exclusively on the wholesale market and 46 suppliers on both retail and wholesale markets (in this category are also included the 7 incumbent suppliers).

Suppliers acting exclusively on WEM

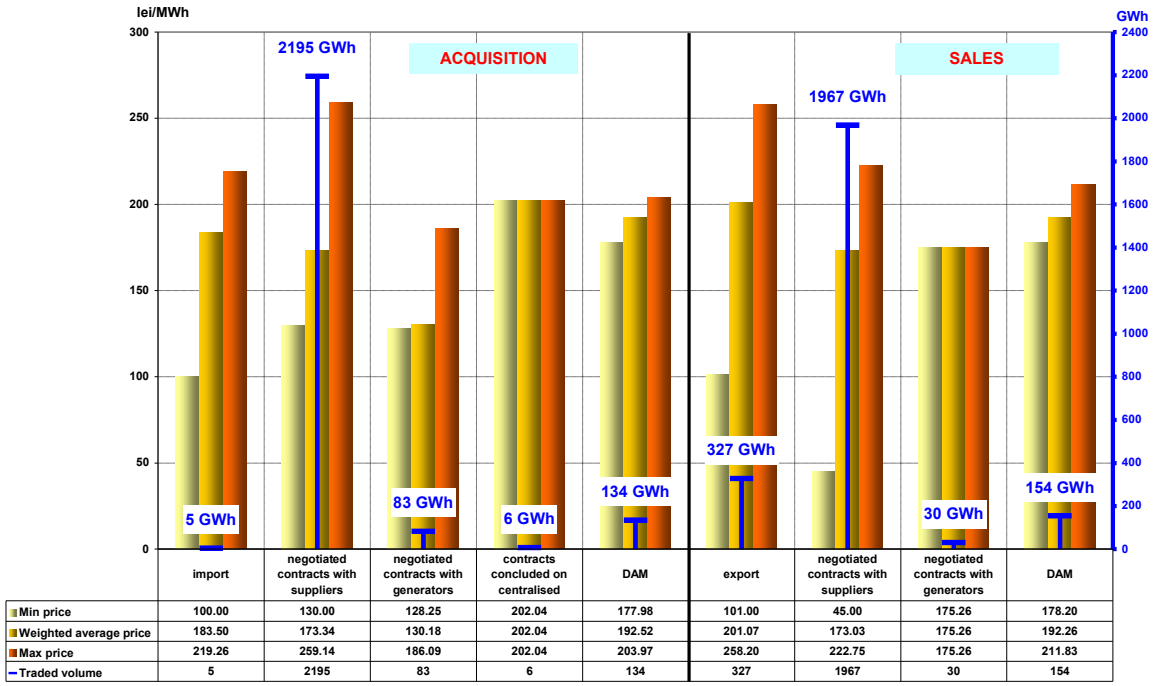
The following table shows the activity for March 2011 compared to March 2010 of the suppliers acting exclusively on WEM, acquisitions and sales being split by categories of markets/participants:

- GWh -

Transactions' structure of suppliers acting exclusively on WEM	**March 2010**	**March 2011**
Acquisitions		
Import	45.35	4.72
Negotiated contracts with suppliers	1183.14	2194.67
Negotiated contracts with generators	0.00	82.98
Contracts concluded on centralized markets	25.94	6.16
DAM	35.71	134.02
Sales		
Export	27.46	327.13
Negotiated contracts with suppliers	1191.37	1967.49
Negotiated contracts with generators	14.86	29.72
DAM	72.64	153.58

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 March 2011:

Transactions concluded by suppliers acting exclusively on WEM
- MARCH 2011 -



	import	negotiated contracts with suppliers	negotiated contracts with generators	contracts concluded on centralised	DAM	export	negotiated contracts with suppliers	negotiated contracts with generators	DAM
Min price	100.00	130.00	128.25	202.04	177.98	101.00	45.00	175.26	178.20
Weighted average price	183.50	173.34	130.18	202.04	192.52	201.07	173.03	175.26	192.26
Max price	219.26	259.14	186.09	202.04	203.97	258.20	222.75	175.26	211.83
Traded volume	5	2195	83	6	134	327	1967	30	154

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

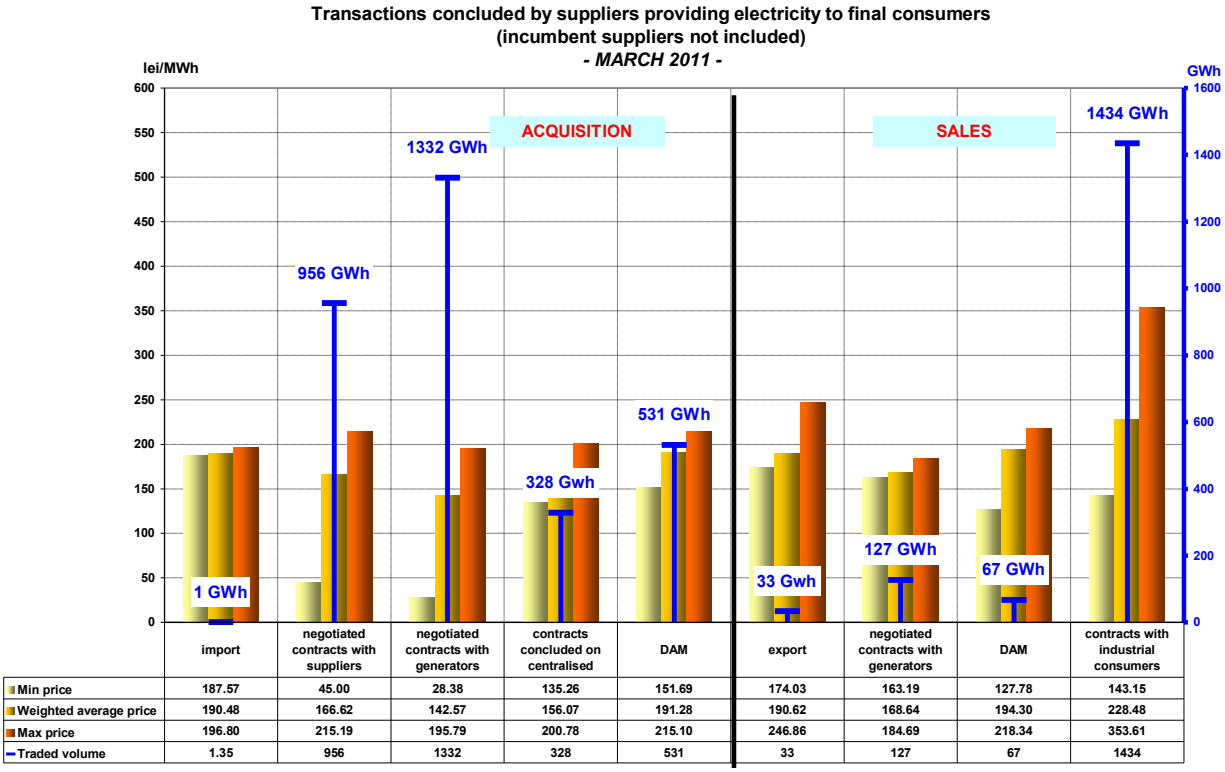
Active suppliers on REM (the incumbent suppliers are not included)

The following table presents aggregated information on transactions volume and structure for suppliers providing electricity to final consumers, on the competitive market, for March 2011 and March 2010.

- GWh -

Transactions' structure of suppliers providing electricity to final consumers (the incumbent suppliers are not included)	**March 2010**	**March 2011**
Acquisitions		
Import	38.62	1.35
Negotiated contracts with suppliers	783.25	955.71
Negotiated contracts with generators	1059.37	1331.75
Contracts concluded on centralized markets	298.90	327.78
DAM	267.76	530.71
Sales		
Export	3.82	33.39
Negotiated contracts with suppliers	993.06	1546.89
Negotiated contracts with generators	38.05	126.71
Contracts concluded on centralized markets	0.48	0.00
DAM	136.59	66.79
Final consumers	1275.53	1434.38

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 March 2011:



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

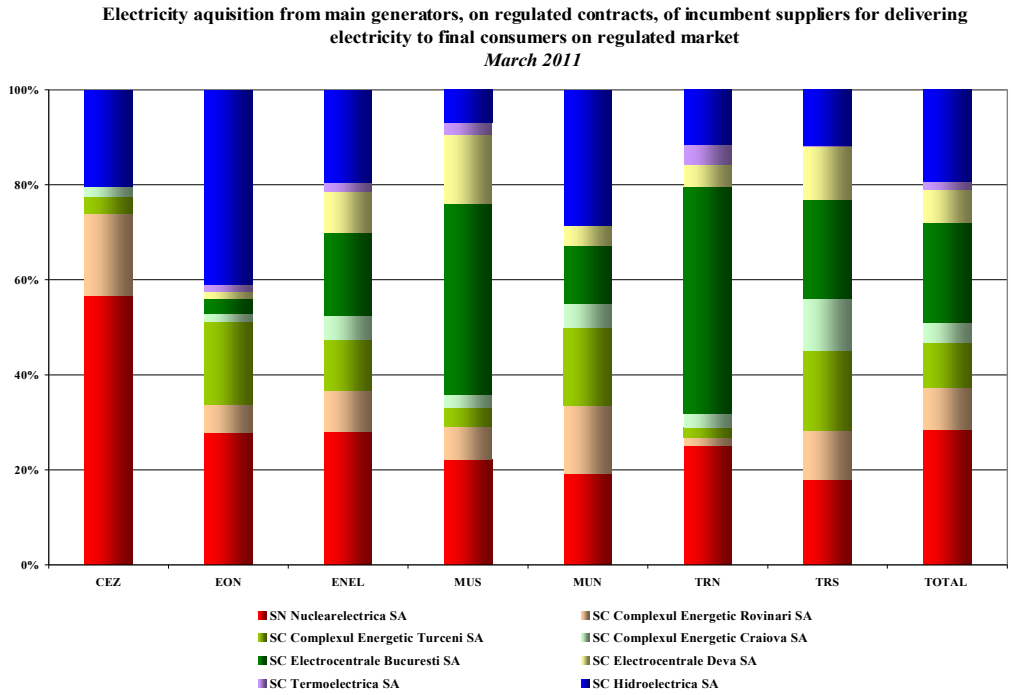
Incumbent suppliers

Electricity acquisition structure of incumbent suppliers (before the delivery day), for supplying the regulated market consumers, is presented in the table below, for March 2011 compared to the situation of March 2010:

- GWh -

Acquisition structure of incumbent suppliers for regulated REM component	March 2010	March 2011
Regulated contracts with generators	2011.95	1892.75
Negociated contracts	7.30	24.96
Contracts concluded on centralized markets	0.00	0.00
DAM	66.93	70.60

The structure of the electricity purchased by the incumbent suppliers from the main generators on regulated contracts is presented in the following graph for March 2011:



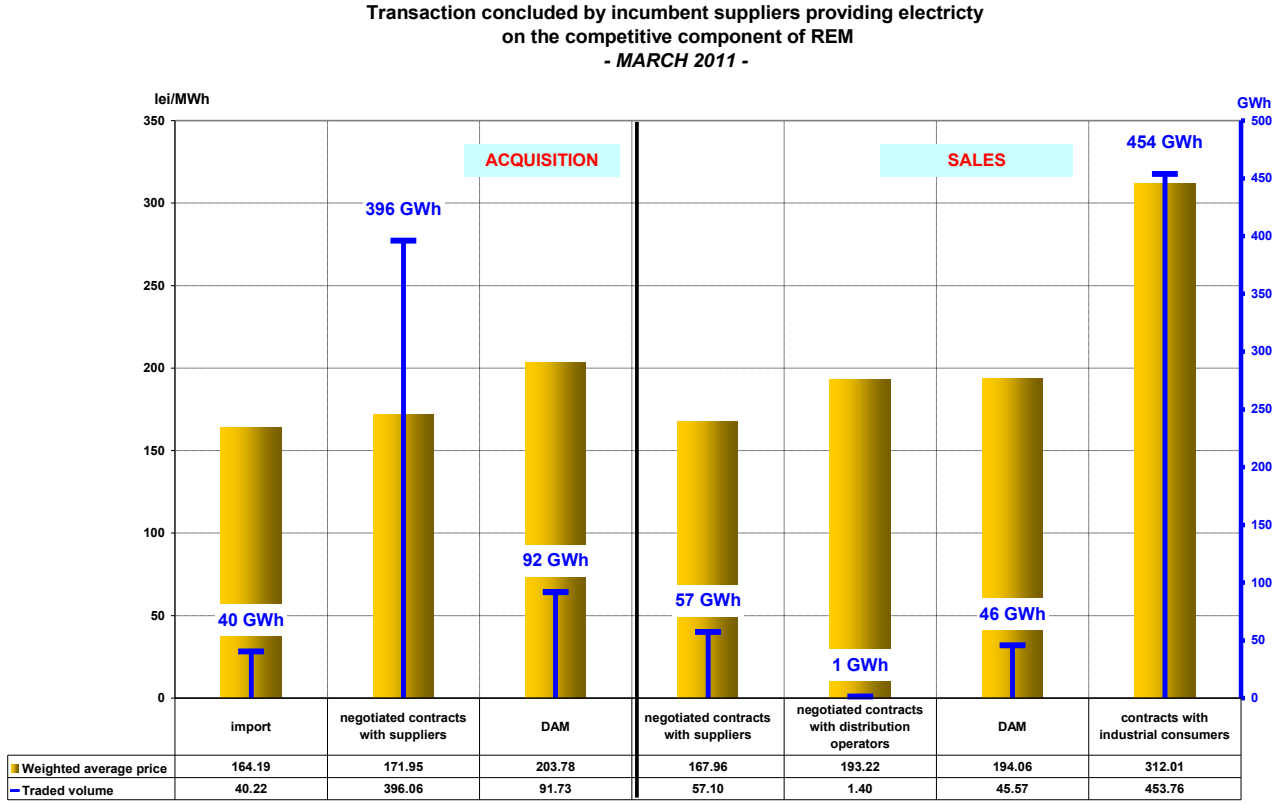
Source: Monthly reports of the incumbent suppliers – processed by MG

Likewise 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 March 2011 compared to March 2010:

- GWh -

Transactions' structure of incumbent suppliers for competitive REM component	March 2010	March 2011
Acquisitions		
Import	28.21	40.22
Negotiated contracts with suppliers	263.16	396.06
Negotiated contracts with generators	0.00	0.00
Contracts concluded on centralized markets	0.00	0.00
DAM	97.20	91.73
Sales		
Negotiated contracts with suppliers	52.41	57.10
Negotiated contracts with distributors	6.80	1.40
DAM	8.66	45.57
Final consumers	322.05	453.76

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 March 2011:



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

Main distribution operators

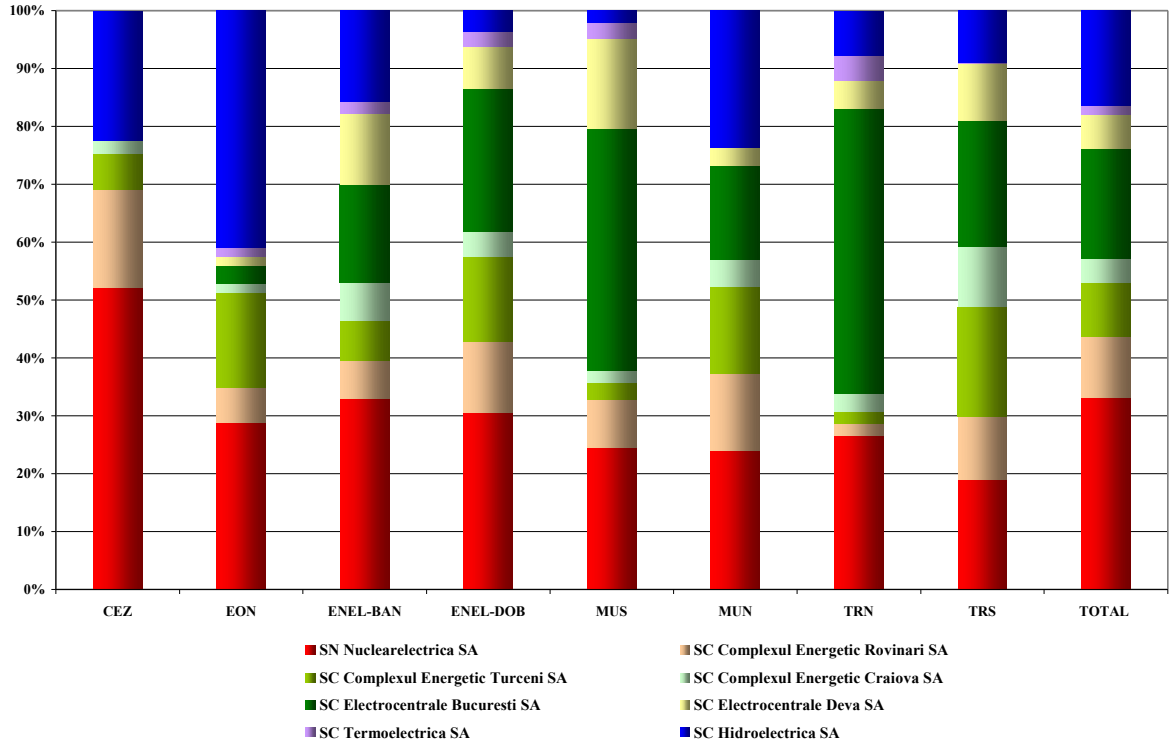
The following table shows the electricity acquisition structure of main distribution operators (before the delivery day), for covering the distribution network losses, for March 2011 compared to March 2010:

- GWh -

Acquisition structure	March 2010	March 2011
Regulated contracts with generators	462.91	534.93
Negotiated contracts with suppliers	6.80	1.40
Contracts concluded on centralized markets	0.00	0.00
DAM	138.78	57.64

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 March 2011:

Electricity acquisition of distribution operators from main generators, on regulated contracts, for covering the distribution losses
March 2011



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

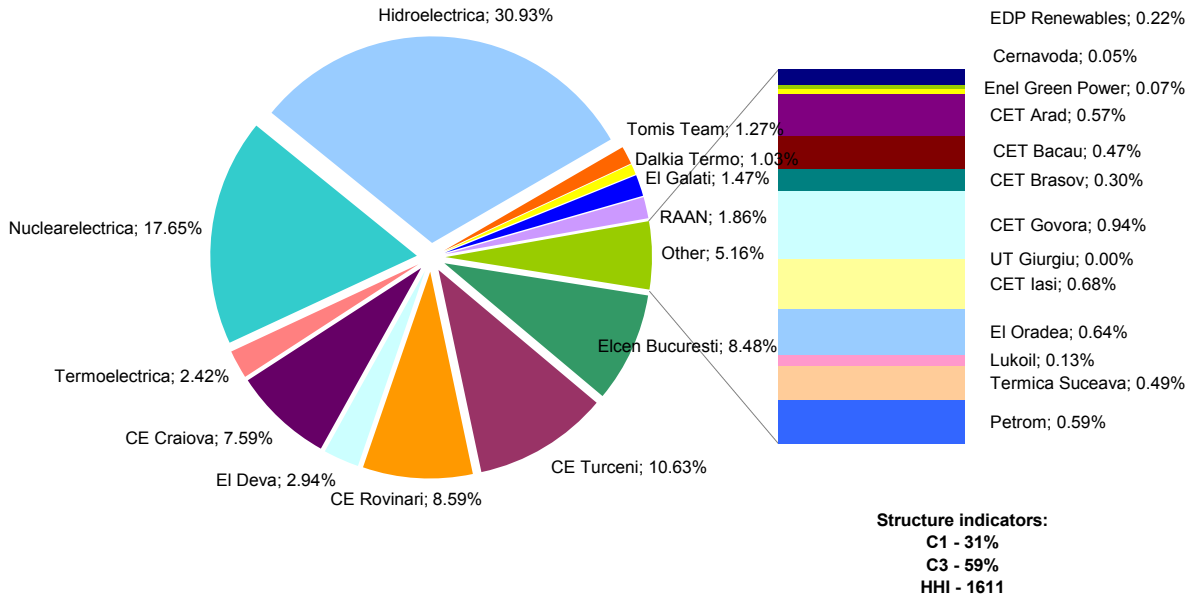
The market structure regarding the electricity generation offers an initial basis for analyzing the possible competitiveness level of the electricity market.

The following table presents the concentration indicators of electricity generation for March 2011, calculated based on electricity delivered into the networks by the generators with dispatchable units.

Concentration indicators - March 2011 -	C1 (%)	C3 (%)	HHI
Value	29.6	60.2	1586

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 3 months of 2011. These market shares are calculated based on the electricity delivered into networks.

Market shared of generators with dispatchable units by delivered electricity
January-March 2011



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 March 2011:

Structure/concentration indicators of BM - MARCH 2011 -	Regulation					
	Secondary		Fast tertiary		Slow tertiary	
	upward	downward	upward	downward	upward	downward
C1 - % -	63	63	62	54	35	36
C3 - % -	95	95	80	81	82	77
HHI	4551	4476	4057	3324	2387	2280

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 March 2011. Starting with March 2010, the acquisitions of electricity from the capacity market through biding process had been suspended:

Concentration indicators on ASM - March 2011 -		Secondary reserve	Fast tertiary reserve	Slow tertiary reserve
regulated component	contracted quantity (h*MW)	299 900	477 490	365 450
	C1 (%)	68.6	81.6	38.3
	C3 (%)	90.9	88.9	82.0

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 aplicable regulations.

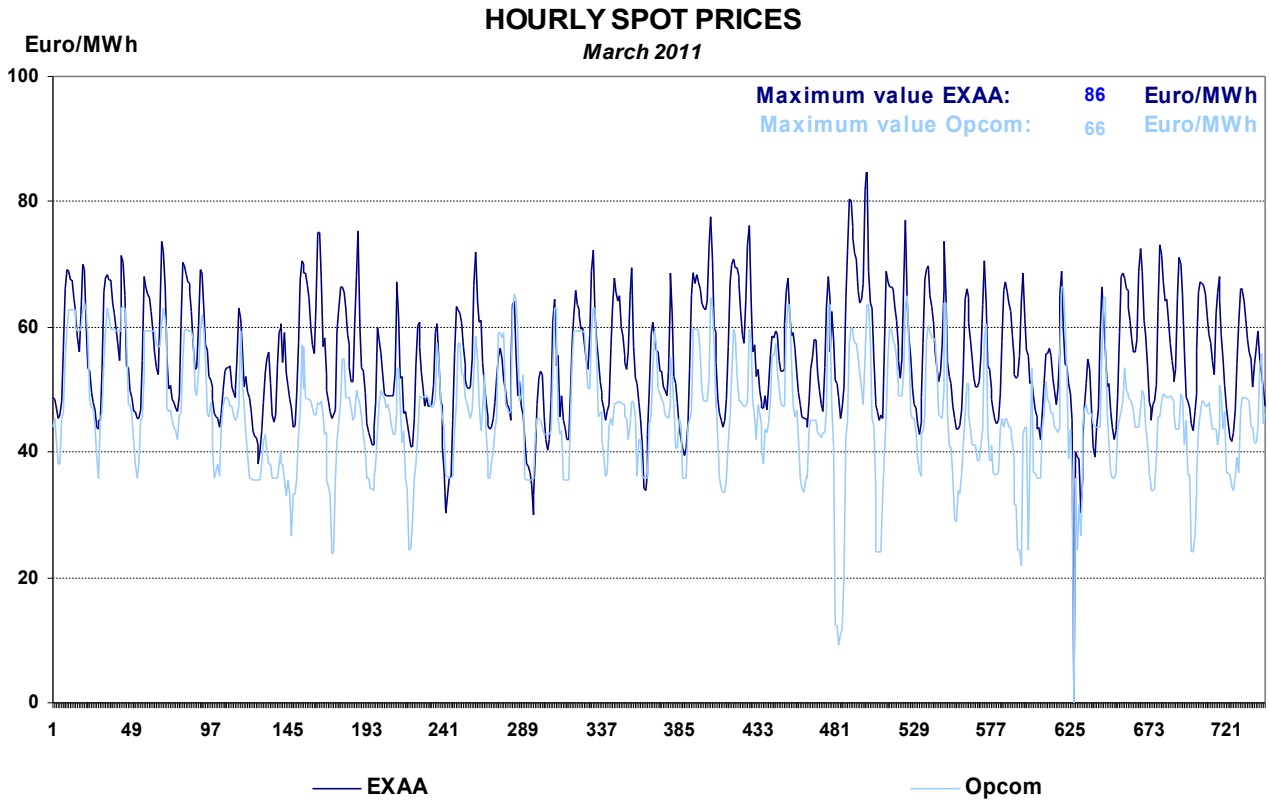
The concentration indicators on DAM reflects the level of competition between sellers and between buyers respectively, the dynamics of both influencing the price level. The following table presents C1, C3 and HHI for buying and for selling side of DAM in March 2011, based on quantities traded by participants on this market.

Concentration indicators on DAM - March 2011 -	C1 (%)	C3 (%)	HHI
Buying transactions	16.7	31.0	678
Selling transactions	19.8	53.5	1141

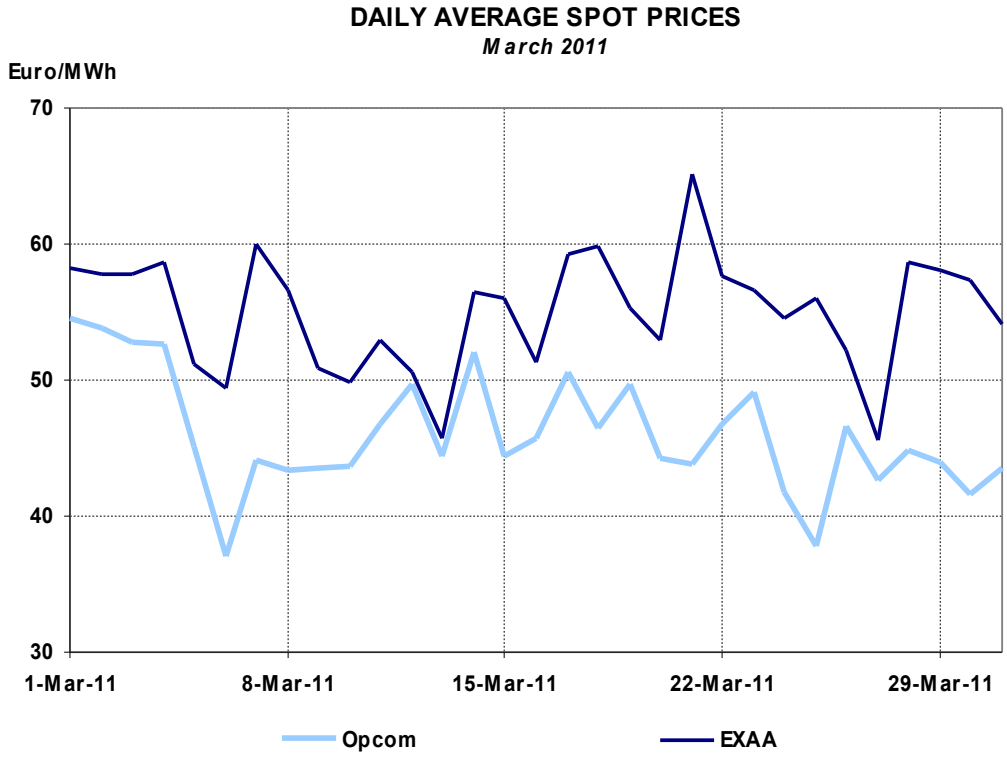
7. Price evolution on wholesale electricity market

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 March 2011 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.

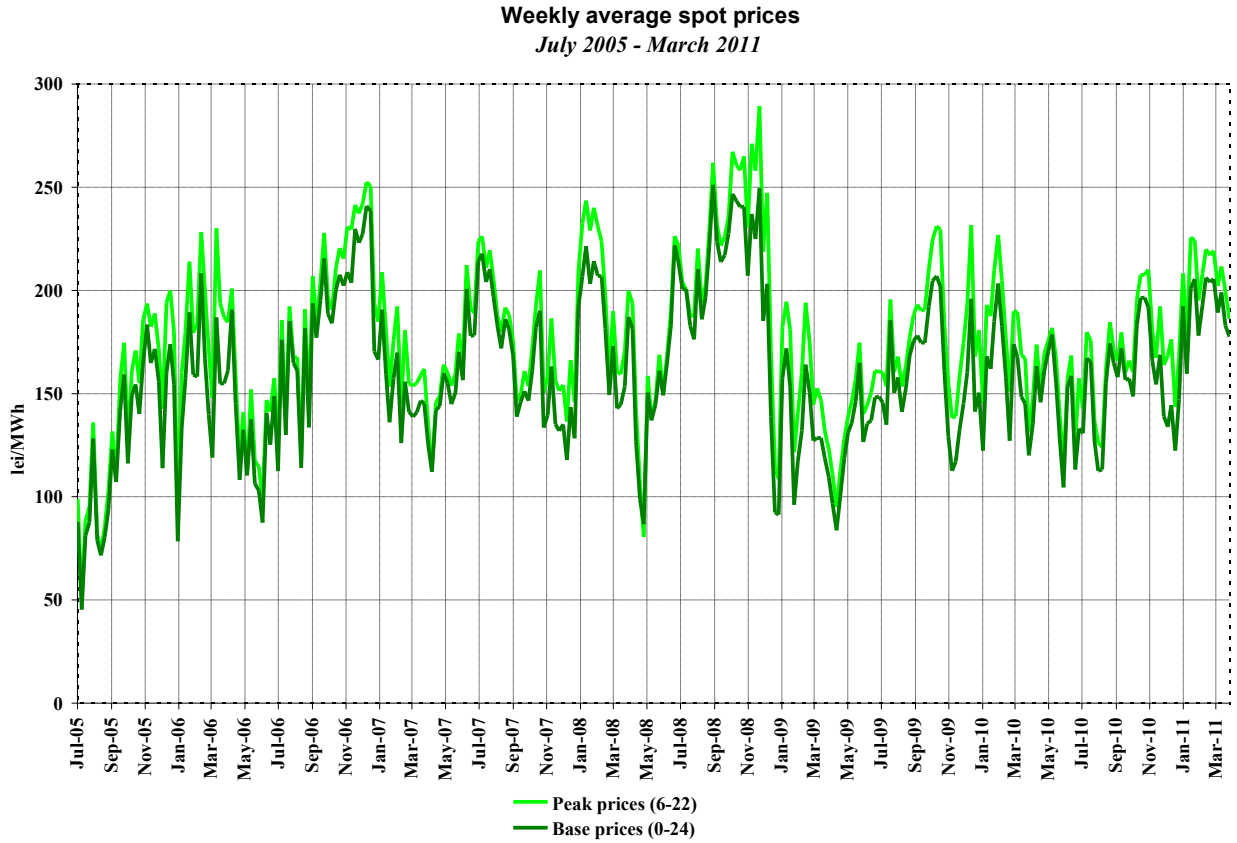


Source: Daily reports of SC Opcom SA and published data of EXAA – processed by MG



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

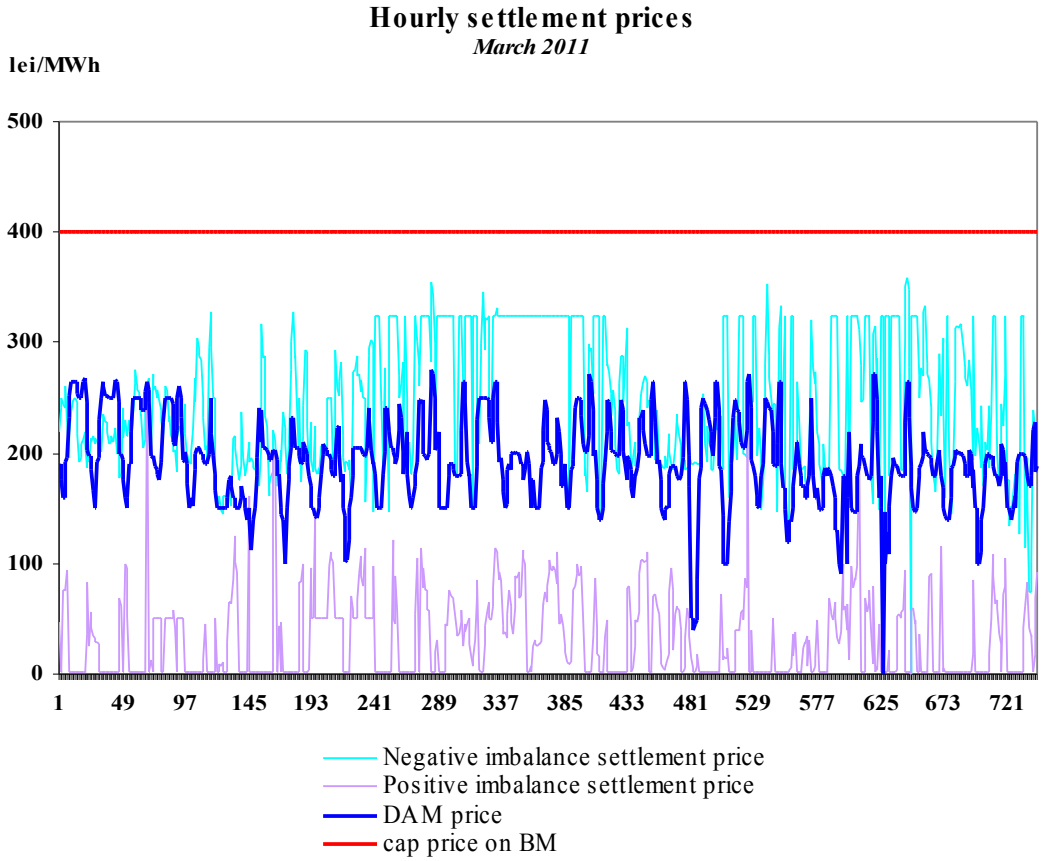
The following graph presents the evolution of weekly average spot prices starting with July 2005:



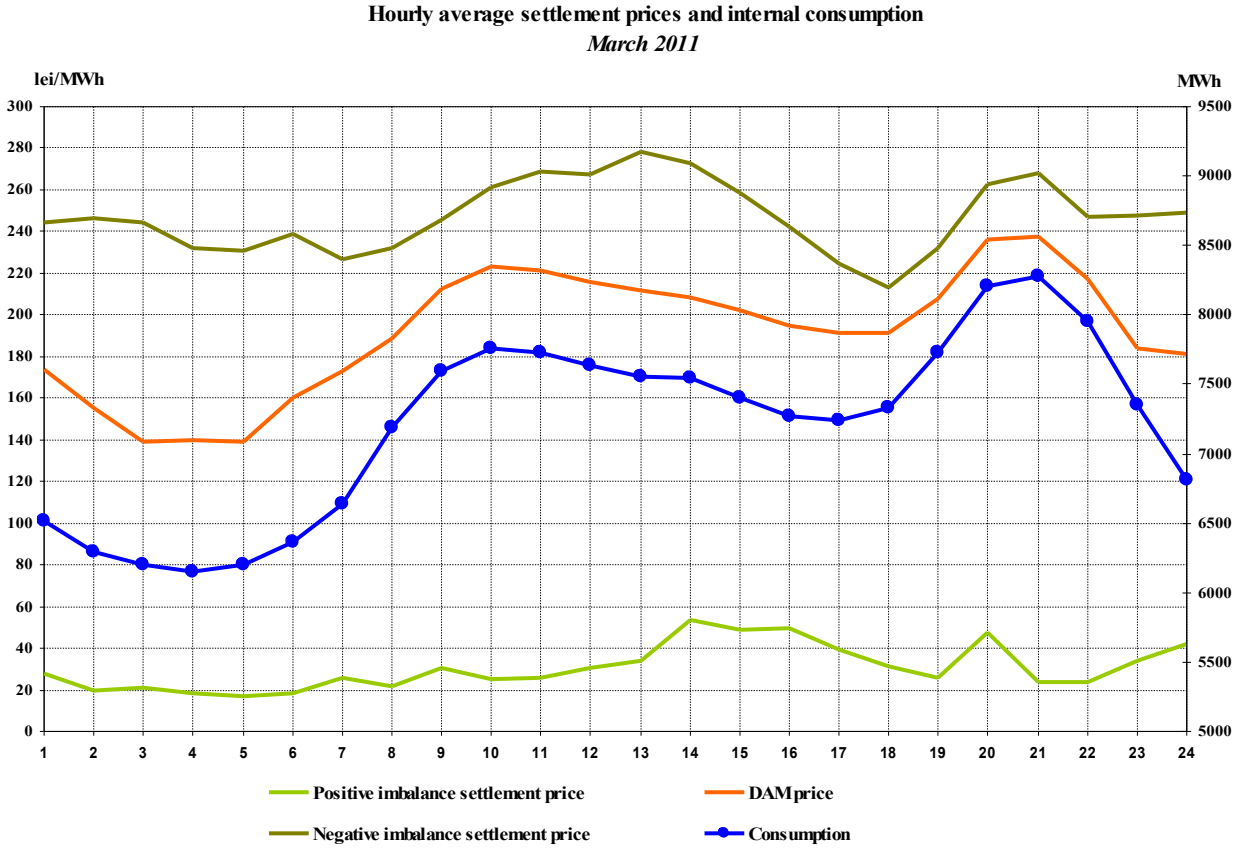
Source: Daily reports of SC Opcom SA – processed by MG

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.

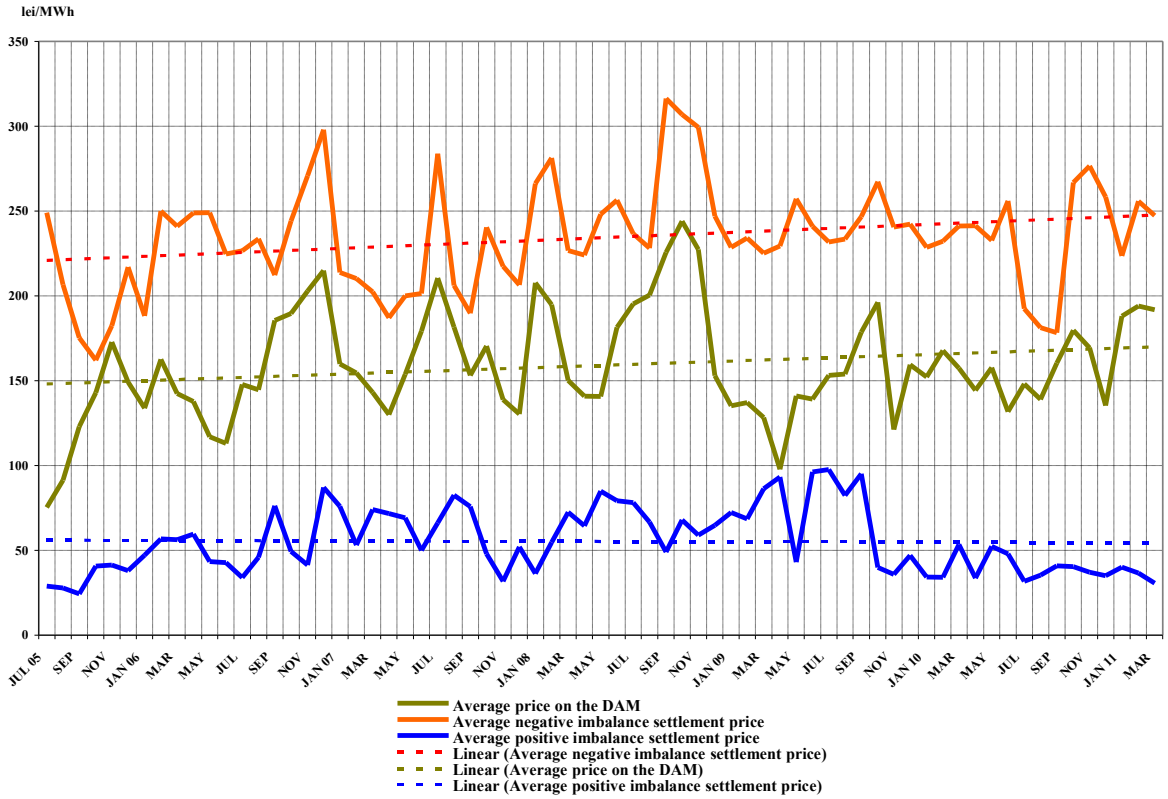


Source: Daily/monthly reports of SC Opcom SA – processed by MG



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

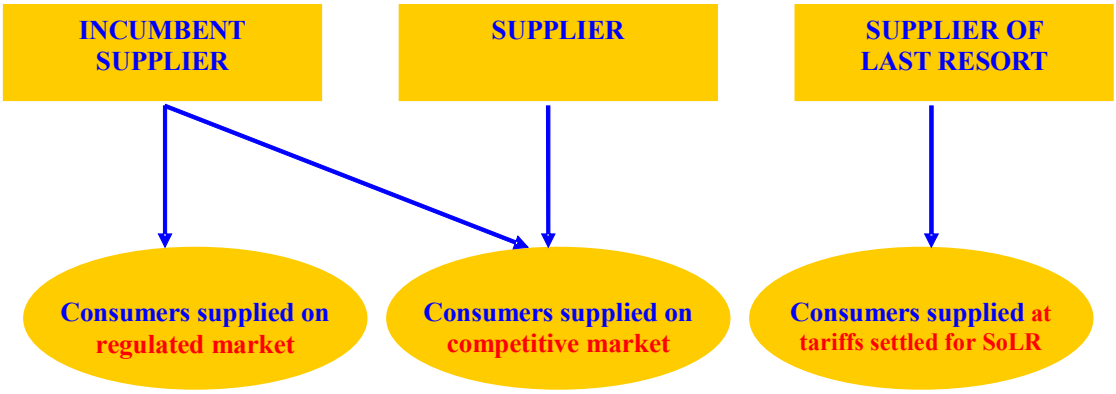
Monthly average prices on DAM and BM
July 2005 - March 2011



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

III. RETAIL ELECTRICITY MARKET

1. Structure of the retail electricity market

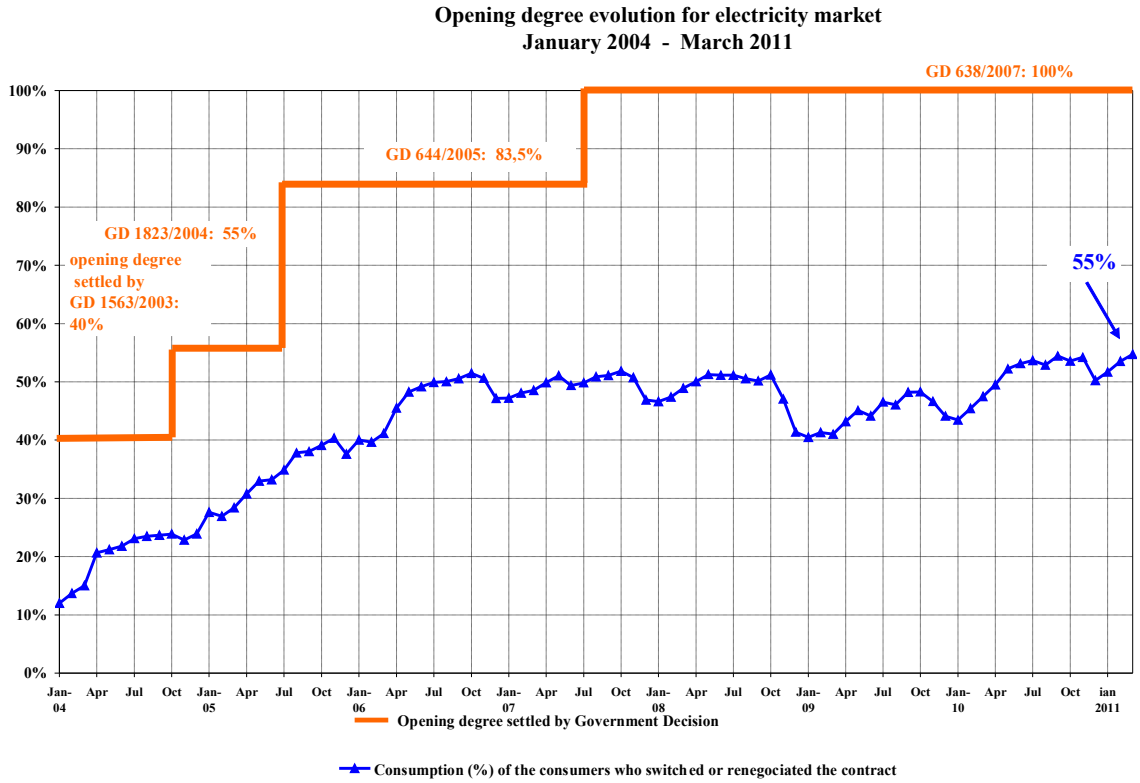


2. Steps in the opening process of the electricity market

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 – March 2011. The values presented are cumulated from the beginning of the opening process and are presented monthly:

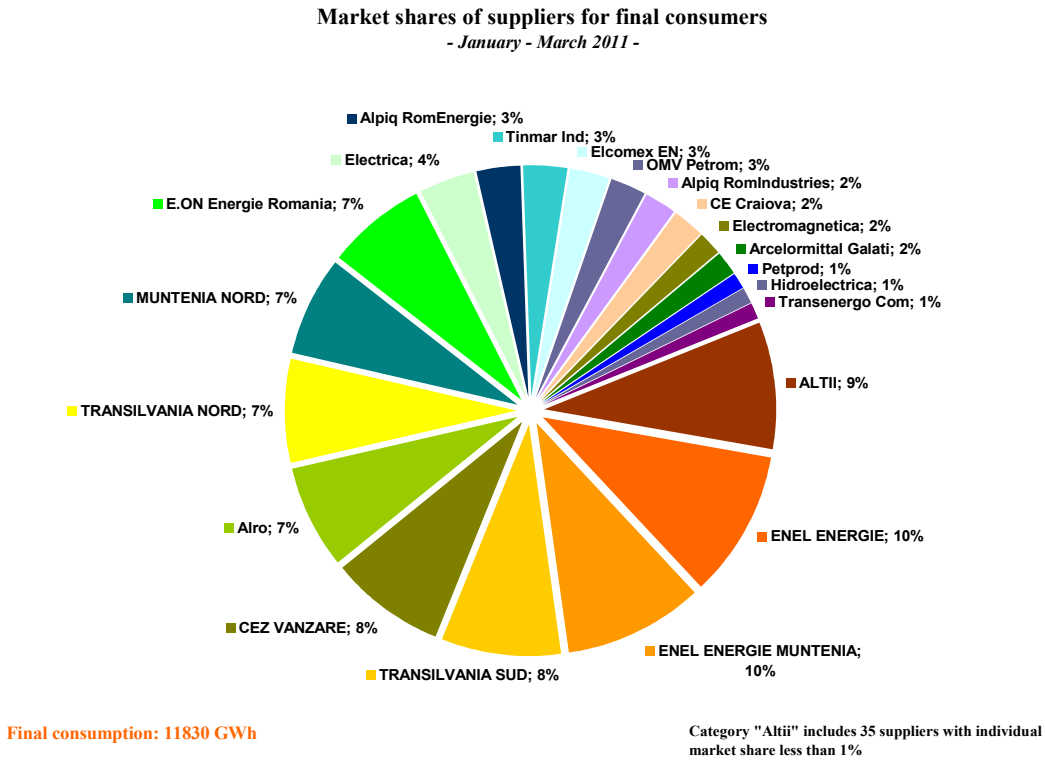


Source: Monthly reports of the final consumers' suppliers – processed by MG

4. Market shares of the electricity suppliers

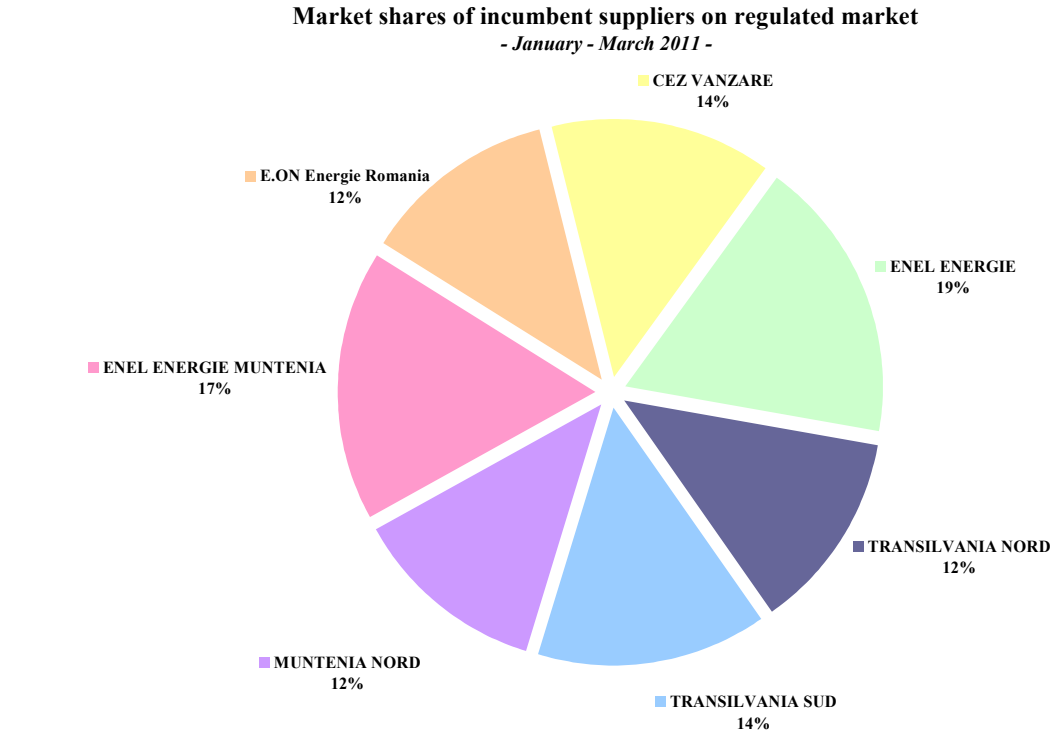
In the following three graphs there are presented the market shares of electricity suppliers on the retail market, calculated:

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



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

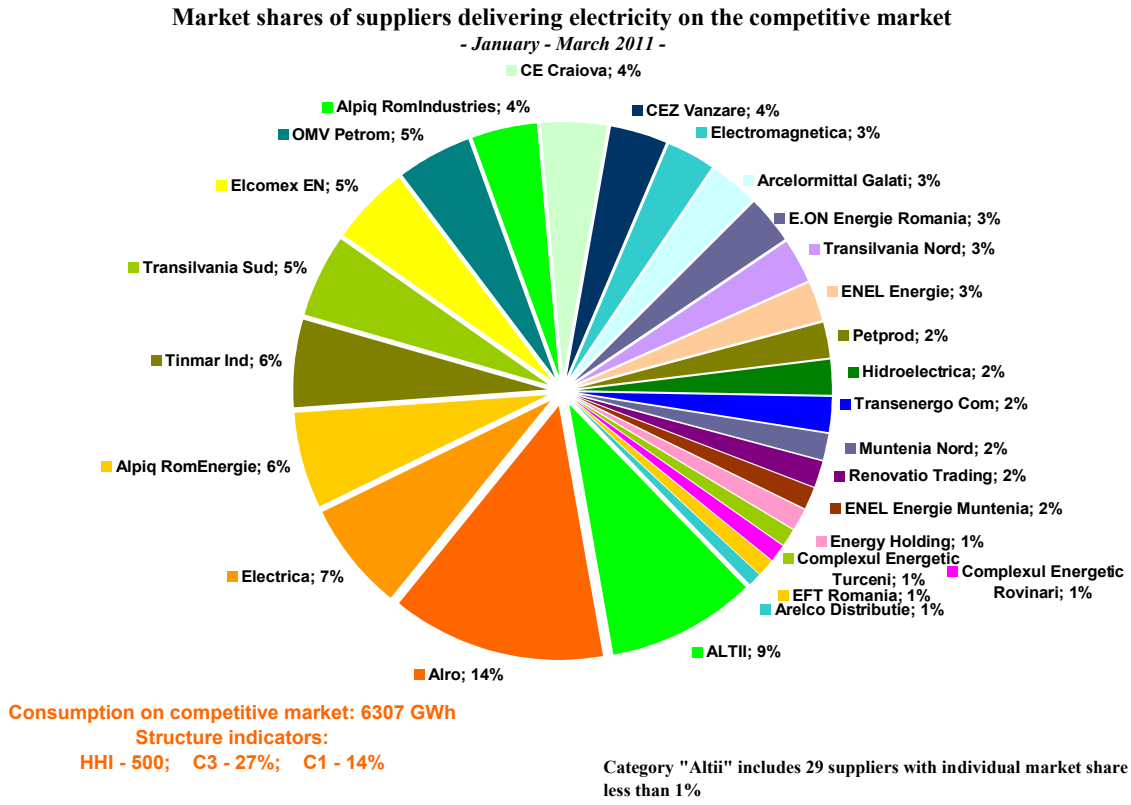
b) for incumbent suppliers - based on the electricity supplied to the consumers at regulated tariffs,



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 negociated prices on competitive component of REM:



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

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.

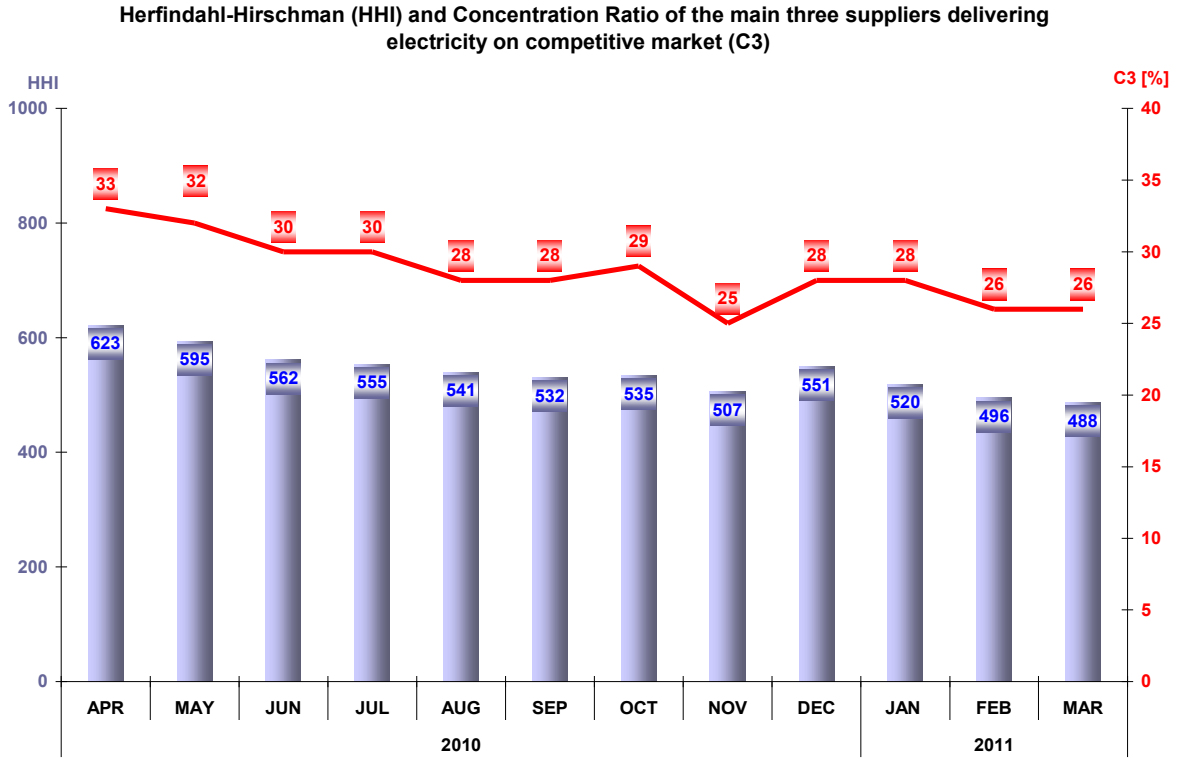
The electricity supplied to the final consumers used for calculating the market share of every supplier includes also the self-consumption of that particular supplier (e.g. consumers with supply license who buy electricity for themselves from WEM as competitive suppliers).

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 March 2011:

Number of suppliers	**Share of sales to final consumers from total sales transactions**			
	100%	75% - 100%	50% - 75%	<50%
Competitive	6	9	9	15
Incumbent	1	4	1	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 for April 2010 – March 2011 in the following graph:



Source: Monthly reports of the suppliers – processed by MG

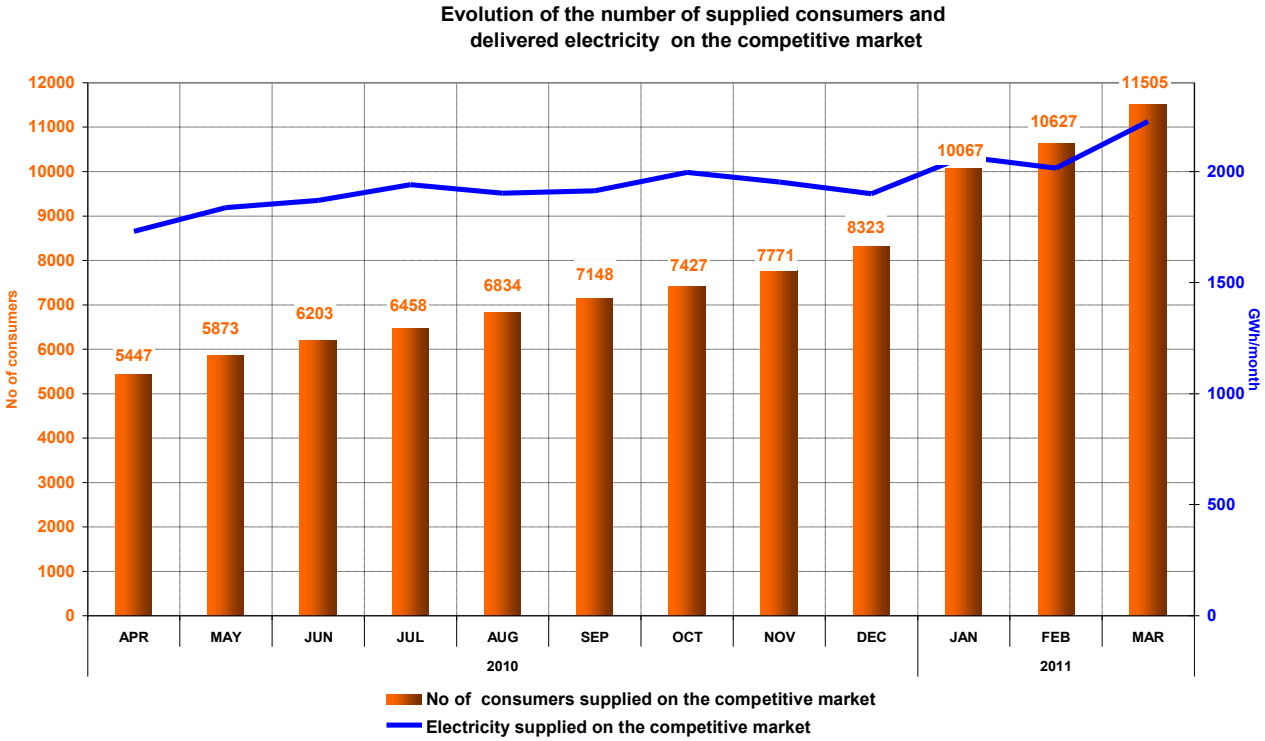
The table below shows the values of structure indicators of competitive component of REM for and the number of active suppliers in March 2011, calculated for each consumer category as defined by the European Council Directive no. 90/377/EEC, modified by the Commission Decision no. 2007/394/EC:

Indicators - March 2011	Consumer category							Total REM
	IA	IB	IC	ID	IE	IF	Other	
C1 - % -	43	21	24	16	12	22	28	**13**
C3 - % -	87	51	42	33	30	55	50	**26**
HHI	2985	1144	984	668	609	1295	1271	**488**
Consumption - GWh -	21.3	106	198	426	256	189	1028	**2225**
No. of SUPPLIERS	21	42	45	41	27	13	19	**55**
No. of incumbent suppliers	7	7	7	7	5	3	1	**7**
No. of competitive suppliers	11	30	33	30	20	9	11	**39**
No. of producers	3	5	5	4	2	1	7	**9**

6. Evolution of consumers' number and of electricity delivered

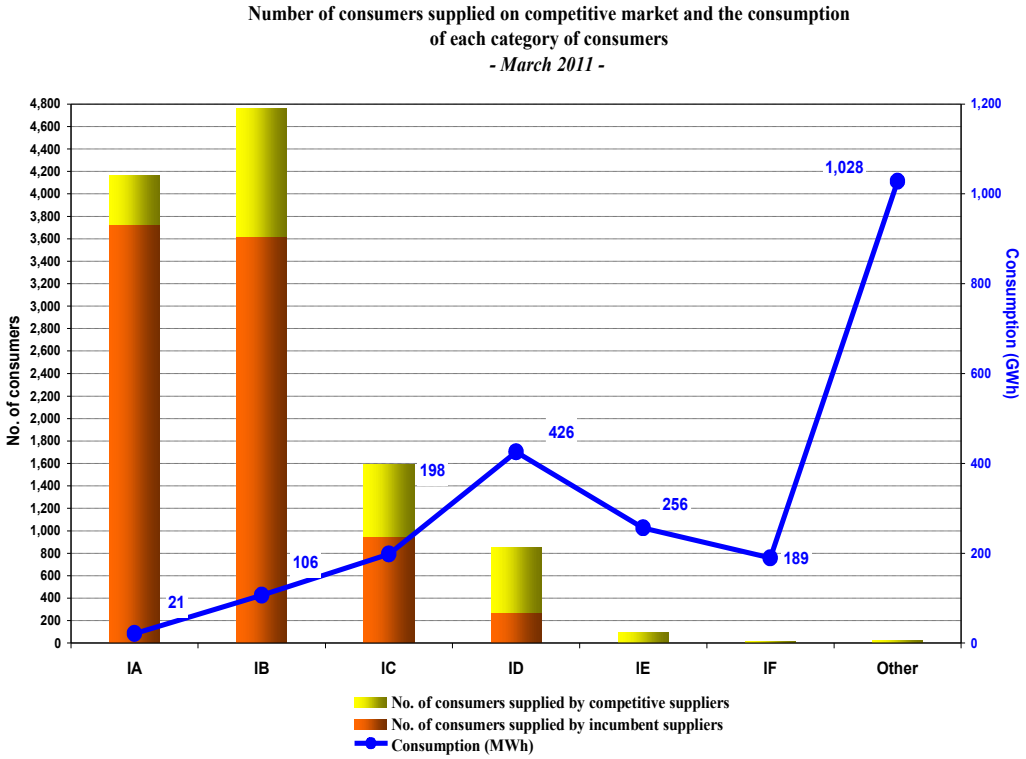
Number of consumers supplied on the competitive market is presented as total value from the beginning of the market opening process; for March 2011 this number is split into categories, according to the provisions of the European Council Directive no. 90/377/EC, with subsequent modifications. The table 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

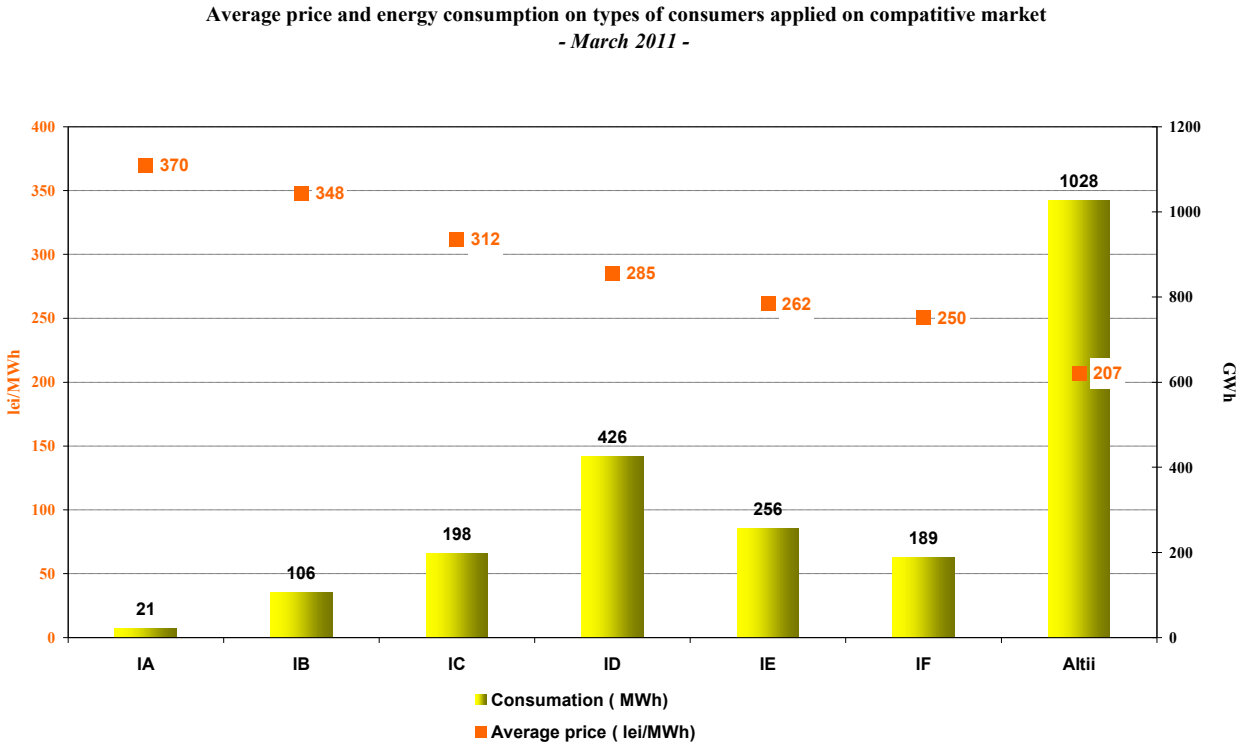
NOTE: Starting with January 2011, the data are also comprising the electricity delivered by 3 main dispatchable producers (with a self-generation exceeding 200 GWh in 2010) to their own consumption places - others than the generation site



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 European Council Directive no. 90/377/EC, with the subsequent modifications.



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, imbalances, BRP aggregated taxes, metering). Splitting consumers into categories was based on their annual consumption forecast, according to the provisions of above mentioned Directive.

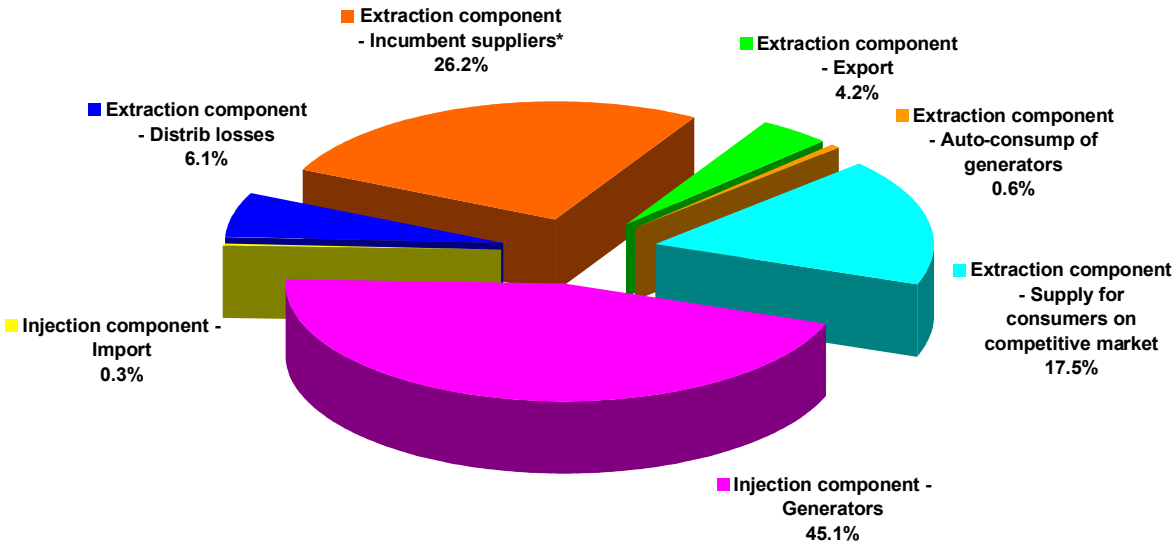
IV. TRANSMISSION AND SYSTEM OPERATOR C.N. TRANSELECTRICA S.A.

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 teritorry 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 March 2011.

CN Transelectrica SA structure of revenues from transmission services
- March 2011 -

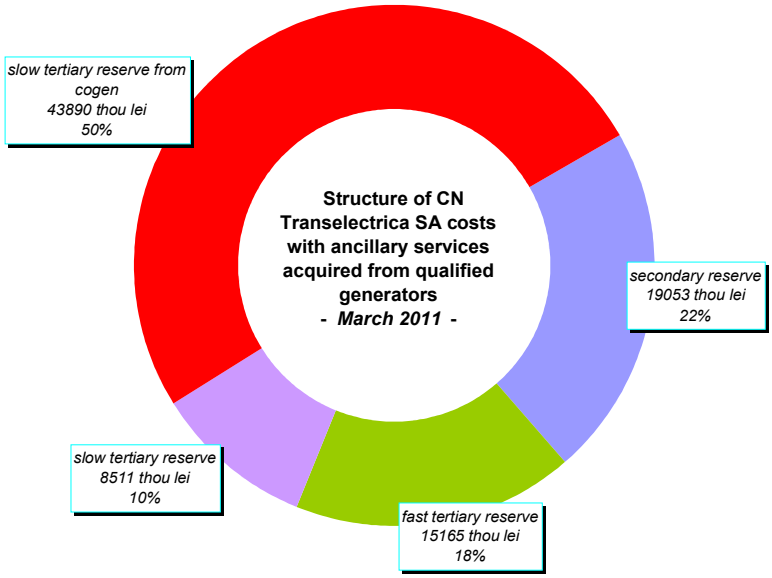


*** reffering to all their activity as well as the distribution losses for one distribution operator**

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 March 2011. 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

V. EVOLUTION OF MARKET RULES IN MARCH 2011

In March 2011, ANRE issued the followings Orders with respect to the wholesale and retail electricity market:

- ✓ Order no. 17 for modifying the Methodology of setting and adjusting the electricity prices for electricity and heat produced and delivered from cogeneration units benefitting from support scheme or bonus for high efficiency cogeneration (approved by Order no. 3/2010);
- ✓ Order no. 18 concerning the approval of refence bonus values of electricity and reference prices for heat produced and delivered from high efficiency cogeneration units; its provisions come into force starting with 01 April 2011;
- ✓ Order no. 19 which modifies the value of system services tariff and applies from 01 April 2011;
- ✓ Order no. 20 which approves the Framework-contract between the support scheme administrator and the payer of high efficiency cogeneration contribution and the Framework-contract between the support scheme administrator and the high efficiency cogeneration producer for bonuses/overcompensation payments;

Several Decisions influencing the wholesale and retail electricity markets were also issued:

- ✓ Decisions regarding approval of regulated quantities and prices for electricity and heat of the dispatchable producers;
- ✓ Decision for modifying the regulated tariff of ancillary services applied by dispatchable producer Dalkia Termo Prahova;
- ✓ Decisions regarding approval of regulated price for electricity sold by CE Turceni for covering the transmission losses;
- ✓ Decision no. 978 regarding the modification of ANRE Decision no. 3101/2010; the Annex comprises the list of cogeneration capacities with final accreditation owned by high efficiency cogeneration producers.

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 negociated 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 stardardised bilateral contracts with continuous negociation
- NES – National Energy System
- WEM – wholesale electricity market
- REM – retail electricity market
- RCE – Romanian Commodities Exchange