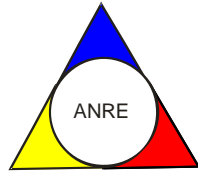




ROMANIAN ENERGY REGULATORY AUTHORITY
GENERAL DIRECTION OF ELECTRICITY MARKET



**REPORT ON RESULTS OF MONITORING THE
ROMANIAN ELECTRICITY MARKET
JULY 2013**

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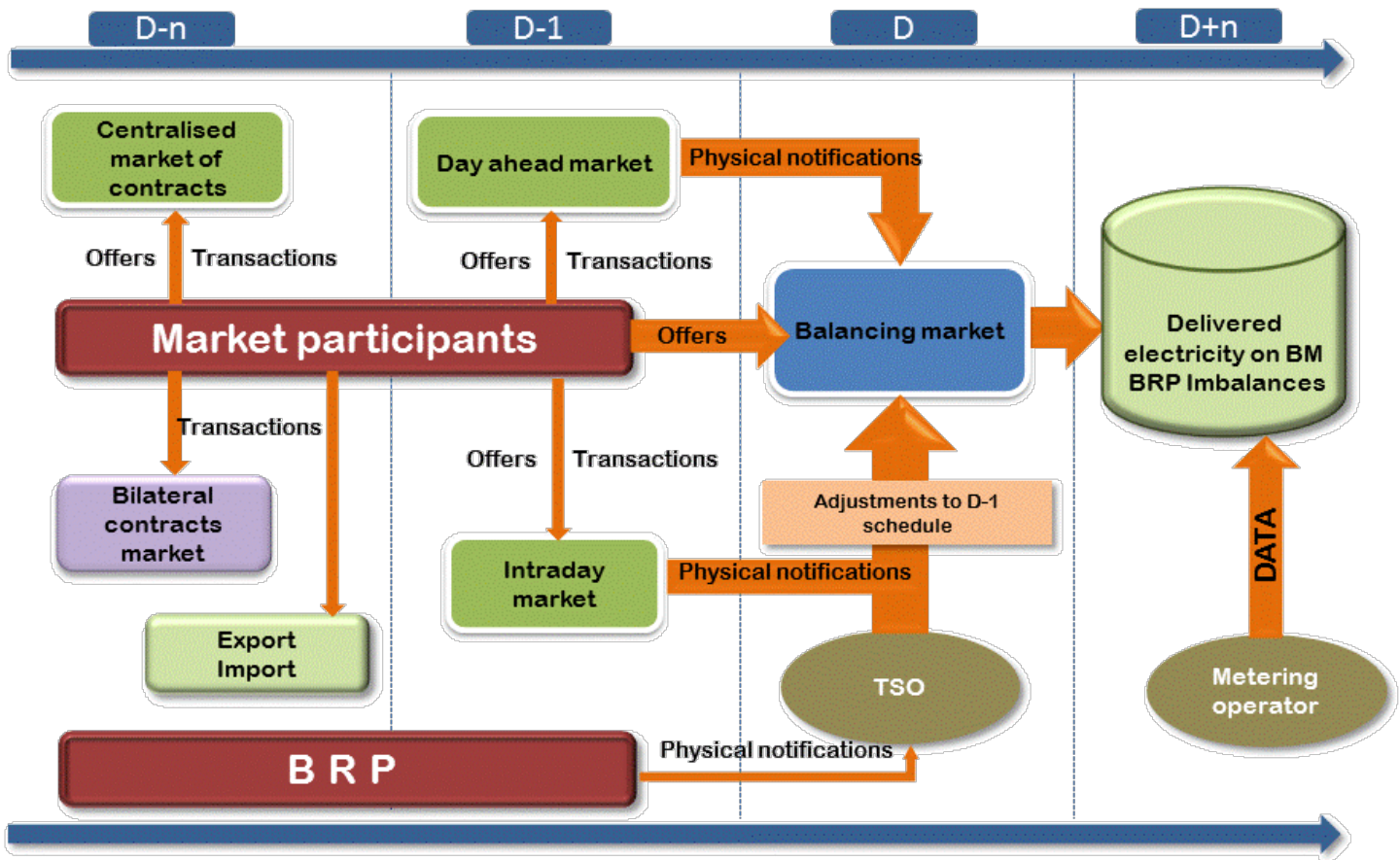
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I. MAIN EVENTS IN THE DEVELOPMENT OF THE ROMANIAN ELECTRICITY MARKET

- 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%;
- December 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/December 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 customers 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);
- December 2012 – launch of the organised electricity market for the large customers;
- July 2013 – launch of centralized market trading with continuous double negotiation of bilateral contracts for electricity.

II. WHOLESALE ELECTRICITY MARKET

1. Structure of the wholesale electricity market



- Markets administrated by SC Opcom SA (the electricity market operator)
- Market administrated by CN Tranelectrica SA (balancing market operator)
- The structure is presented within *‘Transactions on the wholesale market’* table – chapter 4

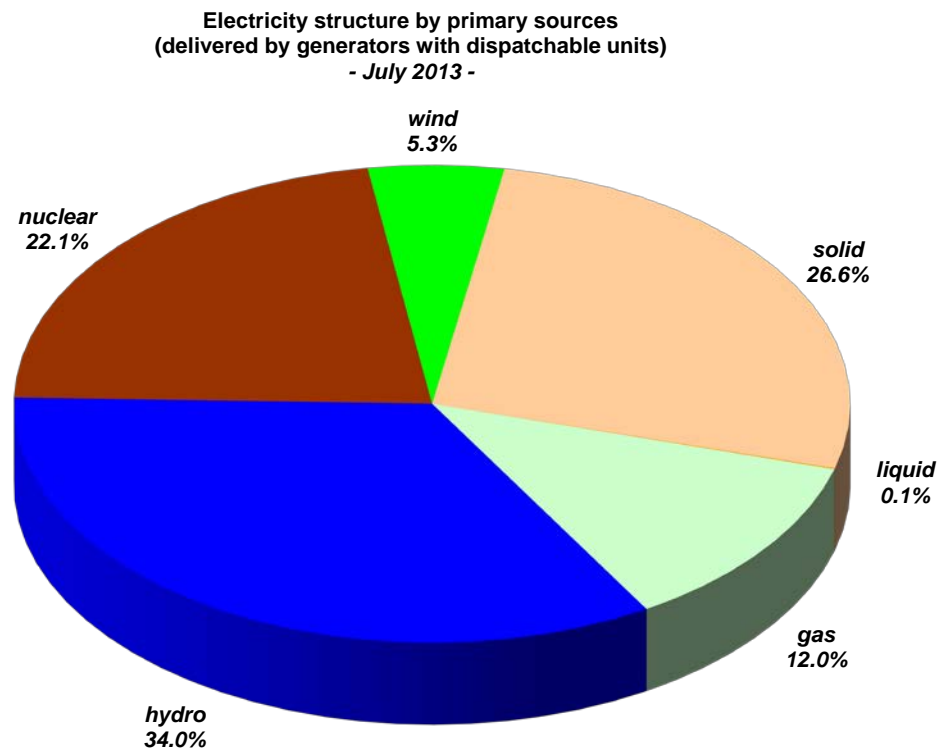
2. Participants on the wholesale electricity market

The market participants*) acting on the electricity market in July 2013 are presented below split into categories:

No.	Name	D	Distribution network operators	No.	Name
A	Electricity generators operating dispatching units	1	SC CEZ Distributie SA	G	Electricity Suppliers acting also on the retail market
1	SC Alpha Wind SRL	2	SC ENEL Distributie Barot SA	1	SC Aderro G.P. Energy SRL
2	SC Blue Line Valcea Nucarilor SRL	3	SC ENEL Distributie Dobrogea SA	2	SC Alpiq Romindustries SRL
3	SC Braila Winds SRL	4	SC E.ON Moldova Distributie SA	3	SC Alro SA
4	SC CAS Regenerabile SRL	5	SC ENEL Distributie Muntenia SA	4	SC Arcelormittal Galati SA
5	SC CET Bacau SA	6	SC FDEE Electrica Distributie Muntenia Nord SA	5	SC Areko Power SRL
6	SC CET Govora SA	7	SC FDEE Electrica Distributie Transilvania Sud SA	6	SC Axpo Energy Romania SRL
7	SC CET Oradea SA	8	SC FDEE Electrica Distributie Transilvania Nord SA	7	SC Biol Energy SRL
8	SC Camavoda Power SRL	E	Suppliers of last resort	8	SC C-Gaz & Energy Distributie SRL
9	SC Corni Eolian SRL	1	SC CEZ Vanzare SA	9	SC EFE Energy SRL
10	SC Dalkia Termo Iasi SRL	2	SC ENEL Energie SA	10	SC Electricom SA
11	SC Dalkia Termo Prahova SRL	3	SC E.ON Energie Romania SA	11	SC Electromagnetica SA
12	SC EDP Renewables Romania SRL	4	SC ENEL Energie Muntenia SA	12	SC Energotrans SRL
13	SC Electrocentrale Bucuresti SA	5	SC Electrica Furnizare SA	13	SC Energy Distribution Services SRL
14	SC Electrocentrale Grup SA	F	Electricity Suppliers acting exclusively on the wholesale market	14	SC Energy Financing Team Romania SRL
15	SC Electrocentrale Galati SA	1	Alpiq Energy SE	15	SC Energy Holding SRL
16	SC Enel Green Power Romania SRL	2	SC Bitt-Reen SRL	16	SC Energy Network SRL
17	SC Eolica Dobrogea Ona SRL	3	CEZ as	17	SC Enex SRL
18	SC Hidro-electrica SA	4	SC CEZ Trade Romania SRL	18	SC Ennet Grup SRL
19	SC Ovidiu Development SRL	5	Danske Commodities's Aarhus	19	SC Enol Grup SA
20	SC Pestera Wind Farm SRL	6	E&T ENERGIE Handelsellschaft	20	SC Fidelis Energy SRL
21	SC Romconstruct Top SRL	7	SC Edison Trading SpA	21	SC GDF SUEZ Energy Romania SA
22	SC Termica SA Suceava	8	SC Electrica SA	22	SC General Com Invest SRL
23	SC Total Electric SRL	9	SC Enel Trade Romania SRL	23	SC Getica 98 COM SRL
24	SC N.G.N. ROMGAZ SA	10	SC EnergyMarket Consulting SRL	24	SC ICCO Energy SRL
25	SC Termoelectrica SA	11	SC Entrex Services SRL	25	ILIOTOM Impex GRPA
26	SC Tomis Team SRL	12	E.ON Global Commodities SE	26	SC ICPE Electrocond Technologies SA
27	SC Wind farm MV1 SRL	13	SC Espada SRL	27	SC KDF Energy SRL
A1	Electricity generators operating dispatching units and acting also as suppliers on the competitive market	14	Espada SRO	28	SC Luxten LC SA
28	RAAN	15	Freepoint Commodities Europe Ltd	29	Magyar Aramszolgalato KFT
29	SN Nuclearelectrica SA	16	GEN-I trgovanje in prodaja elektricne energije	30	SC Monsson Energy Trading SRL
30	SC OMV Petrom SA	17	GEN-I Bukarest Electricity Trading and Sales	31	OET Obedineni Energini Targovtisi
33	SC CE Hunedoara SA	18	SC Iberdola Romania SRL	32	SC P.C. Management & Consulting SRL
31	SC CE Oltenia SA	19	SC Kaufhof Com SRL	33	SC Renovation Trading SRL
32	SC CET Arad SA	20	SC Lord Energy SRL	34	SC Repower Furnizare Romania SRL
33	SC Lukoil Energy & Gaz Romania SRL	21	SC Lorfa SRL	35	SC Romenergo SA
34	SC OMV Petrom Wind Power SRL	22	OMV Trading GmbH	36	SC Romenergy Industry SRL
B	Transmission System Operator	23	RWES supply Trading GmbH	37	SC TEN Transilvania Energie SRL
1	CN TRANSELECTRICA SA	24	SC Repower Generation SRL	38	SC Tinmar Ind SA
C	DAM, Bilateral Contracts Market, Intra-Day, Green Certificates Market Operator	25	Repower Trading Casica Republica	39	SC Transformer Supply SRL
1	SC OECOMSA	26	SC Repower Vanzare Romania SRL	40	SC Transenergo Com SA
		27	SC Romelectro SA		
		28	Statkraft Markets GmbH		
		29	SC Statkraft Romania SRL		
		30	SC Verbund Trading Romania SRL		

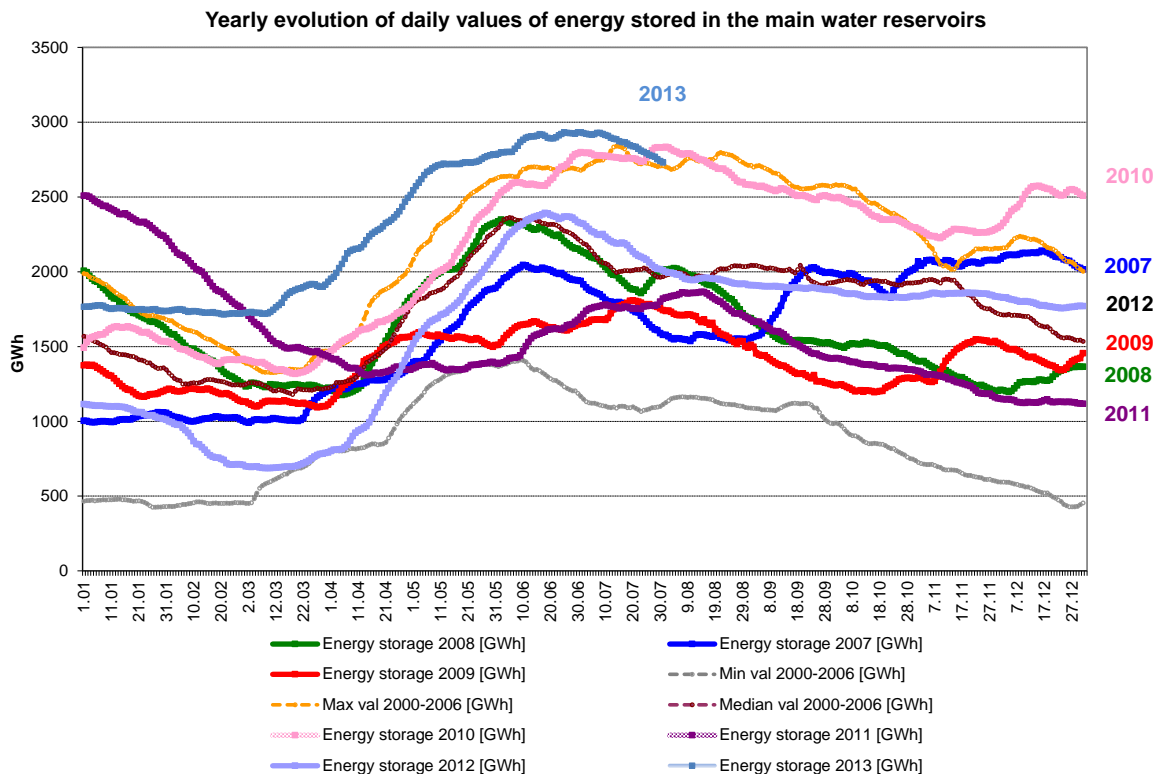
*) The electricity market participants report to ANRE technical/commercial data according to the *Methodology of wholesale electricity market monitoring for assessing the competition level on market and preventing the abuse of dominant position*, approved by ANRE Order no. 35/2006 as well as to the *Methodology of retail electricity market monitoring*, approved by ANRE Order no. 60/2008. 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



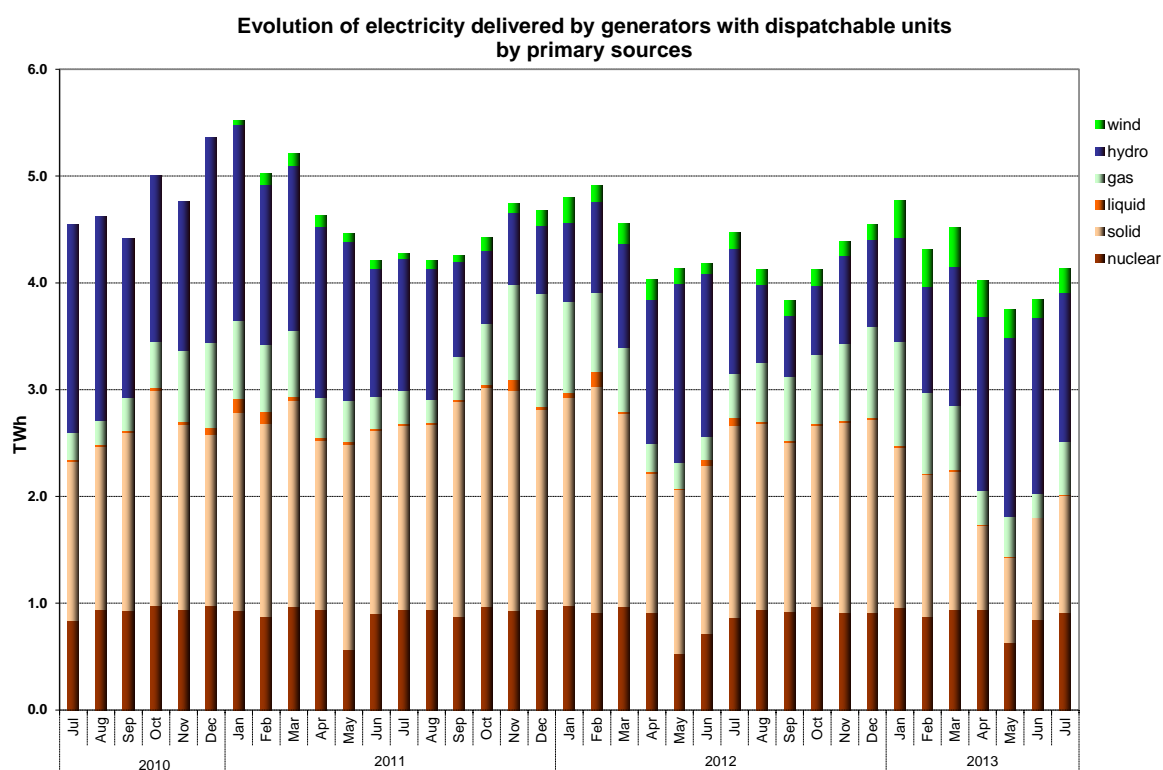
Source: Monthly reports of generators – processed by MG

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 2013 compared to the values of the last 6 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 July 2013, compared to data for similar period of 2012:

No	INDICATOR	MU	Jul 2012	Jul 2013	%	Jan- Jul 2012	Jan- Jul 2013	%
0	1	2	3	4	$5=4/3*100$	3	4	$5=4/3*100$
1	Generated electricity	TWh	4.84	4.42	91.33	33.75	31.65	93.78
2	Delivered electricity	TWh	4.47	4.13	92.40	31.09	29.37	94.47
3	Import	TWh	0.09	0.00	0.00	0.83	0.35	42.17
4	Export	TWh	0.15	0.14	93.34	0.82	0.73	89.03
5	Internal consumption	TWh	4.41	3.99	90.48	31.10	28.97	93.16
6	Consumption of household consumers on the regulated market	TWh	0.95	0.91	95.79	6.97	6.77	97.13
7	Consumption of non-households consumption	TWh	2.98	2.78	93.29	19.82	18.73	94.50
7.1	<i>on the regulated market</i>	TWh	0.75	0.59	78.67	5.14	4.55	88.52
7.2	<i>on the competitive market</i>	TWh	2.23	2.19	98.21	14.68	14.18	96.60
8	Transmission–Injection component	TWh	4.54	4.11	90.53	31.52	29.58	93.85
9	Transmission–Extraction component	TWh	4.57	4.26	93.22	31.91	30.48	95.52
10	Actual transmission grid losses	TWh	0.08	0.07	87.50	0.59	0.61	103.39
11	Heat generated for delivery	Tcal	585.86	544.26	92.90	9782.85	9366.34	95.75
12	Heat in co-generation	Tcal	491.99	434.96	88.42	8430.08	7320.91	86.85

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 customers directly connected to the power plants (positions 6 & 7).

2. The imported/exported quantities do not comprise transits and cross border exchange of CN Tranelectrica 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 neither the electricity sold by generators for covering the transmission losses nor the electricity sold by nondispatchable but bigger than 10 MW generators;

4. The transmission tariff – extraction component and the system service tariff are applied to 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 between suppliers, 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), transactions on DAM (day-ahead market), on ID (Intraday Market and on BM (Balancing Market).

When entering into force, the Law no. 123/2012 on Electricity and Natural Gas has set the 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. Consequently, two new centralized markets are in progress at Opcom level – the organized framework of contracting energy for large final customers 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 July 2013 compared to the month before and July 2012.

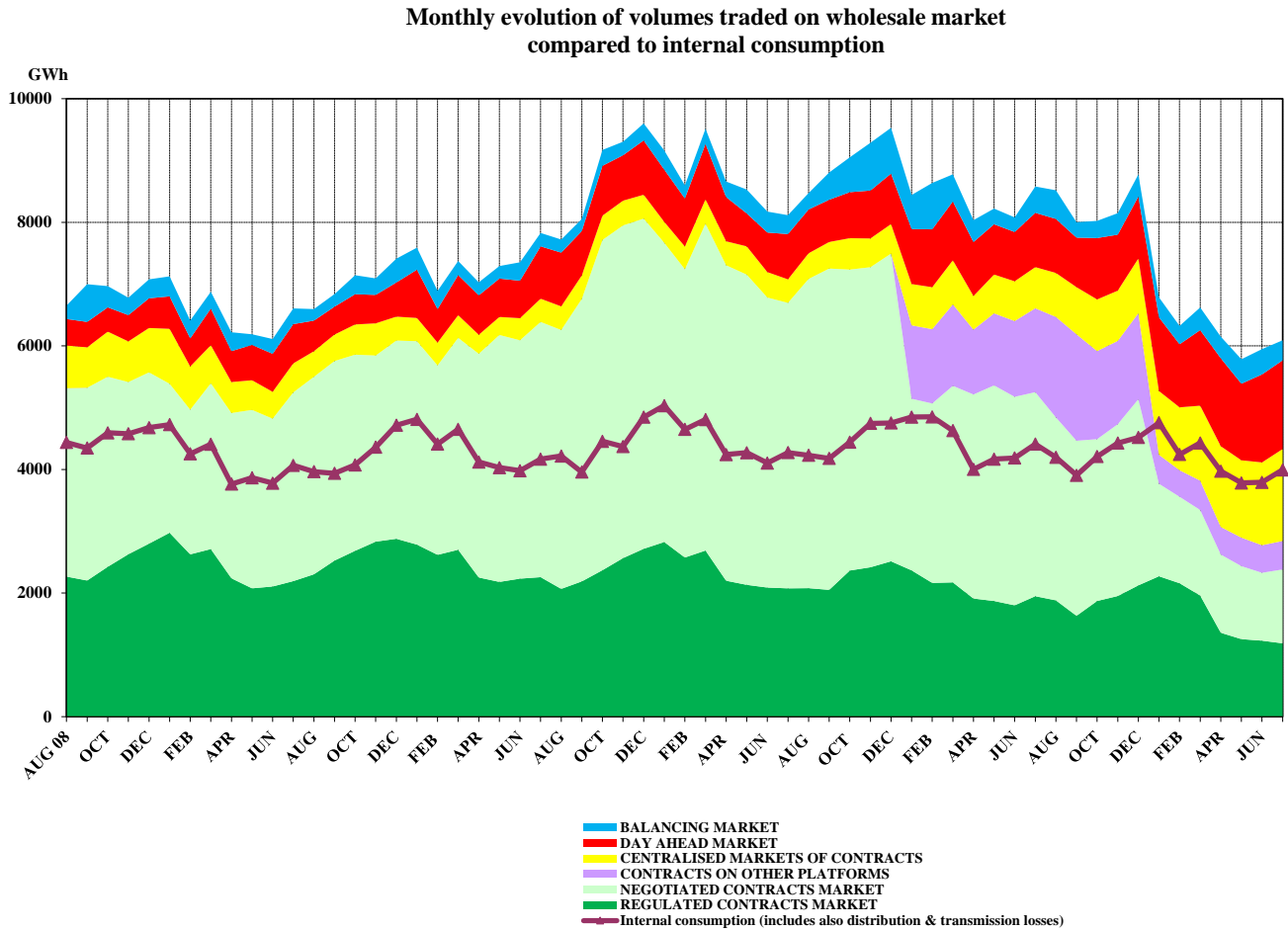
The aggregated volumes and the average prices for June 2013 and July 2013 on OTC contracts and on negotiated contracts are reported by the market participants at their own risk and they should reflect only the ongoing contracts which had been concluded before Law no. 123/2012 entered into force.

TRANSACTIONS ON THE WHOLESALE MARKET	June 2013	July 2013	July 2012
1. BILATERAL CONTRACTS' MARKET			
traded volume (GWh)	2775	2844	6610
average price (lei/MWh)	178.18	182.53	182.98
% from internal consumption (%)	73.2	71.2	149.9
1.1. Sales on regulated contracts			
traded volume (GWh)	1230	1187	1950
average price (lei/MWh)	163.61	163.18	146.74
% from internal consumption (%)	32.4	29.7	44.2
1.2. Sales on contracts concluded on other platforms			
traded volume (GWh)	446	461	1358
average price (lei/MWh)	222.46	222.46	203.79
% from internal consumption (%)	11.8	11.6	30.8
1.3. Sales on negotiated contracts¹⁾			
traded volume (GWh)	1099	1195	3302
average price (lei/MWh)	176.51	186.34	193.77
% from internal consumption (%)	29.0	29.9	74.9
2. EXPORT			
traded volume ²⁾ (GWh)	109	142	151
average price (lei/MWh)	143.60	171.58	203.77
% from internal consumption (%)	2.9	3.6	3.4
3. CENTRALISED MARKETS OF CONTRACTS			
traded volume (GWh)	1339	1488	665
average price (lei/MWh)	206.26	206.50	202.73
% from internal consumption (%)	35.3	37.3	15.1
4. DAY AHEAD MARKET			
traded volume (GWh)	1424	1436	879
average price (lei/MWh)	141.63	153.43	228.81
% from internal consumption (%)	37.6	36.0	19.9
5. INTRADAY MARKET			
traded volume (GWh)	4.477	0.688	0.300
average price ³⁾ (lei/MWh)	179.87	257.32	301.55
% from internal consumption (%)	0.12	0.02	0.007
6. BALANCING MARKET			
traded volume (GWh)	410	324	426
% from internal consumption (%)	10.8	8.1	9.7
upward volume (GWh)	157	155	306
average negative imbalance price(lei/MWh)	176.18	225.00	280.69
downward volume (GWh)	253	169	120
average positive imbalance price (lei/MWh)	31.09	46.47	59.66
INTERNAL CONSUMPTION (includes distribution and transmission losses) (GWh)	3792	3993	4411

<i>Note:</i>	1)	Supply contracts to customers 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
	2)	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
	3)	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.

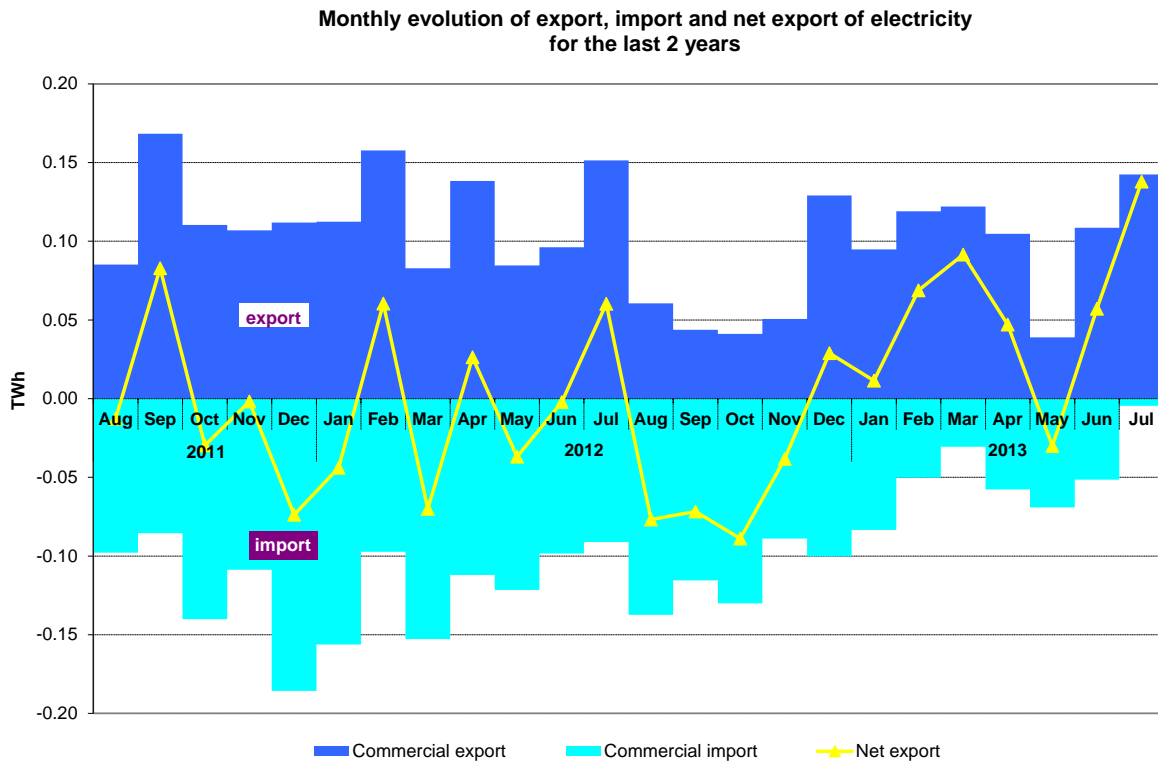
The following graph presents the evolution of the relation between the volumes sold on each market and the estimated internal consumption, during the last 5 years.



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

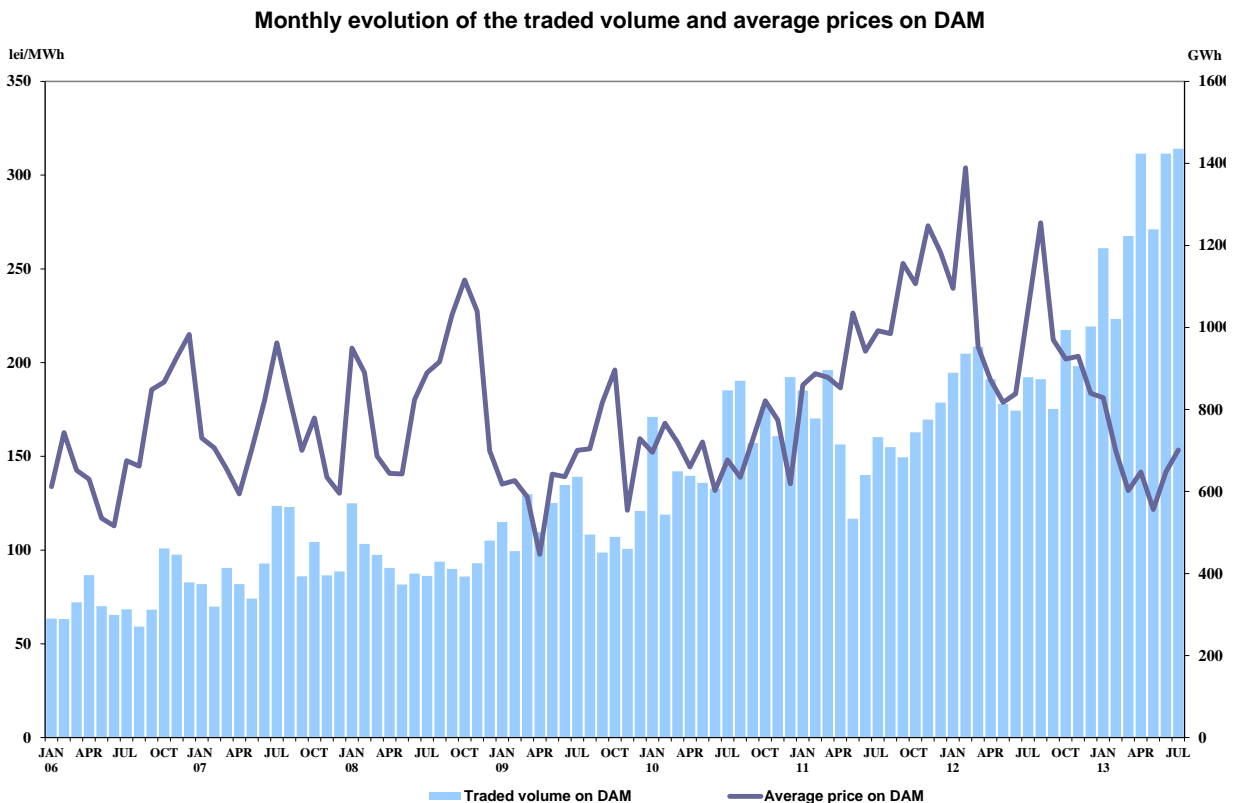
Note: In the above graph, the volumes traded on negotiated contracts' market do not include the export trades

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:



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

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



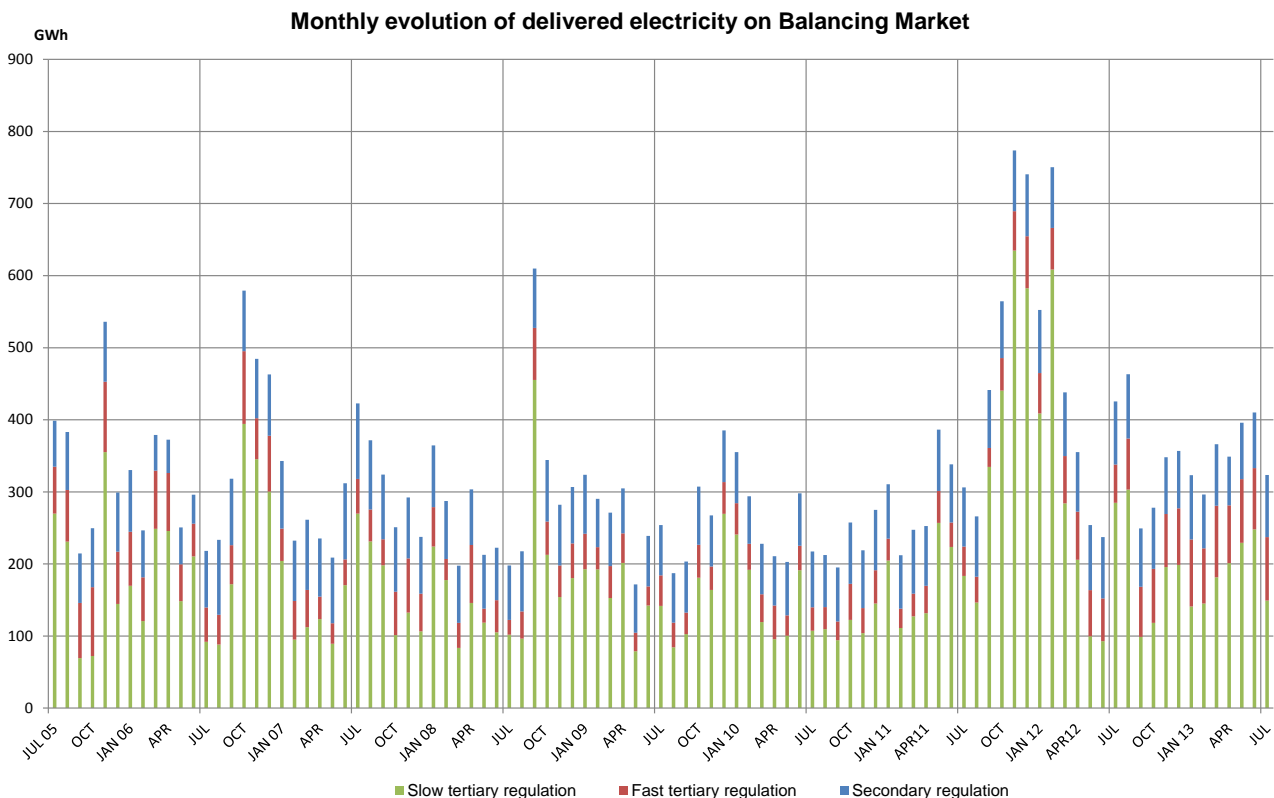
Source: Monthly reports of SC Opcom SA and CN Traselectrica SA – processed by MG

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 July 2013 presented in the following table:

July 2013	Dispatch order (GWh)	Delivered electricity (GWh)	Deviation (%)
Secondary regulation	86	86	
<i>upward</i>	49	49	
<i>downward</i>	37	37	
Fast tertiary regulation	95	88	7
<i>upward</i>	82	76	6
<i>downward</i>	13	12	10
Slow tertiary regulation	154	149	3
<i>upward</i>	32	30	7
<i>downward</i>	122	120	2
TOTAL	335	324	
<i>upward</i>	163	155	
<i>downward</i>	172	169	
INTERNAL CONSUMPTION		3993	
<i>% share of traded volumes from internal consumption</i>		8.1%	

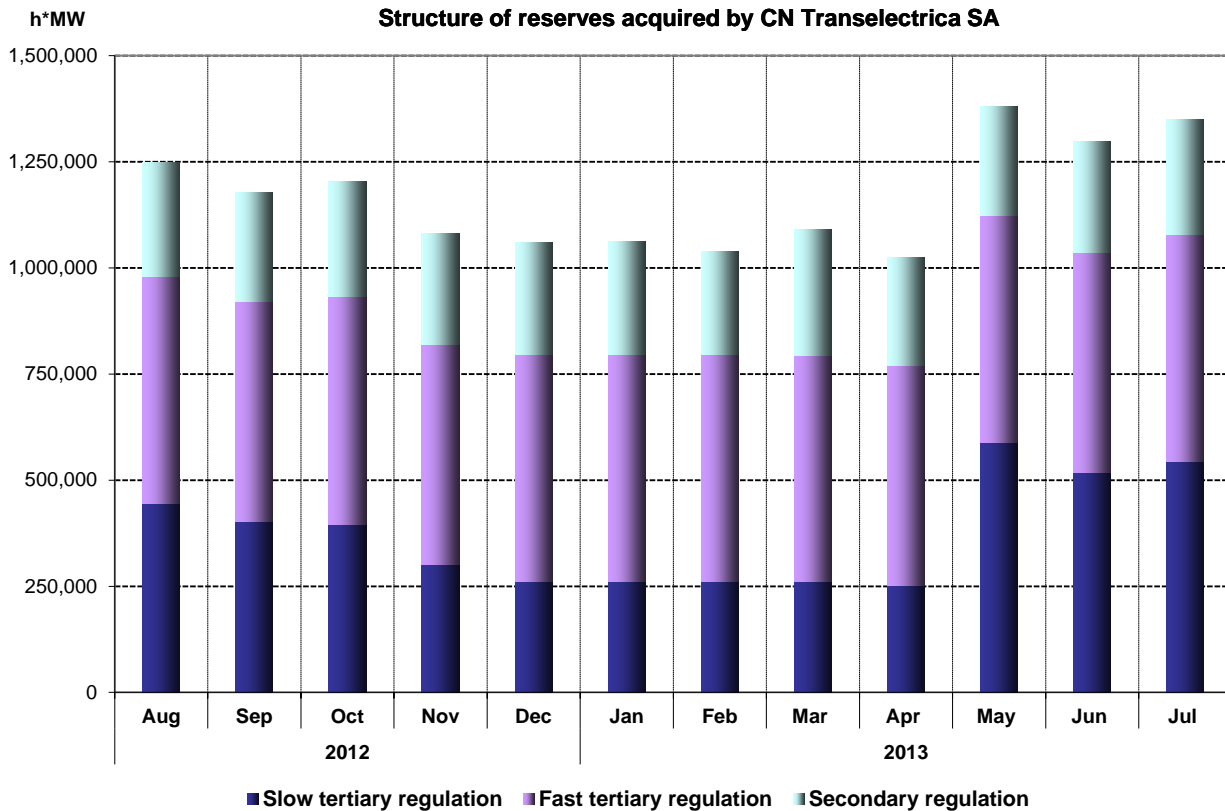
Source: Monthly reports of CN Tranelectrica SA – processed by MG

The structure of balancing electricity delivered in the system on each type of regulation starting from July 2005 is presented in the graph below:



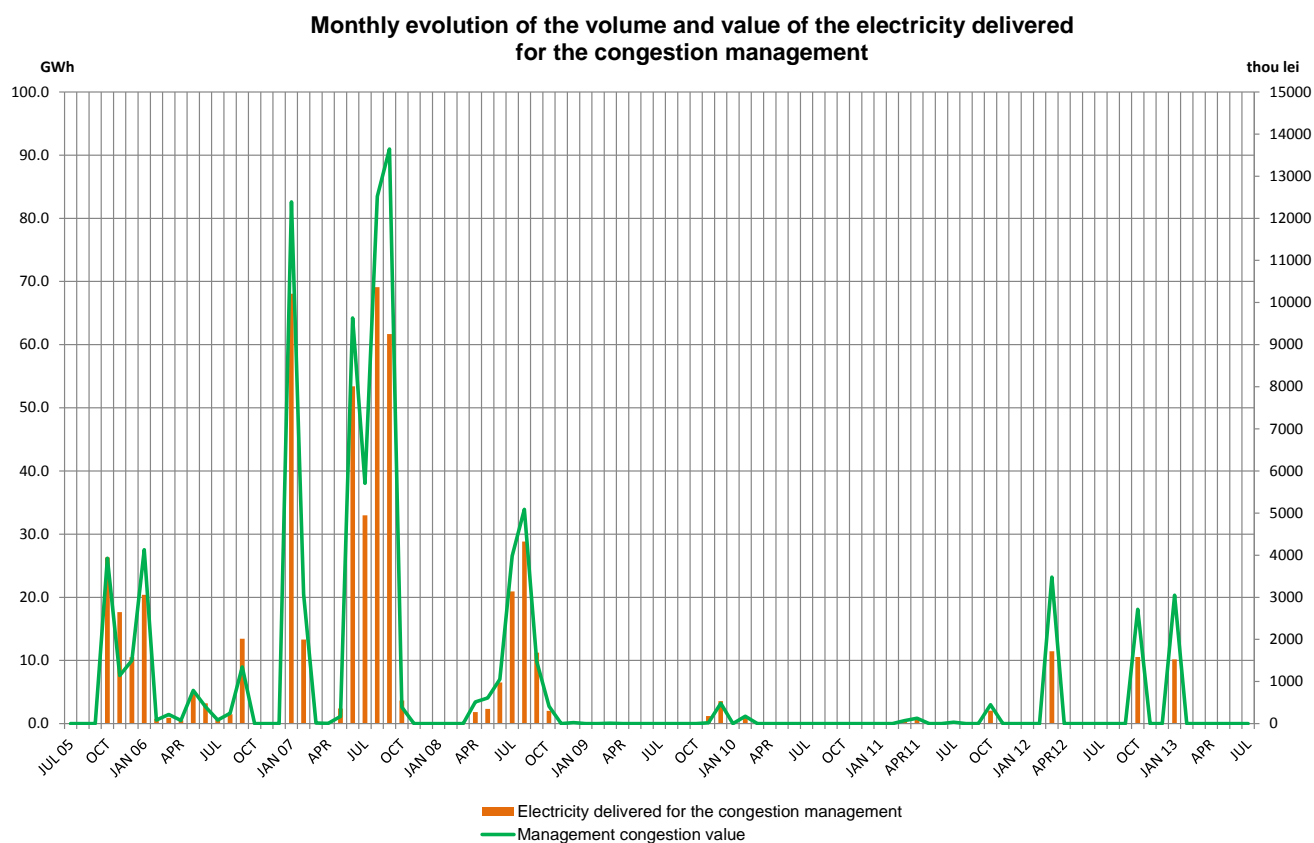
Source: Monthly reports of CN Tranelectrica SA – processed by MG

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 in the last 12 months:



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 July 2013 compared to previous month and July 2012 was the following:

Transaction type	- GWh -		
	June 2013	July 2013	July 2012
0	1	2	3
Regulated to incumbents, thermal generators	441.53	419.20	673.67
Regulated to incumbents, hydro generator	410.84	306.10	357.32
Regulated to incumbents, nuclear generator	377.59	461.97	515.98
Regulated for distribution losses, thermal generators	0.00	0.00	185.12
Regulated for distribution losses, hydro generator	0.00	0.00	55.79
Regulated for distribution losses, nuclear generator	0.00	0.00	161.63
Regulated to other generators	0.00	0.00	0.00
Negotiated to other generators	0.00	0.00	188.53
Negotiated to suppliers	470.14	517.38	921.45
Contracts concluded on centralized markets	1037.37	1099.53	590.37
Regulated and competitive supply to customers	261.44	290.86	317.69
Export	0.00	0.00	65.00
DAM	1080.02	1235.82	549.51
Total	4078.93	4330.85	4582.05

Source: Monthly reports of generators – processed by MG

Suppliers

In July 2013, 75 companies having as main activity the supply of electricity concluded transactions on the electricity market; from these, 30 suppliers traded electricity exclusively on the wholesale market and 45 suppliers on both retail and wholesale markets (in this category are also included the 5 suppliers of last resort).

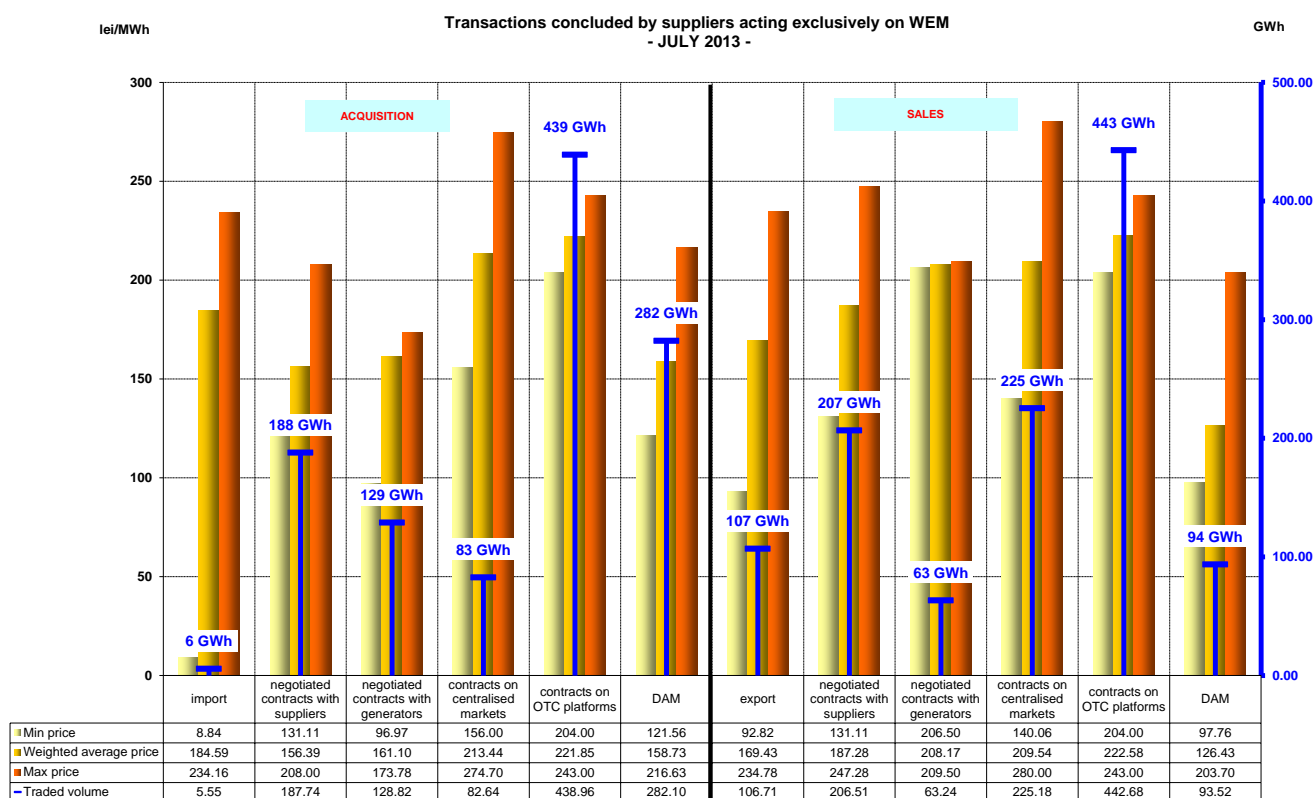
Suppliers acting exclusively on WEM

The following table shows the activity for July 2013 compared to July 2012 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	July 2012	July 2013
Acquisitions		
Import	32.76	5.55
Negotiated contracts with suppliers	788.97	187.74
Negotiated contracts with generators	94.11	128.82
Contracts concluded on centralized markets	64.61	82.64
Contracts on OTC platforms	1264.75	438.96
DAM	93.56	282.10
Sales		
Export	65.40	106.71
Negotiated contracts with suppliers	805.02	206.51
Negotiated contracts with generators	73.50	63.24
Contracts concluded on centralized markets	6.15	225.18
Contracts on OTC platforms	1296.91	442.68
DAM	141.86	93.52

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 July 2013.



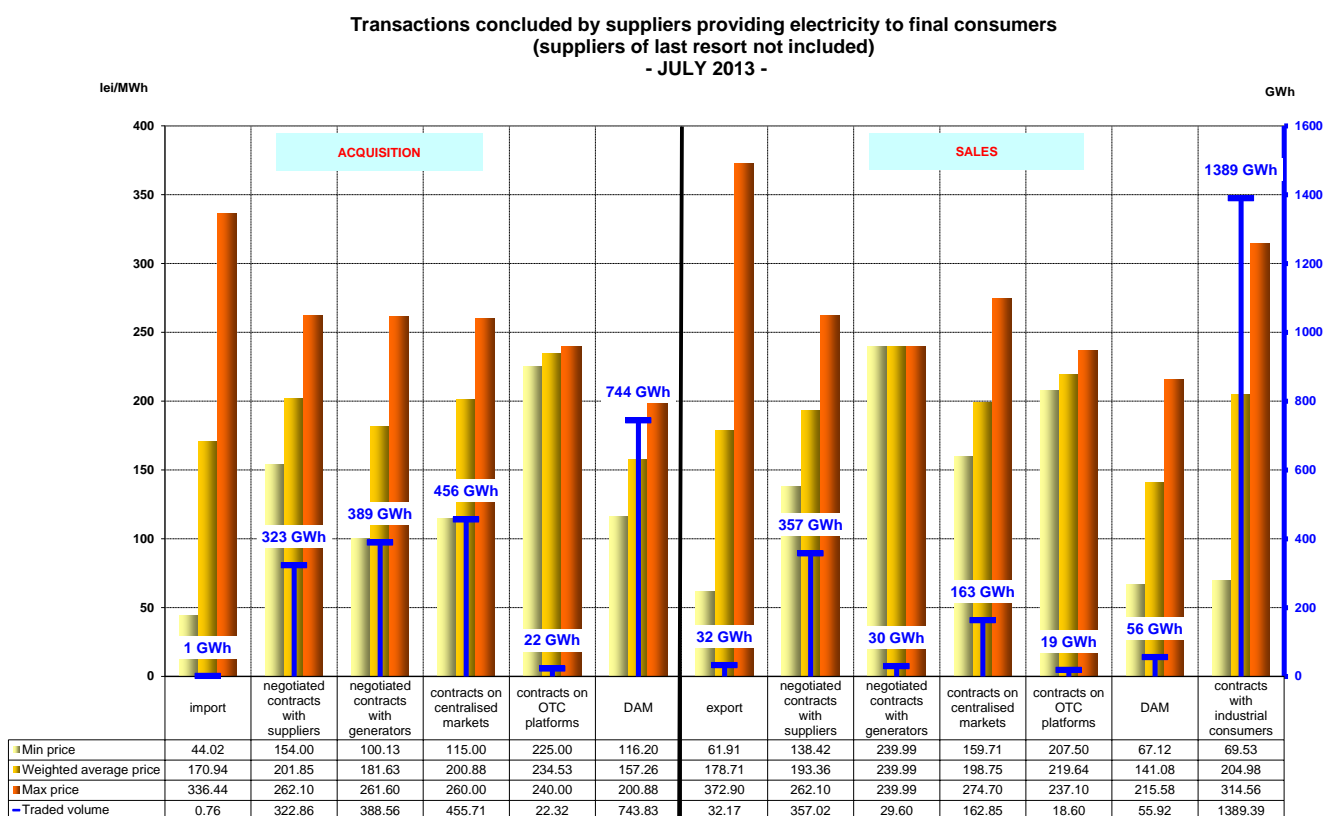
Source: Monthly reports of the competitive suppliers – processed by MG

Active suppliers on REM (the suppliers of last resort 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 July 2013 and July 2012.

	- GWh -	
Transactions' structure of suppliers providing electricity to final customers (the suppliers of last resort are not included)	July 2012	July 2013
Acquisitions		
Import	24.98	0.76
Negotiated contracts with suppliers	851.96	322.86
Negotiated contracts with generators	818.84	388.56
Contracts concluded on centralized markets	405.25	455.71
Contracts on OTC platforms	93.36	22.32
DAM	361.76	743.83
Contracts Intraday	0.00	0.52
Sales		
Export	20.71	32.17
Negotiated contracts with suppliers	1071.23	357.02
Negotiated contracts with generators	47.56	29.60
Contracts concluded on centralized markets	57.78	162.85
Contracts on OTC platforms	71.20	18.60
DAM	143.03	55.92
Contracts with industrial customers	1342.01	1389.39

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 customers in July 2013:



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

Suppliers of last resort

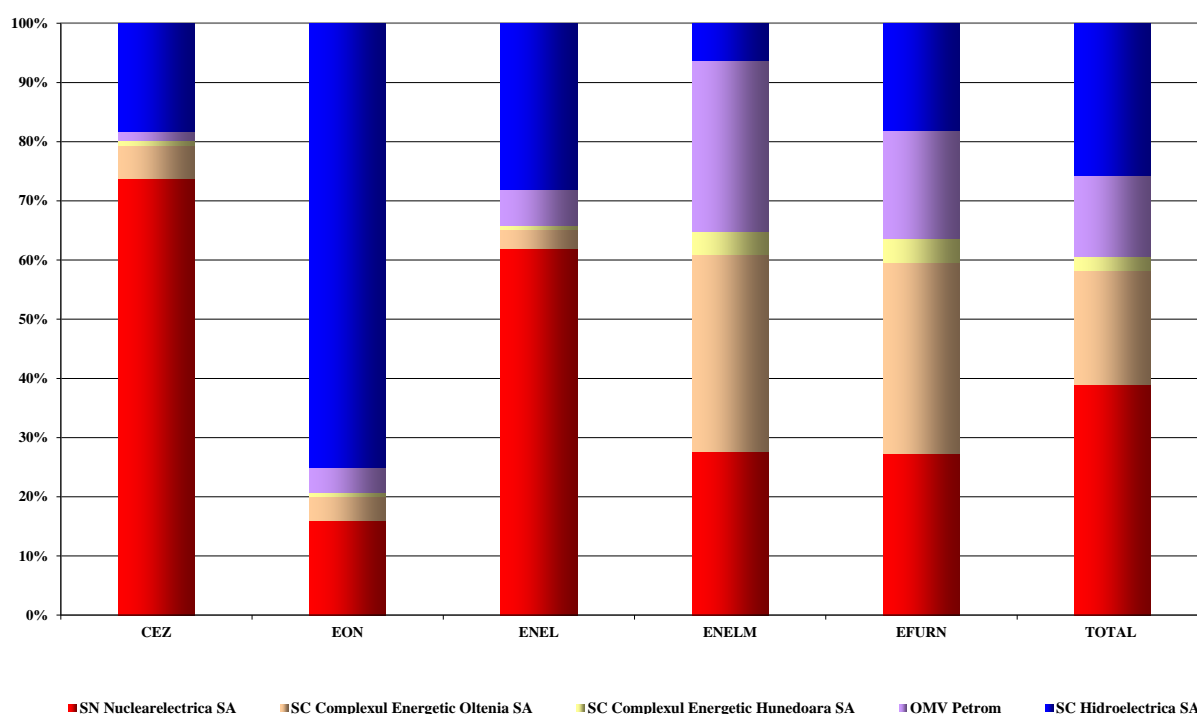
Electricity acquisition structure of suppliers of last resort (before the delivery day), for supplying the regulated market customers, is presented in the table below, for July 2013 compared to the situation of July 2012:

- GWh -

Acquisition structure of suppliers of last resort for regulated REM component	July 2012	July 2013
Regulated contracts with generators	1557.36	1191.50
Negotiated contracts	2.95	33.46
Contracts concluded on centralized markets	9.25	350.95
Intraday	0.02	0.00
DAM	150.28	124.86

The structure of the electricity purchased by the suppliers of last resort from the main generators on regulated contracts is presented in the following graph for July 2013:

Electricity acquisition from main generators, on regulated contracts, of the suppliers of the last resort for delivering electricity to final consumers on regulated market
JULY 2013



Source: Monthly reports of the suppliers of last resort – processed by MG

Starting with 1st September 2012, the suppliers of last resort 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).

This tariff component is separately displayed in the bills of non-household customers who do not exercise their eligibility rights. This tariff was proposed by each supplier of last resort 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 suppliers of last resort for CMC (before the delivery day) for July 2013.

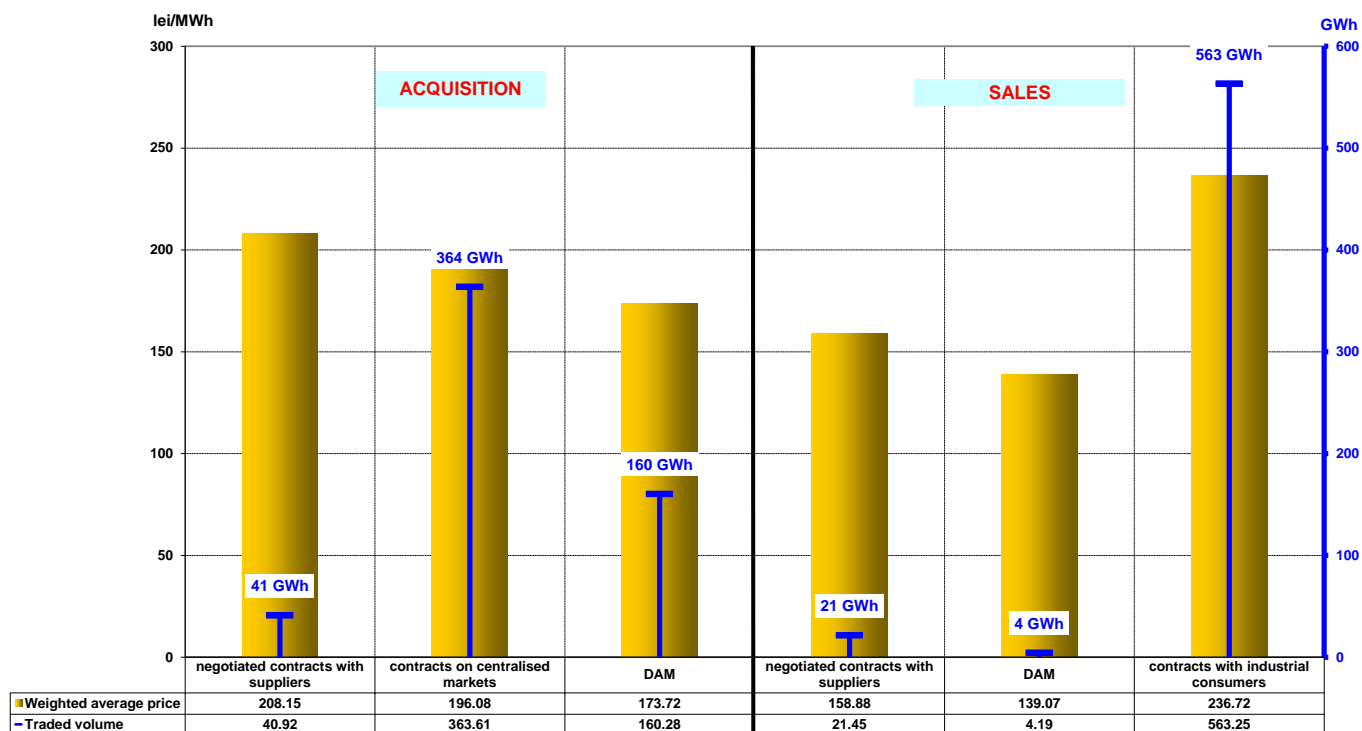
Acquisition structure of incumbent suppliers for CMC	Quantity [GWh]	Average price [lei/MWh]
Negotiated contracts	33.46	241.23
Contracts concluded on centralized markets	350.95	227.84
Contracts IntraDay	0.00	0.00
DAM	103.83	177.53
TOTAL	488.24	218.06

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 customers who renounced to regulated tariffs) for July 2013 compared to July 2012:

Transactions' structure of suppliers of last resort for competitive REM component	- GWh -	
	July 2012	July 2013
Acquisitions		
Import	33.58	0.00
Negotiated contracts with suppliers	427.18	40.92
Contracts concluded on centralized markets	96.36	363.61
DAM	203.83	160.28
Sales		
Negotiated contracts with suppliers	194.82	21.45
Negotiated contracts with generators	0.00	0.00
Contracts concluded on centralized markets	11.08	0.00
Contracts on OTC platforms	0.00	0.00
DAM	10.76	4.19
Final customers	571.79	563.25

The structure by types of sources/destinations of the traded volumes combined with the actual average prices of the suppliers of last resort corresponding to the competitive segment of REM is presented in the following graph for July 2013:

**Transaction concluded by suppliers of last resort providing electricity
on the competitive component of REM
- JULY 2013 -**



Source: Monthly reports of the suppliers of last resort – processed by MG

Main distribution operators

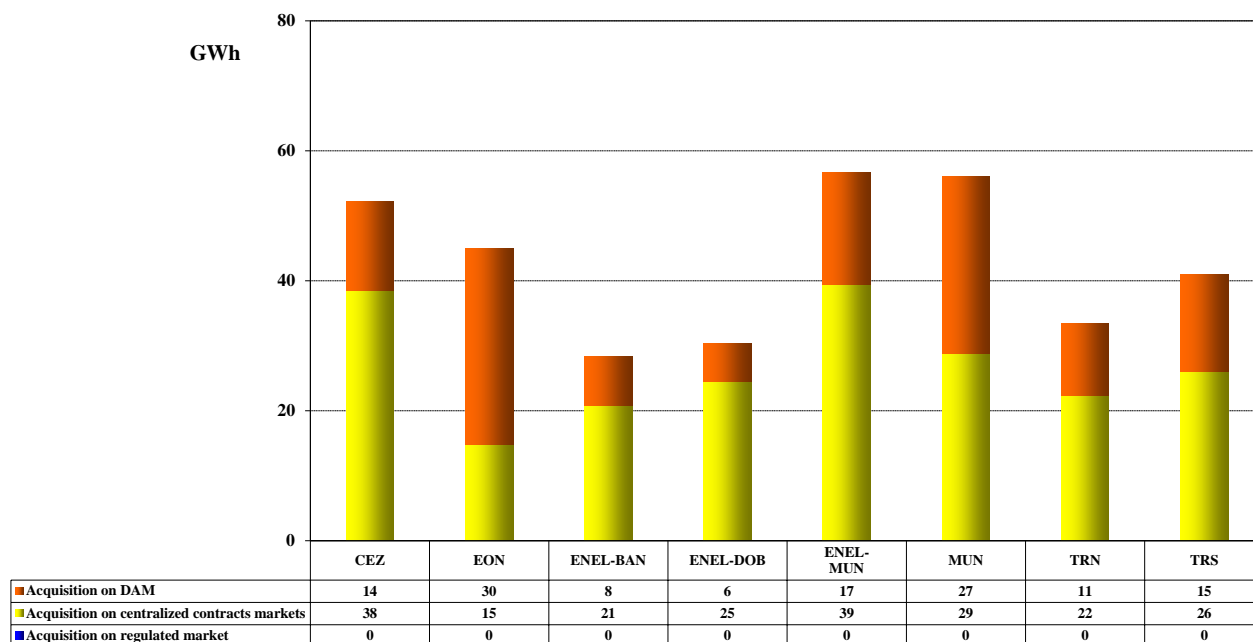
The following table shows the electricity acquisition structure of main distribution operators (before the delivery day), for covering the distribution network losses, for July 2013 compared to July 2012:

- GWh -

Acquisition structure	July 2012	July 2013
Regulated contracts with generators	403.30	0.00
Negotiated contracts with suppliers	0.00	0.00
Contracts concluded on centralized markets	0.00	215.36
DAM	21.69	127.58

Starting from 1st April 2013, the 8 main distribution operators had not anymore the possibility to purchase electricity on regulated contracts concluded with the main generators. The electricity purchased for covering their network losses is presented in detail in the following graph, for July 2013:

Electricity acquisition of distribution operators for covering the distribution losses
JULY 2013



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.

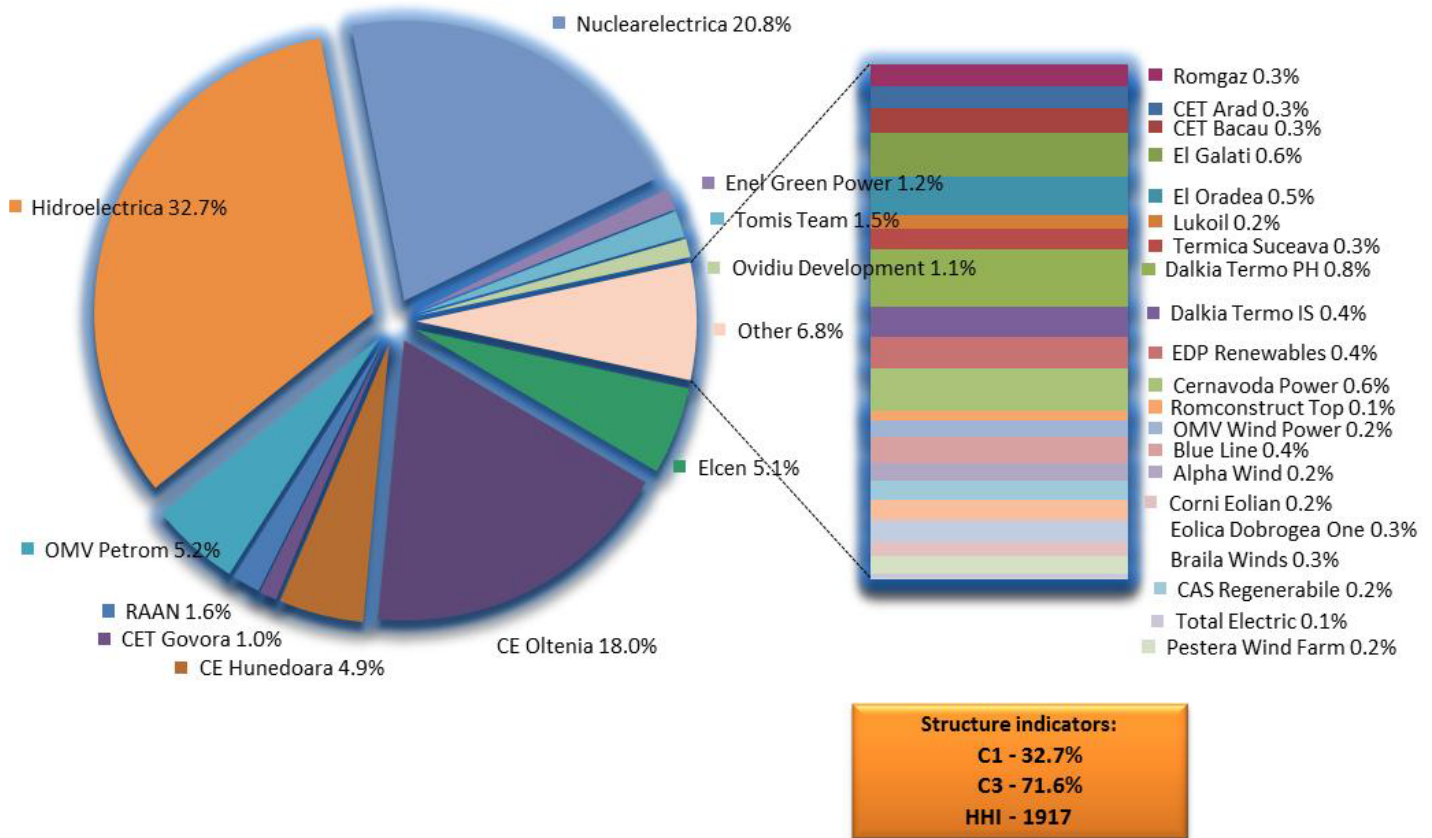
Concentration indicators and market shares of the electricity generators

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 July 2013, calculated based on electricity delivered into the networks by the generators with dispatchable units.

Concentration indicators - July 2013 -	C1 (%)	C3 (%)	HHI
Value	34.0	74.4	2088

The following graph presents the market shares of the electricity generators for the first 7 months from 2013, taking into account all the components of wholesale electricity market and calculated based on the electricity delivered into the grid by the dispatchable generators.

**Market share of generators with dispatchable units by delivered electricity
January - July 2013**



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 July 2013:

Structure/concentration indicators of BM - July 2013 -	Regulation					
	Secondary		Fast tertiary		Slow tertiary	
	upward	downward	upward	downward	upward	downward
C1 - % -	66	66	57	65	37	57
C3 - % -	98	98	91	99	83	97
HHI	5042	4979	3981	4824	2672	4072

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

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 July 2013:

Concentration indicators on ASM - July 2013 -		Secondary reserve	Fast tertiary reserve	Slow tertiary reserve
regulated component	contracted quantity (h*MW)	270180	535680	543120
	C1 (%)	61.4	81.9	50.7
	C3 (%)	100.00	93.1	100
competitive component	contracted quantity (h*MW)	-	-	-
	C1 (%)	-	-	-
	C3 (%)	-	-	-
	HHI	-	-	-

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

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 July 2013, based on quantities traded by participants on this market.

Concentration indicators on DAM - July 2013 -	C1 (%)	C3 (%)	HHI
Selling	23.42	61.72	1408
Buying	16.18	32.01	614

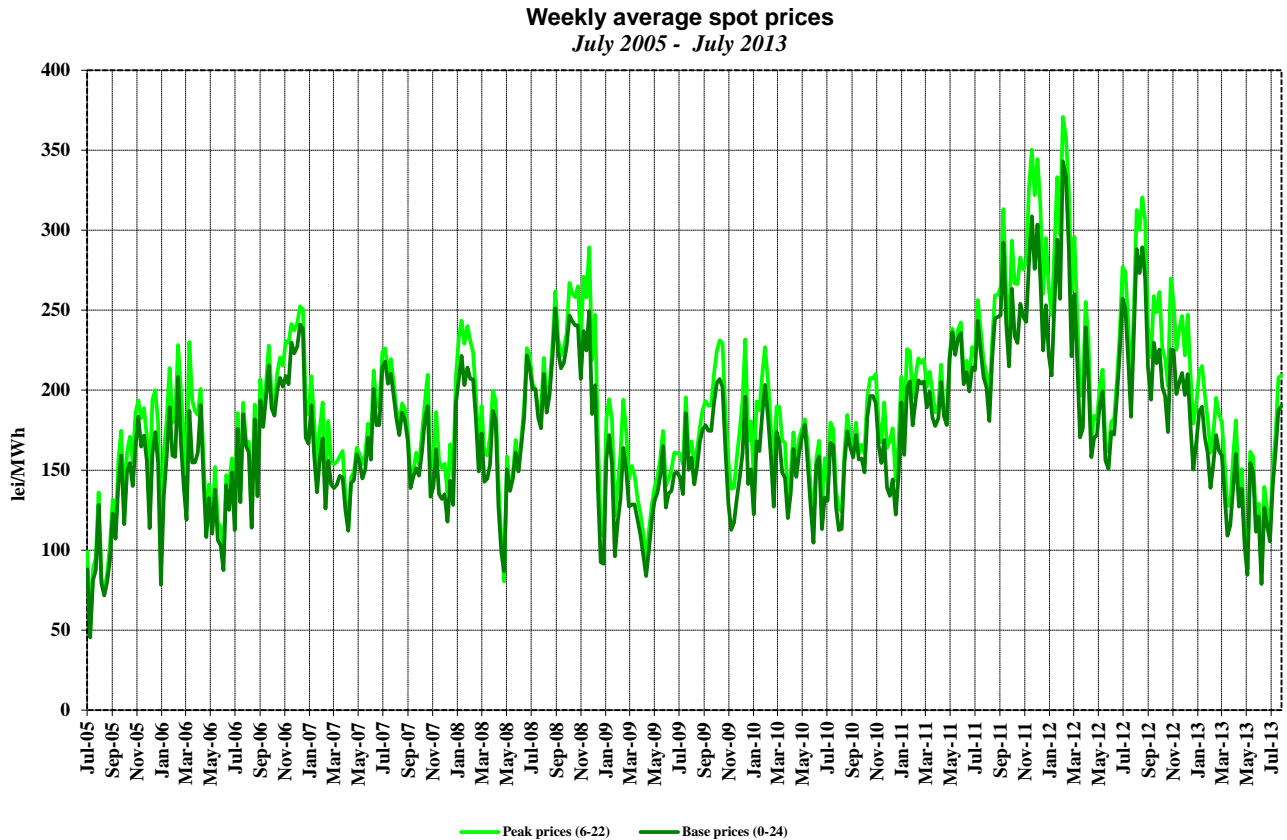
Source: Monthly reports of SC Opcom SA – processed by MG

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 July 2013 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.

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

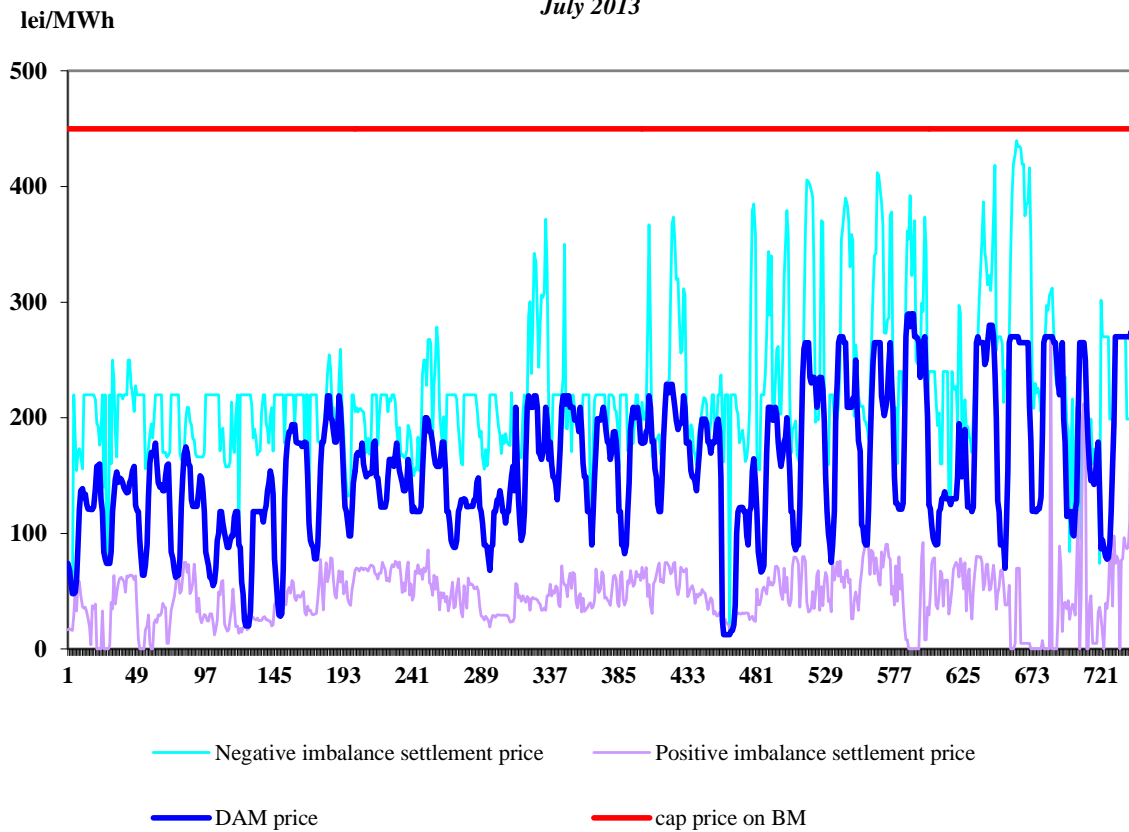


Source: Daily reports of SC Opcom SA – processed by MG

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 generating 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.

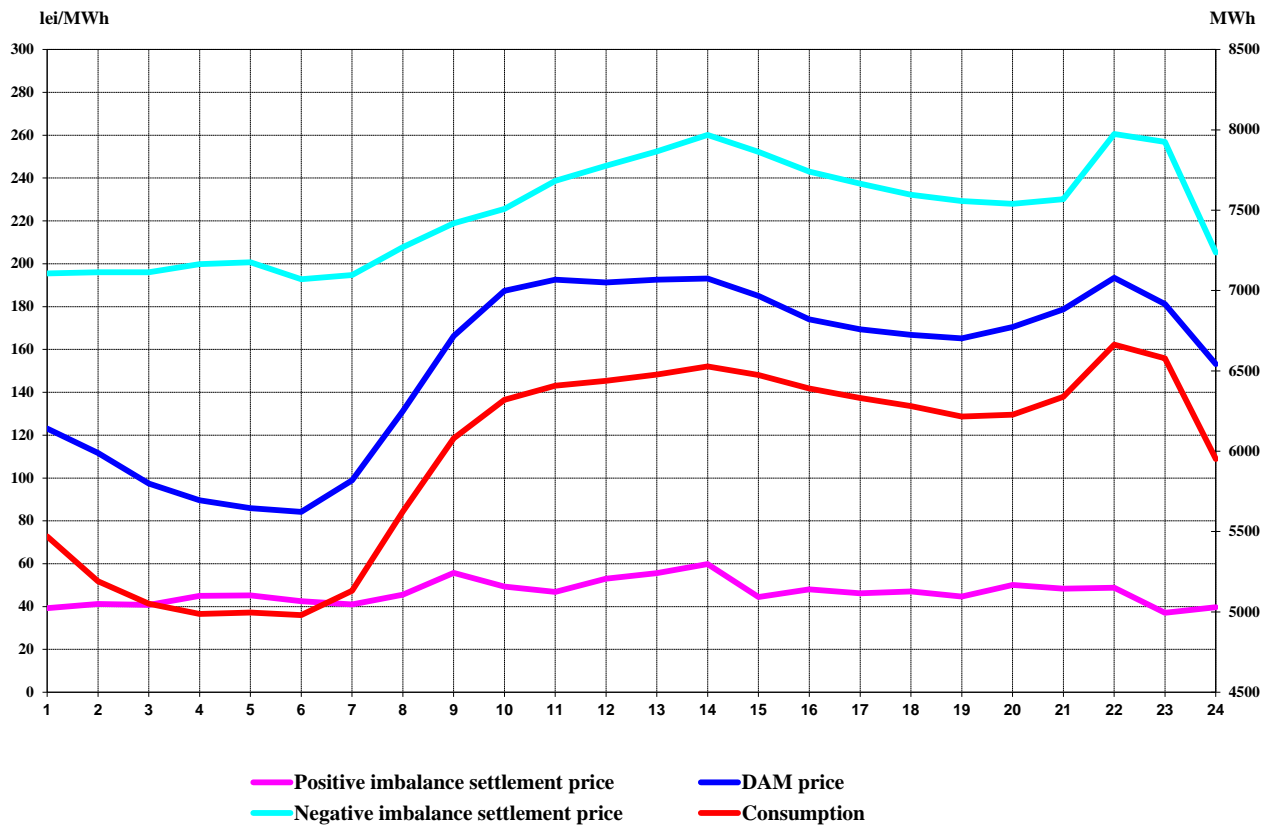
The settlement prices (MCP on DAM, negative imbalance settlement price and positive imbalance settlement price) are represented on the same graph, showing the two markets correlation degree. In the first graph the prices are expressed in hourly values, in the second graph in hourly average values compared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

Hourly settlement prices July 2013



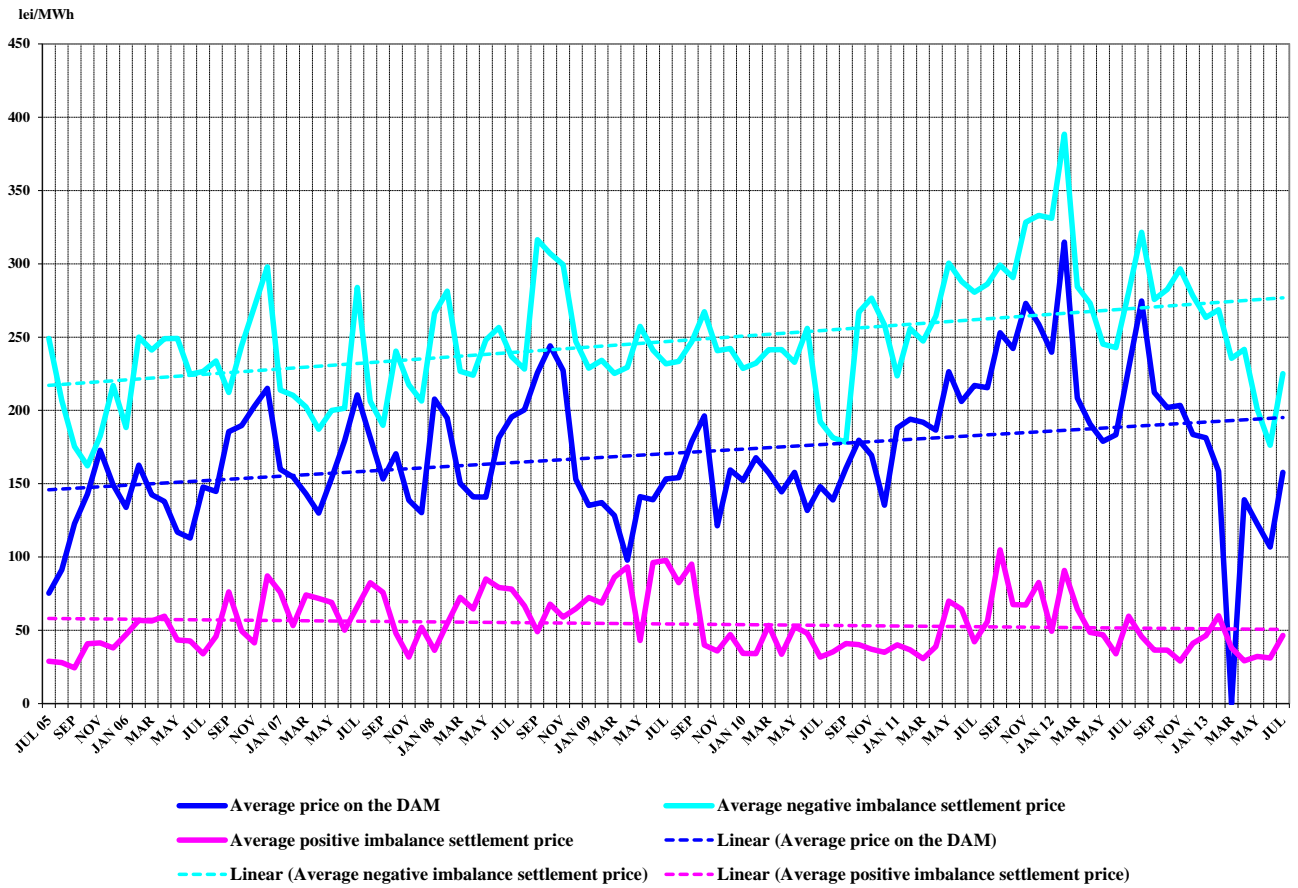
Source: Daily/monthly reports of SC Opcom SA – processed by MG

Hourly average settlement prices and internal consumption July 2013



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

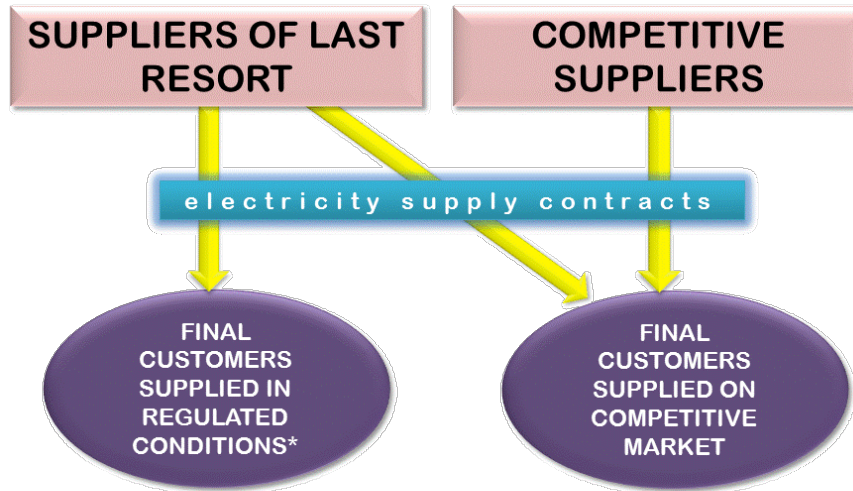
Monthly average prices on DAM and BM
July 2005 - July 2013



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

III. RETAIL ELECTRICITY MARKET

1. Structure of the retail electricity market

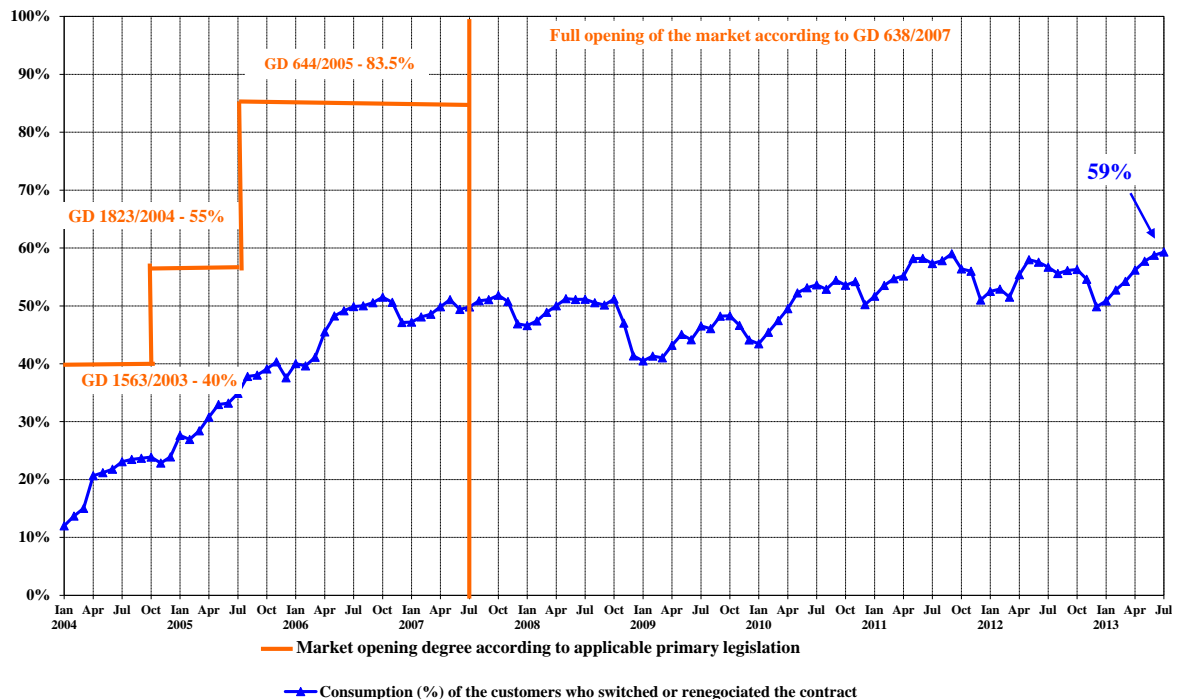


* according to art. 53 (2) and art. 55 (1) from Electricity and Gas Law no. 123/2012

2. Electricity market opening degree

The following graph contains the quota of the consumption from total consumption, of the customers who switched their supplier or renegotiated their contracts with the suppliers operating on the regulated market, during January 2004 – July 2013. The values presented are cumulated from the beginning of the opening process and are presented monthly:

Opening degree evolution of electricity market
January 2004 - July 2013

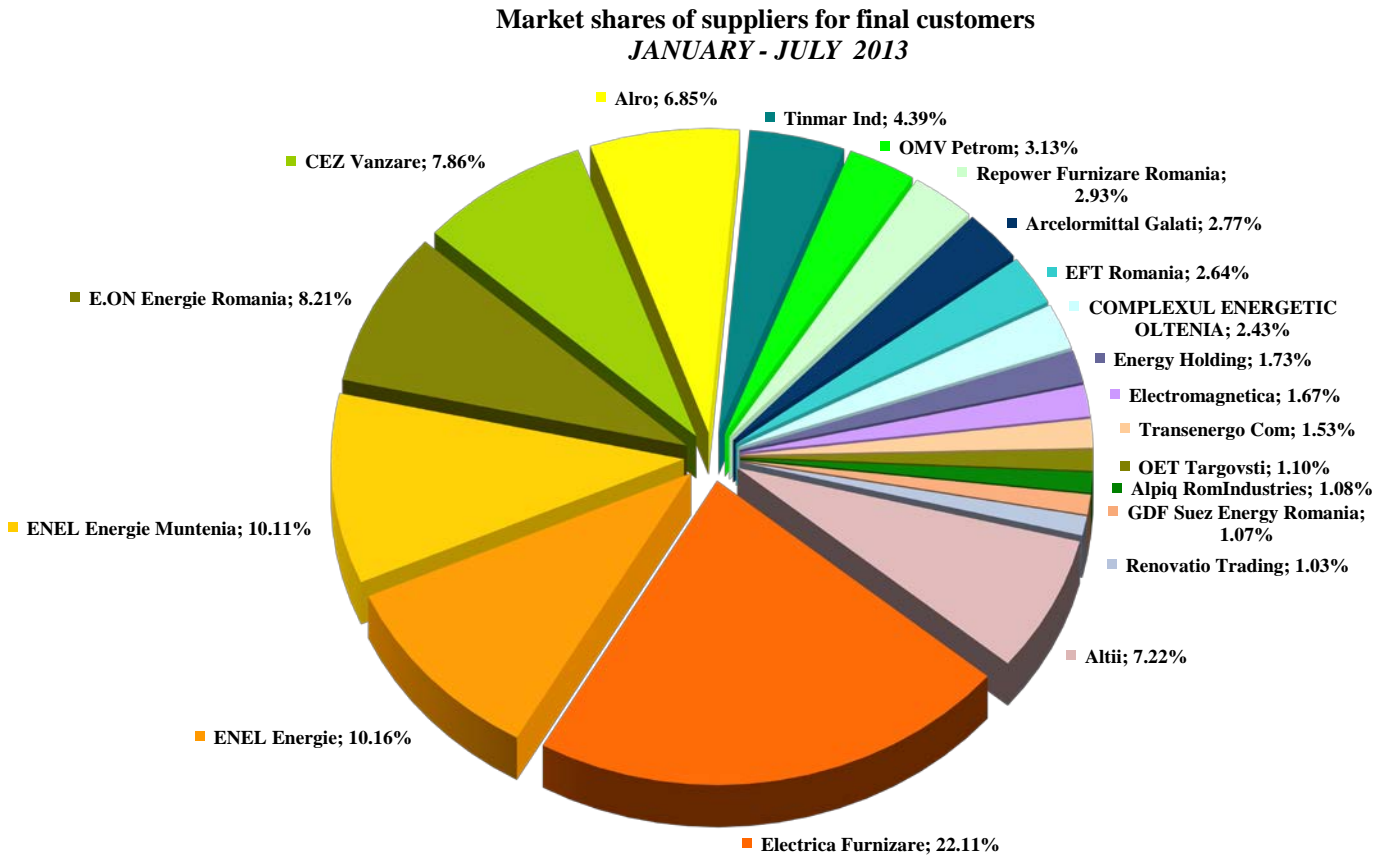


Source: Monthly reports of the final customers' suppliers – processed by MG

3. 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 suppliers of last resort) on REM – based on the electricity supplied to the customers on regulated tariffs (including CMC) as well as to the customers who switched their supplier or renegotiated their contract;



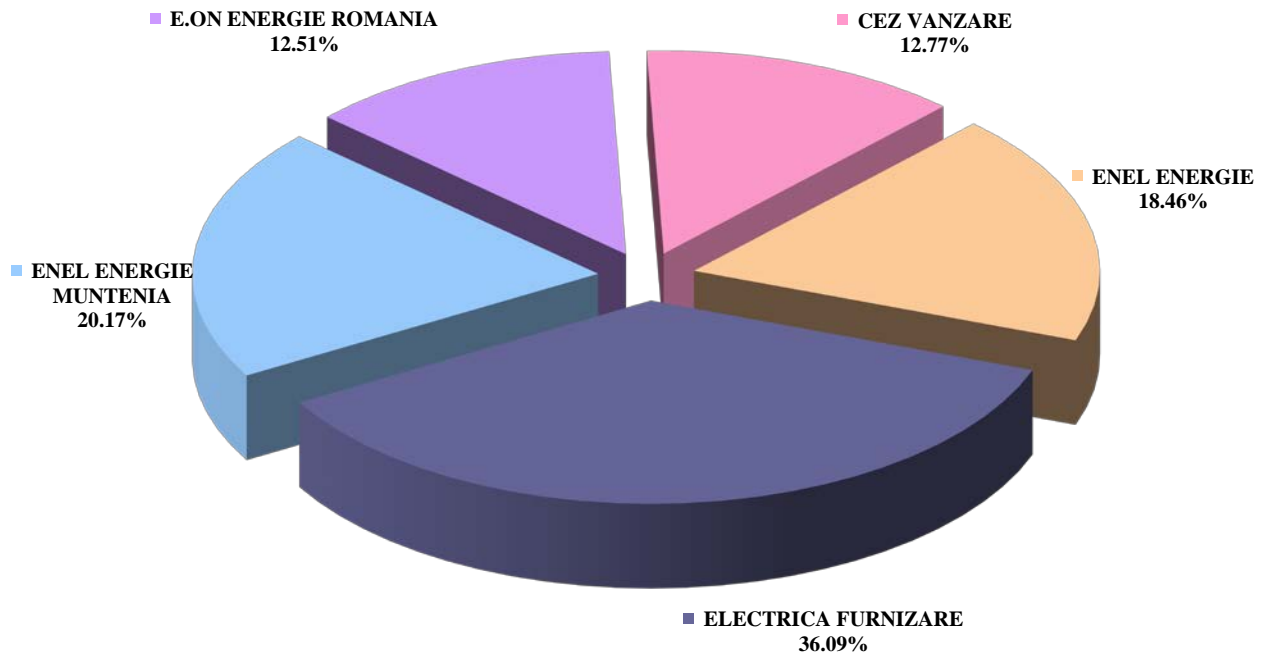
Final consumption: 25501 GWh

Category "Altii" includes 35 suppliers with individual market share less than 1%

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

- b) for suppliers of last resort - based on the electricity supplied to the final customers at regulated tariffs and CMC;

**Market shares of suppliers of last resort on regulated market
JANUARY - JULY 2013**

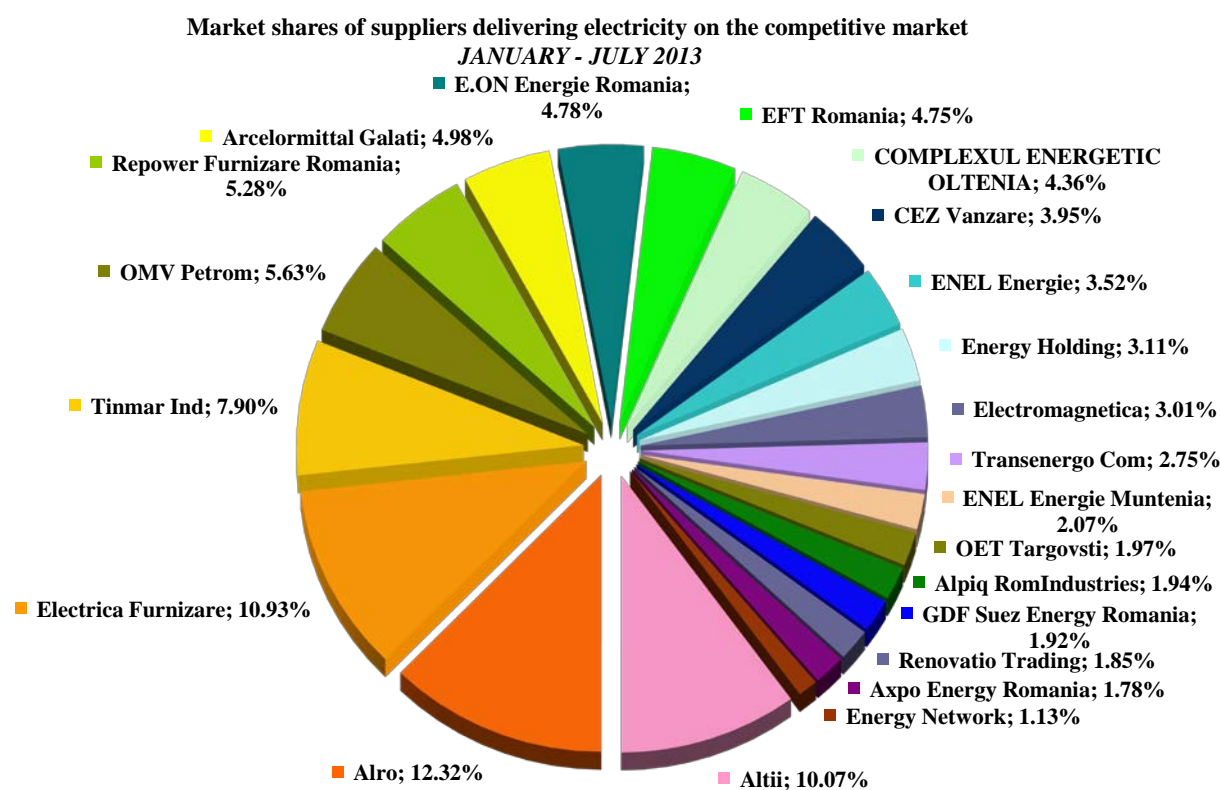


Consumption of customers supplied at regulated tariffs and CMC: 11324 GWh

Source: Monthly reports of the suppliers of last resort – processed by MG

and

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



Consumption on competitive market: 14177 GWh

Structure indicators:

HHI - 558; C3 - 31%; C1 - 12%

Category "Altii" includes 33 suppliers with individual market share less than 1%

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 customer which owns a supply license and based on it acquired its electricity from the WEM as a competitive supplier.

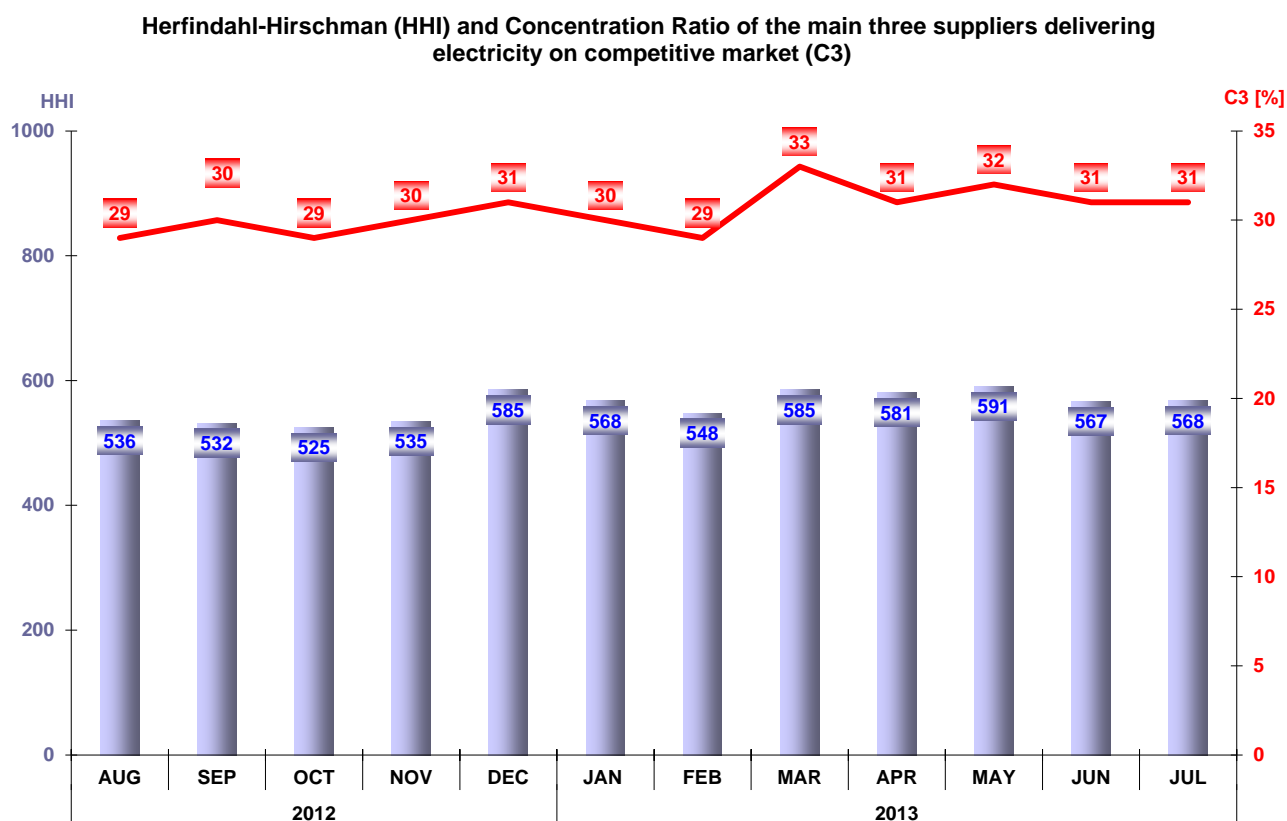
The electricity supplied to the final customers used for calculating the market share of every supplier includes also the self-consumption of that particular supplier (e.g. customers with supply license who buy electricity for themselves from WEM as competitive suppliers).

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 customers in total electricity sales. The table below presents the number of suppliers acting on the REM, grouped into categories of sales weight during July 2013:

Number of suppliers	Share of sales to final customers from total sales transactions			
	100%	75% - 100%	50% - 75%	<50%
Competitive	5	18	4	13
Of last resort	1	4	0	0

4. 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 August 2012 – July 2013 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 July 2013, calculated for each customer category as defined by the Directive 2008/92/EC of the European Parliament and of the Council:

Indicators - July 2013	Consumer category							Total REM
	IA	IB	IC	ID	IE	IF	Other	
C1 - %-	45	26	23	16	16	20	31	12
C3 - %-	66	53	42	35	38	41	58	31
HHI	2398	1254	964	700	817	1030	1629	568
Consumption - GWh -	4.4	136	205	555	287	210	793	2191
No. of SUPPLIERS	29	44	44	43	19	13	15	53
No. of suppliers of last resort	5	5	5	5	2	3	2	5
No. of competitive suppliers	20	35	33	34	16	9	7	40
No. of producers	4	4	6	4	1	1	6	8

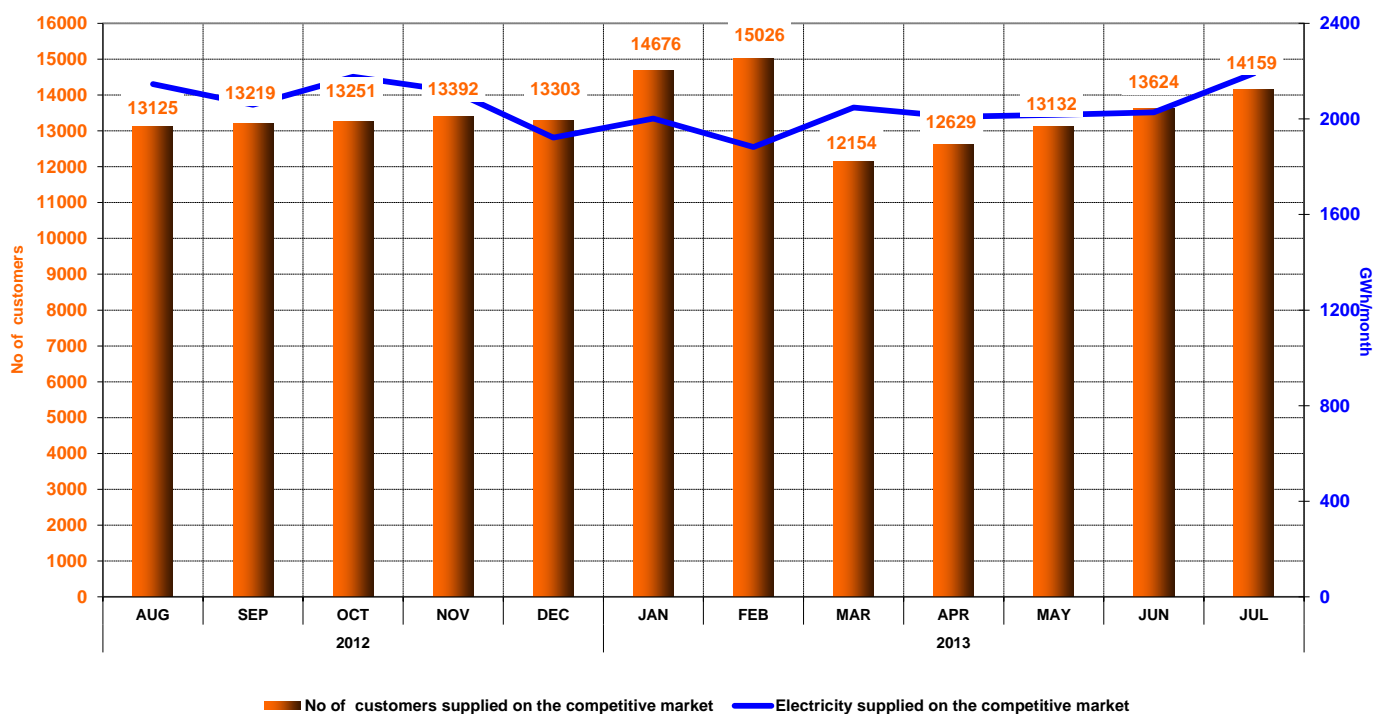
Source: Monthly reports of the suppliers – processed by MG

5. Evolution of customers' number and of electricity delivered

Number of customers supplied on the competitive market is presented as total value from the beginning of the market opening process; for July 2013 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 customers:

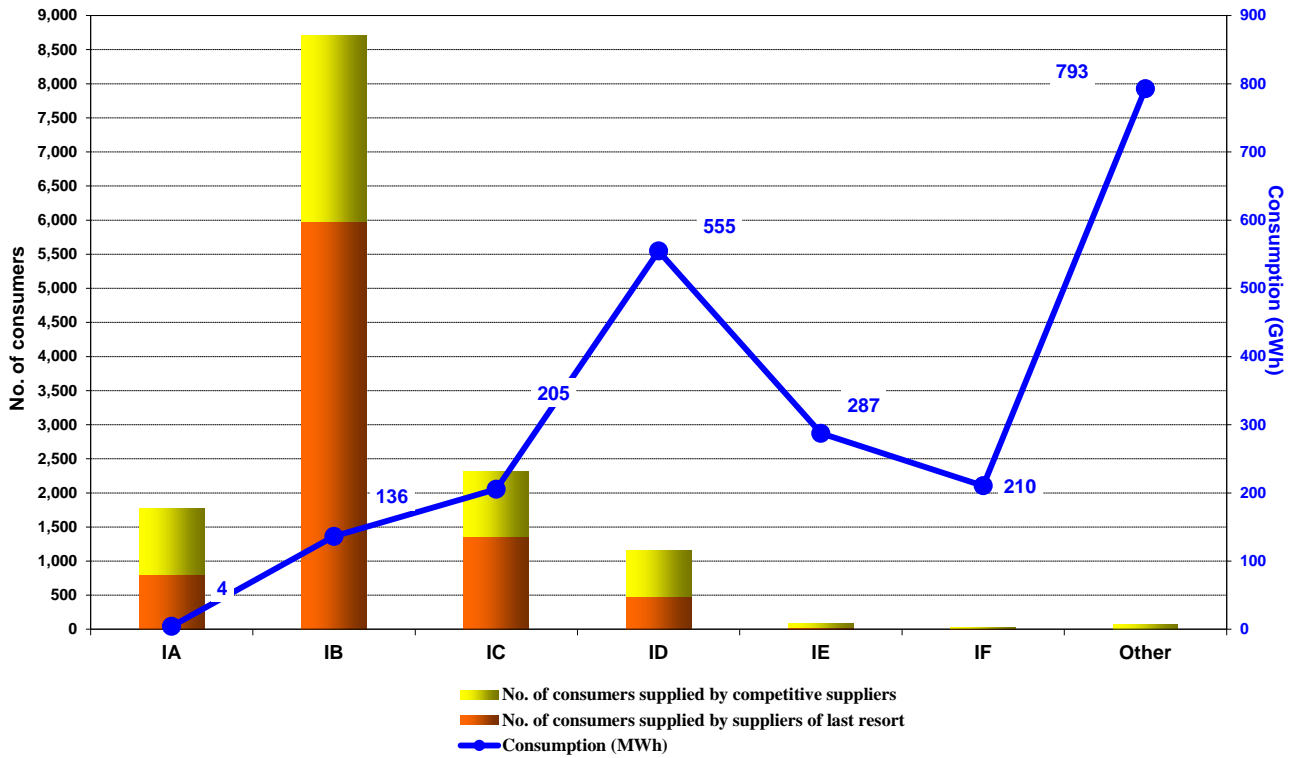
Non-household customers	Annual electricity consumption (MWh) between:	
IA		<20
IB	20	<500
IC	500	<2000
ID	2000	<20000
IE	20000	<70000
IF	70000	<=150000
Others	>150000	

Evolution of the number of supplied customers 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 - JULY 2013-

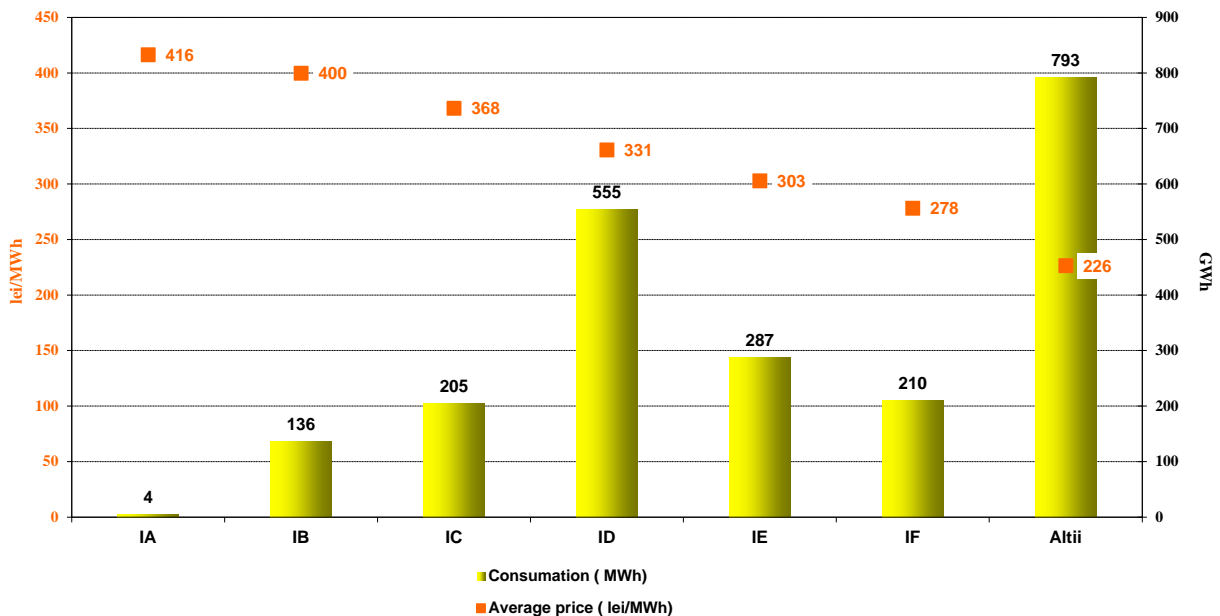


Source: Monthly reports of the suppliers – processed by MG

6. Average selling prices of customers supplied on the competitive market

The following graph presents the average selling prices of customers 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 - JULY 2013 -



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, distributi, market settlement, imbalance, BRP aggregated tax, metering). Splitting customers into categories was based on their annual consumption forecast, according to the provisions of above mentioned Directive.

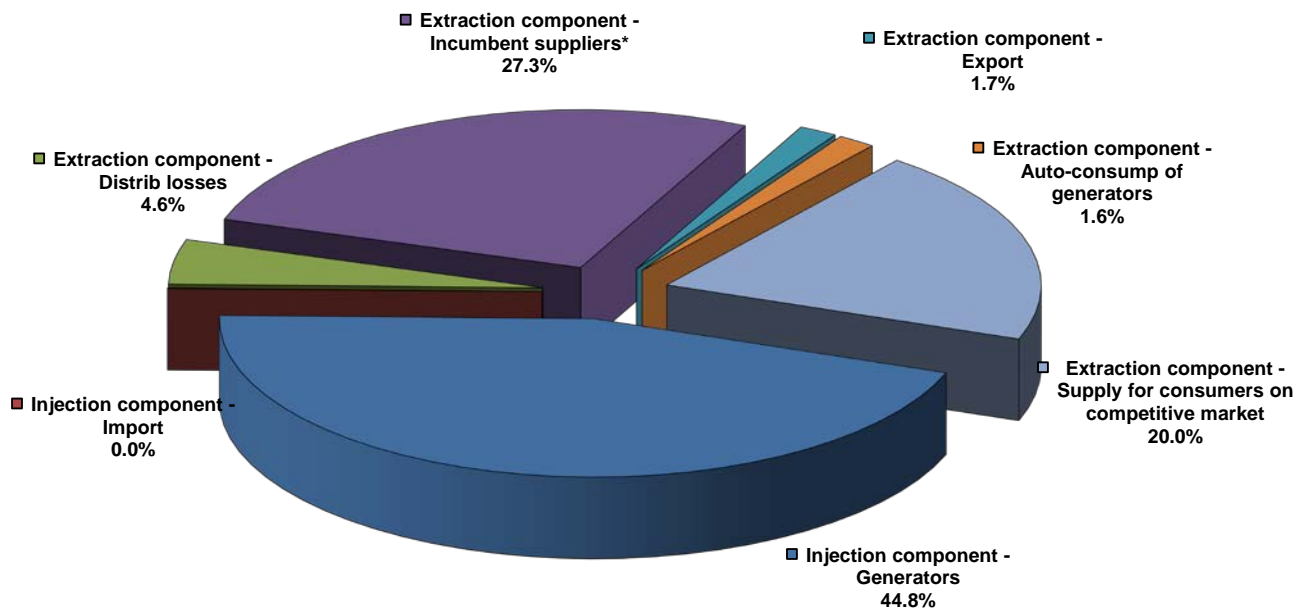
IV. TRANSMISSION AND SYSTEM OPERATOR C.N. TRANSELECTRICA S.A.

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 customers.

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 July 2013.

CN Transelectrica SA structure of revenues from transmission services
- July 2013-

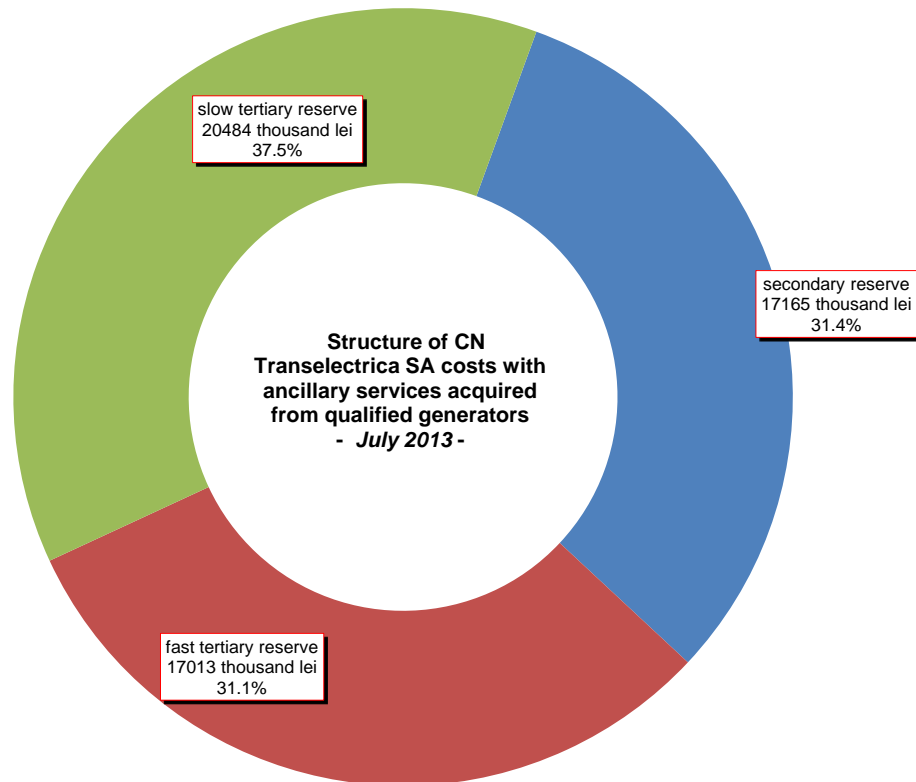


* for electricity extracted from their own licence areas as well as from other areas

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 that CN Transelectrica SA had to pay in July 2013. 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 JULY 2013

In July 2013, ANRE issued the following regulations with impact on the wholesale electricity markets:

- Order no. 49/2013 for approving the Regulation for the centralized market trading with continuous double negotiation of bilateral contracts for electricity;
- Order no. 53/2013 for approving the Methodology of establishing the tariffs for electricity transmission service;
- Order no. 54/2013 for approving the framework-contract for transmission, system services and wholesale market operation service to be concluded CN Transelectrica SA and the Beneficiary;
- Decision no. 2148/2013 for approving the quantities produced in high efficiency cogeneration which benefit of bonus scheme in June 2013.

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 final customers on regulated market* represents the consumption of customers supplied at regulated tariffs and CMC by suppliers of last resort.
- *Consumption of final customers on competitive market* represents the consumption of customers 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 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