

SNTGN TRANSGAZ SA MEDIAŞ

ANNEXES TO THE REPORT ISSUED BY THE BOARD OF ADMINISTRATION FOR 2017

CONTENTS

ANNEXA 1 – SCADA	3
ANNEX 2 – THE ENVIRONMENTAL PROTECTION, OCCUPATIONAL HEALTH AND SECURITY ACTIVITY	9
ANNEX 3 – CORPORATE GOVERNANCE	37
ANNEX 4 THE COMMERCIAL ACTIVITY	64
ANNEX 5 THE GAS MARKET OPERATION ACTIVITY	66
ANNEX 6 PMDI ACHIEVEMENTS	69
ANNEX 7 THE LEGAL ACTIVITY	76
ANNEX 8 THE REGULATORY ACTIVITY	85
ANNEX 9 THE BLACK SEA PMU	90
ANNEX 10 2017 NATIONAL AND INTERNATIONAL EVENTS	95
ANNEX 11 TRANSGAZ REPRESENTATIVE OFFICE AT BRUSSELS	97

ANNEX 1 – SCADA

In 2017, a series of activities were carried out to maintain, develop and modernize the National Gas Transmission System according to the intelligent network concept (SCADA) to ensure compatibility of its operation with similar European transmission systems for integration into the single European market. In this respect, the following types of activities were carried out at the level of the Automation and SCADA Unit:

Industrial systems maintenance

- performance of diagnosis activities at: TN Băcia, TN Pillar 89, TN Horia, TN Sărmașu, TN Ungheni, GMS Horia-24 metering systems, in parallel with the maintenance program, based on Transgaz internal requests;
- performance of defect remediation/intervention activities (according to the recordings of the SCADA incident tracking application HelpDesk Transgaz-133 incidents), to maintain the SCADA system's good functionality;
- performance of the following activities:
 - replacement of ventilation grid filters in SCADA automation panels, small MRSs, implementation Phase II (52%);
 - replacement of batteries in SCADA automation panels, small MRSs, implementation Phase II (46%);
 - mounting of magnet reed contacts on the battery panels in the SCADA systems powered by photovoltaic energy (10%).
- performance of maintenance work with own personnel regarding the electric actuators at:
 - TN Ceanu Mare (100% fulfilled);
 - TN Moșu (100% fulfilled).
- verification of dismantled electric actuators al TN Medieșu Aurit;
- performance of intervention at GMS Horia for verification/remediation of the dew point analyzer data transmission;
- technical intervention at CECC Brazi for verification/remediation of automation supervisory computer;
- technical intervention at TN Paltin – Identification of solutions for remediation of local automation system;
- providing technical support for the remediation and re-commissioning of the GMS Negru Vodă/Transit I data transmission system;
- technical auditing actions regarding NTS facilities, and proposal of the following remediation of deficiencies found:
 - elimination of critical vulnerability of the wireless connexion (Bluetooth, infrared);
 - remediation of delivery, storage and mounting deficiencies regarding NTS industrial equipment.

Integrations/execution of new locations/re-locations/acceptance of works

- Integration of new locations in the SCADA system: MRS Cogeneration Oradea, GMS Giurgiu, GMS Horia (including flow computer gas composition automatic updating), MRS Mărășești.
- Integration of additional equipment on existing SCADA locations:
 - Volume converters QED PTZ4 (MRS Vădeni, MRS Chimcomplex Borzești, MRS Craiova Sud, MRS Rovinari, MRS Târgu Ocna, MRS Cogealac, MRS Balș, MRS Bobocu, MRS

Govora, MRS Câmpulung Oraș, MRS Bacău I, MRS Onești, MRS Mangalia, MRS s of the Arad Sector, MRSs of Timișoara Sector, MRSs of Lugoj Sector, MRS Jijila Măcin; pressure transducers (MRS UM Bobocu, MRS Izovolta, MRS Dalkia Termo Brazi (Veolia), MRS Zagna Vădeni); EMERSON FLOBOSS flow computers (MRS Egger Rădăuți, MRS Cogeneration Oradea, MRS Botoșani); ABB NGC8206 gas chromatographs (MRS Cogeneration Oradea, MRS Chimcomplex, MRS Răzvad, MRS Gilău, MRS Rovinari, MRS Sighișoara I, MRS Arad III CET); RMG gas chromatograph at MRS CECC Brazi; PLC local automation (MRS Giurgiu, SRM Oradea I).

- SCADA equipment relocation on sites: MRS Romos Orăștie; MRS Oradea I; MRS Cărămidă Biharia; MRS Michelin Zalău; MRS Mănești + Cocorăști.
- communication remediation at locations with SCADA equipment stolen: 7 MRSs (ET Mediaș, ET Brașov); 4 stop valves (ET Mediaș, ET Bacău, ET Cluj, ET Brăila).
- Performance of the Interconnection Agreement for the IP PI Csanádpalota/02.12.2015/Annex 7 (TOC) for the identification of the technical options for the transmission of the technical parameters between the GMS Csanádpalota and the GMS Horia;
- Participation in work execution monitoring teams: Modernization of TN Ceanu Mare- Power supply of actuators, automations and facility surveillance systems; modernization of TN Moșu, automation, anti-burglary, video surveillance systems; SCADA data transmission and integration system for GMS Giurgiu; replacement of technological installations at the GMS Timișoara 1; modernization of MRS Bârcea (mounting GMS Cristur–Deva); adaptation to land at GMS Dej II.
- Cooperation with the Design and Research Division for the preparation of Site Order 1 for the work P.T. 678 / 2015 Technological Node Moșu-automation, anti-burglary, video surveillance and fire systems;
- Participation in acceptance committees at completion of works for the TN Sâmbotin; MRS Recaș; MRS Oradea I; MRS Boureni; MRS Drăgănești Olt; MRS Pielești.
- Participation in acceptance committees at commissioning of TN Sărmășel; TN Band; GMS Negru Vodă Transit 1; GMS Giurgiu; GMS Oradea 1.

Participation in technical committees/auctions

- Participation in the technical actions carried out by the Coordination Committee of the activities within the approved limits of the technological consumptions of natural gas registered at the level of the National Transmission System and performing the following activities:
 - Configuration of ERZ2000 flow computers and RTUs for gas composition (TN Paltin, TN 89, TN Dealu Frumos, TN Urziceni, TN Onesti, TN Coroi-12 flow computers and 6 RTUs);
 - Configuration of the ERZ2000 flow computers, RTUs and SCADA HIGH-LEIT for the automated transmission of factors and parameters from the RMG metering systems to the SCADA system (applied to all SCADA integrated technological nodes – 109 flow computers and 28 RTUs);
 - Configuration of ERZ2000 flow computers, RTU/PLC SCADA for daily synchronization of ERZ2000 flow computers time clocks with the SCADA clock to increase accuracy of gas balances in NTS (applied to SCADA integrated technology nodes -93 flow computers and 25 RTUs);
 - preparation of work instruction 01 PP DH05 Accessing archives from ERZ2000 flow computers;

- granting technical support and preparing gas balances for technological nodes at the request of the gas transmission departments of Arad Regional Office, Mediaș Regional Office and Bacău Regional Office.
 - `;
- Participation in the committees responsible for the approval of the bid documentation for the work: BRUA-CS: FEED for 3 compressor stations along the PCI corridor – the Romanian Sector
- Participation in the committees responsible for the preparation the answers to the clarifications of the bidders on the: BRUA – CS: FEED for 3 compressor stations along the PCI corridor – the Romanian Sector. Batch 4– Pipeline automation and security
- Participation in the bid assessment committees for the following works/products/services:
 - Repair and verification of electrical installations of the company;
 - Repair and verification of electrical installations of the company – auction resuming;
 - repair of ø6 pipeline for the gas supply connection of GMS Elsid Titu;
 - access agreement – Connection and MRS Ghercești 2, Dolj County;
 - systematization of gas supply of consumption zone Ișalnița, Dolj County;
 - modernization of MRS Bârcea (mounting MRS Cristur–Deva);
 - modernization of TN Drăgășani: power supply of actuators, automation and site surveillance systems;
 - modernization of TN Moisica: power supply of actuators, automation and site surveillance systems;
 - modernization of TN Recaș: power supply of actuators, automation and site surveillance systems;
 - access agreement – Modernization/extension of MRS Zagna Vădeni capacity, Brăila County;
 - systematization of gas supply of consumption zone Ișalnița, Dolj County;
 - access agreement –connection and SRMP Pielești, Dolj County;
 - access agreement - Modernization/increase of technological capacity of MRS Boureni, Iași County;
 - Batch 1 Preparation of a technical design regarding: Power supply – solution regarding voltaic panels and installations for using electric energy at MRS Cățelul;
 - Batch 2 Preparation of a technical design regarding: Power supply – solution regarding voltaic panels and installations for using electric energy at MRS Mănăstirea Pasărea;
 - Batch 3 Preparation of a technical design regarding: Power supply – solution regarding voltaic panels and installations for using electric energy at MRS Belciugatele;
 - Modernization and adaptation to land at MRS Suceava;
 - Batch 1 Repairs to MRSs and odorization systems of the company, delivered or having Armax Gaz components;
 - Batch 2 Inspection and repair services at MRSs and odorization systems of the company, delivered or having Total Gaz Industrie components;
 - Batch 1 Repair and Intervention Services at MRSs and odorization systems of the company, delivered or having RMG Regel+Messtechnik Germany components;

- Batch 2 Revision, repair and intervention services at MRSs and odorization systems of the company, delivered or having Tartarini and Fiorentini components;
- Inline inspection services for piggable pipelines;
- Sectoral commodity contract with the scope the 5kW Electric generator;
- Adaptation to land at MRS Fălticeni;
- access agreement – Connection and MRS Ghercești 2, Dolj County;
- access agreement – Modernization/extension of Zagna Vădeni capacity, Brăila County;
- CPS maintenance services;
- Verification and repair devices for underground pipeline detection;
- Verification and re-calibration of C.I.P.S. devices;
- automated cathodic protection cabin debugging services;
- power distribution cables;
- revision and repair services at the MRS;
- modernization of network assets of the regional offices – Phase II asset network redundancy;
- Preparation of a technical design regarding: Power supply – solution regarding voltaic panels and installations for using electric energy (MRS Cățelu, MRS Pasărea and MRS Belciugatele);
- Sectoral contract for products having as object: Electricity distribution cables;
- Sectoral contract for products having as object: Thermal equipment: forced flow thermal plants, power convectors, power boilers;
- Sectoral contract on:
 - Batch 1 Preparation of a technical design regarding: Power supply at CPS Gearmata Vii and obtaining the construction permit;
 - Batch 2 Preparation of a technical design regarding Power supply installation at CPS Izvoarele 32 and obtaining the construction permit;
 - Batch 3 Preparation of a technical design regarding Power supply installation at CPS Cosmești 32 and obtaining the construction permit.
- Pipeline automation and securing works for the project Development of the National Gas Transmission System on the Bulgaria-Romania-Hungary-Austria Corridor, Phase I- (BRHA/Phase 1): Podișor-Recaș Gas Transmission Pipeline, Pipeline automation and securing works:
 - Pipeline and communications and power lines construction works;
 - fire alarm systems installation works;
 - anti-burglary alarm systems installation works.
- Analysis of bids for the award of the sectoral contract `Access-connection agreement and SRMP Vanbet II`;
- Analysis of bids for the award of the sectoral contract `Access Agreement – Connectin and SRMP Ovidiu IV`;
- Analysis of bids for the award of the sectoral contract `Revision and Repair Services at the MRS`;
- Analysis of bids for the award of the contract `Spare parts –Transgaz SCADA System – Telecommunication Equipment`;

- Analysis of bids for the award of the contract `Electric accumulators – Transgaz SCADA System;
- Analysis of bids for the award of the contract `Printers for labelling of cables, conductors, electrical equipment and consumables related to these printers`;
- Analysis of bids for the award of the contract `PTZ Volume Converters`.
- participation in technical working groups:
 - the Black Sea PMU for the works at the Tuzla terminal (Exxon-OMV) and the Vadu terminal (Blacksea Oil and Gas);
 - BRUA – Pipeline automation and securing Batch 4 for the preparation of the documentation requirements: minimum requirements for site management and requirements for procurement of execution works;
 - on the preparation of minimum technical requirements for the design and execution of the technological installations of the technological installations in the gas metering-regulating stations with a capacity higher than 4000 cm/h;
 - on the implementation of some of programs for the modernization/repair of MRSs of the regional offices for increase of operation safety and appropriate resizing of the technological installation operation personnel.

Technical analysis reports (SCADA instrumentation - internal / external requests listing and solving modality)

- preparation of technical report on the Monitoring of automation systems for solving defective electric actuation - GMS Giurgiu`;
- preparation of technical analysis on the Monitoring of systems for the reporting of problems of electrical actuators and cathodic protection of the Iași–Ungheni gas transmission pipeline.

Degree of achievement at the level of the Automation and SCADA Unit of the Investment and Development Modernization Plan regarding other services performed by third parties/Supply Plan/Maintenance Plan

- Investment and Development Modernization Plan:
 - In order to maintain the functionality of the SCADA system:
 - the procurement of the spare parts for the SCADA system of Transgaz regarding the telecommunication equipment is in progress;
 - procurement of additional SCADA licences under analysis/document preparation.
 - In order to identify the objectives that require the construction/modernization/ upgrading of the power supply, distribution, automation and video monitoring facilities, technical documentation was analyzed and prepared for facilities belonging to the Craiova, Constanta, Arad and Bucharest regional offices;
 - Air conditioners were procured and installed at the Sâmbotin and Ceanu Mare Technological Nodes for ensuring the environment recommended for the optimal operation of the automation and power supply panels.

- Supply Plan:
 - In order to support the maintenance and guarantee programs of the SCADA system, the following were started/finalized:
 - procurement according to Contract 600/22.12.2016, Electronic, electromechanical and electrotechnical accessories` - spare parts, equipment, control tools;
 - procurement Electric Batteries - Transgaz SCADA System – contract signature is in progress;
 - submission for publication of the specification Electronic, Electromechanical and Electrotechnical Accessories–publication of procurement documents;
 - preparation of technical specifications Materials, consumables, equipment, spare parts, tools, devices and verifiers necessary for carrying out the specific maintenance, relocation, integration of new equipment in order to ensure the functioning of the SCADA system according to the design parameters of the SCADA system – document preparation in progress.
 - In order to maintain the functionality of the industrial actuators/ automation systems, the following were started/finalized:
 - preparation of technical specifications for Procurement of electronic measuring instruments, electronic tool kit, hand tools;
 - completion of Procurement of air conditioning systems for microclimate control in automation rooms in Technological Node Ceanu Mare and Technological Node Sâmbotin.

Other activities of the Automation and SCADA Unit

- Submission of 2016 Investment Sustainability Report, as a contract obligation, to the Intermediate Body for Energy;
- Identification and start of implementation of technical solution for technological values exchange between FGSZ Ltd. Hungary and SNTGN Transgaz SA (Csanádpalota–Horia interconnection point);
- performance of internal training of the technical personnel of the Regional Offices;
- analysis of possibility to obtain new grants.

In March 2017, discussions with the Managing Authority of the Large Infrastructure Operational Program (AM POIM) were initiated, in collaboration with the specialized departments of the SNTGN TRANSGAZ SA, regarding the possibility of obtaining EU grants for some of Transgaz projects specific or related to the activity of the Automation and SCADA Unit. The technical and procedural discussions focused on the possibility of implementing some projects from POIM funds not used in other areas of activity between 2014 and 2017.

The projects proposed by TRANSGAZ that were analyzed and presented with a grantable potential are:

- establishment of a National Cathodic Protection System;
- use of microgenerators for the transformation of kinetic energy into electricity.

In cooperation with the EU Funds Division, the opportunities for obtaining new EU grants also for other projects located in the area of activity and technical interest of the Automation and SCADA Unit are monitored:

- Implementation the policies/requirements regarding the defining elements of the cyber security strategy for the industrial systems at the Transgaz level;
- Implementation/extension of the technical intervention procedures through HelpDesk software;
- Initiation of the strategy elements regarding the achievement of maintenance of electrical installations and industrial actuation/automation.

ANNEX 2 - THE ENVIRONMENTAL PROTECTION, OCCUPATIONAL HEALTH AND SECURITY ACTIVITY

Activities performed within the Occupational Health and Security Department

Between 01.01-31.12.2017 the occupational health and security activity was carried out in a planned and organized manner, aiming at the reduction and/or elimination of the risks for the occurrence of some events, occupational accidents, dangerous incidents and professional diseases within the company in compliance with the legal provisions in the field of safety and health at work, particularly through the performance of ***Plan for Prevention and Protection for 2017*** no. 480/05.01.2017, approved in the meeting of the Committee for Occupational Health and Safety for quarter IV 2016 and the fulfilment of all the activities set by the Rules of Organization and Operation of the company as well as the laws in force.

The following services and products were substantiated and budgeted in the ***Annual Program of the Services provided by Third Parties*** and in the ***2017 Supply Plan*** for the ensuring of:

- Occupational healthcare services
- Services for the certification of installations operating in explosive atmosphere.
- Services for renting ecological toilets
- Services for expertise related to incidents and events occurred within Transgaz
- Preparation of assessments of risk of injury and professional illness
- Expertise related to incidents and events occurred within Transgaz
- Preparation of frame instructions for occupational security and health specific for Transgaz
- Personal protective equipment
- Hygiene – health products.

Instruction/testing programs were prepared in the field of occupational health and safety within the company and the training themes during all the stages (general introductory training – upon employment, in-service training, and regular training namely additional and special training) in order to ensure a unitary approach and to streamline the training program of the employees within TRANSGAZ.

Personnel training was ensured for all the employees, newly employed persons and the third party personnel executing works for Transgaz.

Within ***Transgaz's development and professional training program for 2017*** the development and training of the workers with specific responsibilities in the field of occupational health and safety (the managers of the jobs, the representatives of the workers within the Occupational health and safety committee, the inspectors in the field of

occupational health and safety, the coordinators of security and health on site, Ex responsible, etc.) were substantiated and included.

From the analysis of the achievement of the prevention and protection activities set in the above mentioned programs please find below:

A. The organizational measures were carried out as planned, as follows:

1. The monitoring and supervision of the state of health of the workers in accordance with the legal norms in force was ensured through specialized medical centres of occupational medicine. Workers' health surveillance was carried out with accredited external providers, the quality of the services provided by the medical centres in contractual relations with SNTGN TRANSGAZ SA was good, in accordance with the contractual clauses and the legal norms in force. It was drafted, presented and endorsed in the CSSM meeting for the first quarter of 2017, Report no. 4.862/02.02.2017 on the state of health of the workers of SNTGN TRANSGAZ SA Mediaş for 2016. In August 2017 the subsequent contracts were concluded with the providers of occupational health care services following the re-offering carried out under the existing framework agreement. Thus, for the North Lot SC MEDSTAR SRL Cluj Napoca was designated the winner, and for the South Lot SC MEDSANA VEST SRL Sibiu was designated the winner.
2. Report no. 122 / 04.01.2017 on occupational safety and health for the year 2016 was drafted, presented and approved in the CSSM meeting.
3. In order to ensure minimum requirements for improving the safety and health protection of workers who may be exposed to a potential hazard due to the formation of explosive atmospheres, during the first semester of 2017, the specific activities stipulated by G.D. no. 1058 / 2006 (on minimum requirements to improve the safety and health protection of workers who may be exposed to a potential hazard due to explosive atmospheres) were organized. At the date of this report, the sectoral service agreement concluded with INCD INSEMEX Petroşani was signed for the on-site examination of installations where potentially explosive atmospheres may emerge and the issuance of the certificates of conformity for a number of 147 objectives were issued and the `in-situ` inspection activity of the installations started, for the issuance of the operation permits.
In order to comply with the legal requirements regarding explosion safety (legislation, norms, standards) and ensure their unitary application in the fields of activity of the company, in collaboration with the Design and Research Department and the Department of Operation and Maintenance, it was decided to continue the procedure regarding the elaboration of the **Technical Norm for the design, execution, check, acceptance, commissioning, maintenance, certification and retesting of technological facilities operating in hazardous areas in the transmission of natural gas**. To this end, correspondence was sent and meetings were held with the management and specialists of INSEMEX Petroşani regarding the content and the way of providing the specialized consultancy for the elaboration of the above mentioned work. The documentation for the procurement of the consultancy service has been elaborated and submitted to the Department for Sectoral Procurement and Contracting. At the date of this report, the procedure for the procurement of the consultancy service was forwarded to the Sectorial Procurement and Contracting Department.
4. In order to ensure the minimum safety and hygiene requirements at work, provided by G.D. no. 1091/2006, the smooth running of the subsequent service contract for the rental and maintenance of ecological toilets located at the work points which do not have sewerage and running water, as well as on temporary construction sites within the

company, has been continuously monitored by the **inspectors of the occupational safety and health service**.

5. To protect workers against occupational hazards at work / job positions within the company, OSH inspectors have been involved in:
- identifying the types of personal protective equipment and establishing the necessary equipment for the appropriate endowment of workers in accordance with the provisions of the **Internal List of Individual Protective Equipment of workers specified by Transgaz, updated and approved by the Board of Administration in August 2015;**
 - drawing up of technical specifications and specifications for the purchase of personal protective equipment;
 - assessment of tenders within the tender committees.

Thus, in the first semester of 2017, the final lists containing the names and surnames of the workers, their work place and their anthropometric sizes were drawn up, which were sent to the contractors for the delivery of the individual protective equipment. We mention that at the end of March summer overalls, protective footwear, fireproof and antistatic raincoats, protective gloves, TESA winter jackets, etc. were delivered. In June 2017, orders for winter clothing were placed, which was delivered between September and October 2017.

Also in June, the sectoral contract for the supply of short-sleeved and long-sleeved shirts and work equipment for drivers and guards was signed and at the time of the present report, products (jackets, trousers and shirts for drivers and guards) were delivered.

Between 01.01-30.06.2017 the **inspections carried out by the inspectors in the OHS field within the Occupational health and safety department**, aimed at the inspection of the equipment and the appropriate use of the personal protective equipment by the workers, the maintenance and appropriate storage of it and its replacement at the deadline set in the Internal List for the Personal Protective Equipment of the workers within Transgaz and in other situations provided by law.

6. In view of ensuring the occupational health and safety on the 44 sites organized within Transgaz for the execution of the construction works/mounting installation in the gas transmission field, **the contractors and subcontractors were coordinated in the field of occupational health and safety by means of the inspectors in the field of OHS within the Occupational Health and Safety Department**, who are certified for these activities in line with the provisions of G.D. no 300/2006 on minimum occupational health and safety requirements for temporary and mobile sites. The coordination of the occupational health and safety of the temporary sites and of the mobile sites was achieved by regular inspections on the sites and coordination meetings with the representatives of the constructors so as to ensure the fulfilment of all prevention and protection measures applicable to the sites provided in the security and health plans.

Also the coordination in the field of security and health was ensured throughout the duration of the preparation of the design of the pipeline Bulgaria – Romania – Hungary – Austria, namely the design of the 3 gas compressor stations to be mounted on this pipeline.

In order to set the obligations and the responsibilities of the partners beneficiary/contractor) in case of the works executed at Transgaz's objectives the Occupational Health and Safety

Department ensured the conclusion of the **occupational health and safety convention – emergency situations and environmental protection**. Therefore the training of the contractor’s personnel is ensured by the inspectors in the field of occupational health and safety, emergency situations and environmental protection, the mutual information regarding the risks generated by those works and the main measures and rules are set which must be complied with over the duration of the works.

Month	SSM–SU–PM agreements concluded until 31.12.2017	Decisions for appointing SSM Coordinator given until 31.12.2017
January	4	3
February	4	4
March	7	7
April	0	0
May	5	5
June	3	3
July	9	7
August	2	2
September	14	10
October	2	2
November	2	1
December	0	0
TOTAL	52	44

7. In order to comply with G.D. no. 971/2006 on minimum requirements for safety and / or health signalling at work, the purchase of the necessary safety and health boards within Transgaz was started in July 2017. The acquisition is in progress, the stage of analyzing the technical offers and the clarification requested by the contracting authority is completed.
8. A work meeting was held between 27 February and 2 March 2017 with all inspectors in the field of occupational safety and health, which aimed at updating the control / inspection topics for 2017, the flow charts corresponding to the processes identified in the of the Occupational Safety and Health Service and the establishment of the model in Excel format, which was subsequently completed at the level of each entity for the introduction of the anthropometric data corresponding to each employee in the MAIS.
9. The verification of the technical design, of the design themes, the feasibility studies and solutions submitted for the endorsement by Transgaz’s Technical Economic Committee, was carried out in view of the verification of their compliance with the legal provisions and with Transgaz’s requirements in the field of occupational health and safety. For all the investment/development projects promoted by Transgaz coordinators in the field of occupational health and safety were appointed by decision throughout the duration of the preparation of the project who prepare together with the inspectors within the OHS department the Health and security plan according to the requirements of G.D. no 300/2006 regarding the minimum health and security requirements for temporary and mobile sites..
10. **Inspectors in the field of occupational health and security within the OHS department participate in the acceptance commissions upon the completion of the works at the investment objectives**, making sure that these objectives were achieved by the constructors according to the technical design and that these objectives comply with the health and security requirements provided by law and by the regulations in force.

11. In line with the Rules for Organization and Operation the **meetings of the Occupational Health and Security Committees** were organized in each quarter, these meetings were established at the headquarter, in the Regional Offices and the Medias Subsidiary (the OHS department provides their related secretariat services). In these meetings the OHS inspectors presented reports related to the situation of the occupational health and safety in the entities they represent, the actions which were carried out and the prevention and protection measures taken.
12. Assistance was provided for the study: *‘Determination of professional effort, assessment of work capacity and professional fatigue under physical, neuropsychical and sensory stress. Expertise of workplaces and persons in under hard, dangerous, harmful or noxious conditions’* by the National Institute for Research and Development of Labour Protection ‘Alexandru Darabont’ in Bucharest.
The study was finalized and submitted to the TEC for approval on 5 July 2017.
13. During the period 19-23 June 2017, within the Occupational Safety and Health Service, the audit on the ‘Monitoring of SSO performance’ was carried out by a team of auditors within the Quality Management Service and during 03-05 May 2017 the SMI CMSSO diagnostic audit by SC Sycsert SRL Bucharest was conducted.
14. Between 11 and 15 September 2017 Transgaz conducted the surveillance audit carried out by SRAC Romania, completed with the extension of the certification of the integrated environment-quality, security and occupational health management system.
15. In the second half of the year 2017, the activity of elaborating its own occupational safety and health instructions of SNTGN Transgaz SA Mediaş in collaboration with the National Institute for Research and Development of Labour Protection ‘Alexandru Darabont’ in Bucharest was started, as well as the risk reassessment activity with regard to accidents and occupational illness for jobs / workstations within SNTGN Transgaz SA Mediaş.

B. Technical measures

Between 01.01-31.12.2017 the achievement of the technical measures contemplated in the *2017 Prevention and Protection Plan* was pursued taking into account **Transgaz’s projects** related to the policy for the upgrading of the **National Transmission System**, of which:

- The upgrading of the power and earthing installations in the working sites nominated in *the Prevention and Protection Plan*;
- The upgrading of the social groups and the connection to the running water networks in the working sites nominated in *the Prevention and Protection Plan*;
- The execution of the upgrading, hygienisation works at the cabins of the operators set in the *Prevention and Protection Plan*;

C. Health and hygiene measures

In view of the achievement of the measures related to the health and hygiene field (the provision of hygiene/sanitary materials, the filling in/replacement of the components of the sanitary first aid kits, ensuring protection food, etc) the documents necessary for the procurement were prepared and the necessary materials were prepared.

D. Report on incidents (work related events) occurred within Transgaz Mediaş in 2017

EVENTS NOTIFIED AND INVESTIGATED IN THE COMPANY IN 2017

No.	Territorial unit	Location, date and time of	Event causes	Classification
-----	------------------	----------------------------	--------------	----------------

		event		
1.	Constanța Regional Office	10.01.2017, 4:45 p.m. Constanța, Alexandru Lăpușneanu Blvd.	Car accident	Work accident
2.	Cluj Regional Office	16.01.2017, 7:20 p.m. Cluj Napoca, at the crossroads between Bega and Harghita roads	Ice slipping	Work accident
3.	Brașov Regional Office	27.01.2017, 8:00 a.m. parking of Aurelius Hotel in Poiana Brașov	Ice slipping	Work accident
4.	Bacău Regional Office	06.02.2017, 1:40 p.m., DN 11A Adjud Onești	Collective road accident	Collective work accident (circulation)
5.	Constanța Regional Office	Constanța Regional Office Constanța– floor 2 office.	Shelf falling off the wall	Work accident
6.	Mediaș Subsidiary	22.09.2017, 12:45 p.m.– premises of the Mediaș Subsidiary	Fall of concrete block on foot during operation	Work accident

NOTE: Between 01.01 and 31.12.2017 no occupational illnesses were recorded at TRANSGAZ.

E. Inspections carried out by the Regional Labour Inspectorates

Between 01.01.2017 and 31.12.2017 the occupational health and safety inspectors within the Regional Labour Inspectorates of the counties carried out within Transgaz inspections for the verification of the compliance with the legal provisions in the field of occupational health and safety, as follows:

EXTERNAL INSPECTIONS 2017

No.	Inspection date	LOCATION (REGIONAL OFFICE /Dep./ Branch)	Authorized Authority for inspection	Inspection reason description	Ordered measures	Method of achievement
1.	18.01.2017	ET-BRĂILA–Brăila section	I.T.M Brăila	OHS inspection- Minutes no. 15.686 /18.01.2017	1	Remedied
2.	28.02.2017	ET-BRĂILA–Brăila section	I.T.M Brăila	OHS inspection- Minutes no. 16.256 /28.02.2017	No measures were ordered	The method of implementing the measures ordered during the previous inspection was checked.
3.	19.04.2017	ET-BACĂU Fălticeni section	I.T.M. Suceava	OHS inspection- Minutes no.	3	Remedied

No.	Inspection date	LOCATION (REGIONAL OFFICE /Dep./ Branch)	Authorized Authority for inspection	Inspection reason description	Ordered measures	Method of achievement
				141.266 /19.04.2017		
4.	21.04.2017	ET-BACĂU Comănești section	I.T.M. Bacău	OHS inspection-Minutes no. 44.700 /21.04.2017	4	Remedied
5.	19.05.2017	ET CRAIOVA	ITM Dolj	OHS inspection-Minutes no.14389/ 19.05.2017	1	Remedied
6.	30.05.2017	ET-BACĂU Comănești section	I.T.M. Bacău	OHS inspection-Minutes no. 45.918 /30.05.2017	No measures were ordered	The method of implementing the measures ordered during the previous inspection was checked.
7.	23.06.2017	ET-CRAIOVA Craiova section	ITM GORJ	OHS inspection-Minutes no. 42.453 /23.06.2017	3	Remedied
8.	11.07.2017	ET CONSTANȚA	ITM CONSTANȚA	OHS inspection-Minutes no. 98601 /11.07.2017	1	Remedied
9.	07.09.2017	ET CLUJ	ITM CLUJ	OHS inspection-Minutes no. 79330 /07.09.2017	No measures were ordered	-
10.	08.09.2017	ET CRAIOVA	ITM VĂLCEA	OHS inspection-Minutes no. 29141 /08.09.2017	4	Remedied
11.	13.09.2017	ET BACĂU	ITM BACĂU	OHS inspection-Minutes no. 47010 /13.09.2017	4	Remedied
12.	21.09.2017	TRANSGAZ MEDIAȘ HEADQUARTERS	ITM SIBIU	OHS inspection-Minutes no. 74340 /21.09.2017	No measures were ordered	-
13.	20.09.2017	ET BACĂU	ITM SUCEAVA	OHS inspection-Minutes no. 142727 /20.09.2017	2	Remedied

No.	Inspection date	LOCATION (REGIONAL OFFICE /Dep./ Branch)	Authorized Authority for inspection	Inspection reason description	Ordered measures	Method of achievement
14.	20.10.2017	ET CRAIOVA	ITM VÂLCEA	OHS inspection- Minutes no. 30.137 /20.10.2017	2	Remedied
15.	24.10.2017	ET BACĂU	ITM BACĂU	OHS inspection- Minutes no. 47.017 /24.10.2017	No measures were ordered	The method of implementing the measures ordered during the previous inspection was checked.
16.	26.10.2017	ET CRAIOVA	ITM GORJ	OHS inspection- Minutes no. 42.499 /26.10.2017	No measures were ordered	The method of implementing the measures ordered during the previous inspection was checked.

NOTE: The company was contravenitionally sanctioned for non-observance of occupational health and safety provisions.

Activities carried out within the Environmental Management Department

The main activities in the field of environmental protection in 2017 were carried out in a planned and organized manner in order to avoid pollution reduce the risk of environmental incidents in the sites within the company as well as the compliance with the legal provisions in the field.

Therefore, the main directions taken were:

F. The monitoring of the regulatory acts

Within the company there are **17 environmental permits**, authorizing a number of 1195 objectives belonging to Transgaz. According to the *Planning of the renewal of the regulatory acts*, in 2017, **requests for renewal of the environmental permit** were not submitted.

From the point of view of the water management permits, the laws in the field require the obtaining of the regulatory acts in all the objectives connected to waters. Therefore, the company owns **130 water management permits** for the crossing of water courses by gas transmission pipelines and for 31 of them **requests for renewal** were submitted.

According to the procedures established by the national environmental protection authorities the **projects related to development, repairs and maintenance of the national transmission system** were recorded in the Integrated Environmental System. For this purpose the activity for obtaining the regulatory documents in the field of environmental protection was carried out, monitoring at the same time the compliance with the procedure contemplated in the regulations in the field, therefore 48 projects were registered.

The department verified the projects which were submitted to the TEC for endorsement and issued an opinion in the field of environmental protection, monitoring at the same time the compliance with the legal provisions.

G. Evaluation of the compliance with the regulations in the field

Internal evaluation

This activity was carried out by planning different types of integrated internal inspections, both within the Division and within the Regional Offices and by the specialty inspectors in every field.

Thus, subsequent to these inspections for the evaluation of the compliance with the regulation and in order to improve the activity **measures** were decided for environmental protection, as follows:

- In the field of the management of hazardous substances – the display of the revised Security charts of the substances used;
- In the field of pollution prevention – the training of the personnel in terms of the *Plans for intervention in case of accidental pollution*;
- In the field of waste management - the appropriate labelling of the containers, the preparation of the documents related to the regulations, the inappropriate storage of the metallic waste.

External evaluation

In 2017, Transgaz S.A underwent 15 external inspections carried out in the control structures within the National Environmental Control Agency (GNM), the National Romanian Water Management (ABA), Environmental Protection Agency (APM) as follows:

No.	Controlling authority	Controlled entity	Control date
1.	GNM Dolj	Craiova Regional Office	25.01.2017
2.	SGA Covasna-ABA Olt	Braşov Regional Office - Băţani Sector	01.02.2017
3.	ABA Buzău Ialomiţa	Bucharest Regional Office – renewal of water management authorizations	17.02.2017
4.	ABA Buzău Ialomiţa	Bucharest Regional Office - renewal of water management authorizations	17.02.2017
5.	GNM Sibiu	SNTGN TRANSGAZ–Botorca Warehouse	16.03.2017
6.	GNM Covasna	Braşov Regional Office - Băţani Sector	17.05.2017
7.	GNM Gorj	Craiova Regional Office - PM Sâmbotin	31.05.2017
8.	ABA Jiu	Arad Regional Office – Deva Sector	06.09.2017
9.	ABA Jiu	Craiova Regional Office	18.09.2017

10.	ABA Argeş	Braşov Regional Office	09.11.2017
11.	ABA Jiu	Craiova Regional Office	04.12.2017
12.	ABA Buzău Ialomița	Bucharest Regional Office – renewal of water management authorizations	16.11.2017
13.	GNM Sibiu	Mediaş Regional Office	13.12.2017
14.	GNM Sibiu	SNTGN TRANSGAZ– Botorca Warehouse	14.12.2017
15.	APM Bacău	Bacău Regional Office – site visit for new projects	20.12.2017

Transgaz received a legal sanction for the non-compliance with the environmental protection provisions in the domain of water management, with a fine amounting to LEI 35,000, in amount of LEI 17,500 paid in 24 hours.

Following the controls and inspections a sanction was applied being established also improvement measures as resulted from the inspection reports of the control authorities in the following fields:

- Waste management;
- Analysis of the environmental factors;
- Water management permits;
- Intervention plans in case of accidental pollution;
- Management and removal of substances and hazardous chemical substances;

H. Speciality reporting to the authorities in the field

Monthly and quarterly reports were prepared by the authorities in the field, according to the obligations provided in the regulatory acts owned by the company:

- According to the provisions of Art. 9 (c) of GEO 196/2005 on the Environment fund the company has to pay the obligations in favour of **The Administration of the Environment Fund**, representing the monthly taxes for pollutants emissions in the air. In view of the payment of these financial obligations the department monitors the consumption of specific resources, quantifies and prepares the declaration for the Environment Fund.
- According to the provisions of Art. 13 (2) of Law 132/2010 on the selective collection of waste in public institutions they are monitored and summarized within the company by sending monthly **the Waste Register** to the National Agency for Environmental protection Bucharest;
- The monitoring of the management of the waste generated with the company was performed and reports were sent to the authorities, according to the obligations from the environment permits;
- Annual environmental report were prepared and submitted for each regional office, according to the environmental protection authorities.

I. The BRUA Project

The Environmental Management Department ensures the speciality support necessary for the design from the environmental point of view for the 3 compressor stations part of the **BRUA** project.

J. Environmental protection expenditure

For the appropriate conduct of the environmental protection activity expenses on the procurement of the specific services were provided and also the expenses related to the taxes required by the authorities.

In the plans of the company, respectively in the ***Annual program for services executed by third parties*** the necessary environmental services were budgeted and by means of the ***Supply program for 2017*** environmental protection materials and products were requested.

The procurement of different types of services were initiated, the development stage of these services being different and correlated with the necessities resulted from Transgaz's main activity namely gas transmission.

In 2017 the tender books for the following environmental services were prepared and sent to the specialty departments:

- Physico – chemical analysis services related to domestic waste waters;
- Physico – chemical analysis services in view of the characterization and classification of liquid/solid waste generated from the pigging/cleaning activity related to the filtering elements/separators;

Following the procurement procedures, the contracts for the two mentioned services were concluded with SGS Romania.

Following the company's decision to initiate the accreditation procedure of the Environmental Factors Monitoring Laboratory, actions have been initiated and carried out to budget this process, resulting in the introduction of the Third Party Services ***Annual Program 2017***, the procurement of the Consultancy Service in view of accreditation of the laboratory.

K. Maintenance of the certification and the transition to the new standard ISO 14001: 2015 related to the Environmental Management System

In 2017 the internal training of the environmental protection inspectors was performed, and the Report of the supervision audit conducted by SRAC was presented, with 4 improvement fields related to the environmental protection activity:

- The monitoring of the implementation of the measures taken subsequent to the inspections;
- The integration of environmental considerations in the projects;
- The management of the types of waste resulted from the repair works;
- The monitoring and management of the environmental aspects within the Subsidiary office in Mediaș.

At the same time the transition to the new standard ISO 14001:2015 was initiated by the identification of all the processes related to the activity and by the preparation of the Flow Diagrams and of the Process Charts.

Also during this period a diagnosis external audit was performed by Syscert Bucharest.

L. Activity developed by the Environmental Pollution Monitoring Laboratory

The planning and performance of the activities carried out in 2017 by the Environmental Pollution Monitoring Laboratory included the following:

- *the monitoring of the pollution sources by the Environmental Pollution Monitoring Laboratory for 758 locations within the regional offices;*
- *the identification and evaluation of the environmental aspects in the sites of the company for 435 locations.*

In line with the requirements of the Environmental permits issued by the National Agency for Environmental Protection Bucharest the monitoring involved the systematic performance on the sites of the company of the meterings of the environmental factors as follows:

- Noise level meterings;
- Verification of the technological installations from the point of view of the sealing in view of the detection of the mercaptane and ethyl mercaptane emissions;
- Determination of air pollutants emissions (CO, NO_x, SO₂) of the combustion gas coming from the compressor stations, district heating plants, convector stoves and gas heaters;
- Identification of situations which are not in line with the environmental protection regulations and/or related to accidental pollution;
- Preparation of metering reports, of the charts for the evaluation of the environmental aspects and of the monitoring reports.

The achievement of the pollution sources monitoring

No.	Type of activity / Reporting period- 2017	Number of proposed monitorings	Number of achieved monitorings	Degree of achievement (%)
1.	Monitoring	758	607	80.1

Objectives proposed and achieved in order to assess **environmental aspects**

No.	Year	Number of proposed monitorings	Number of achieved monitorings	Degree of achievement (%)
1.	2017	435	373	85.7

Based on the endowments with equipment, from 2014-2016 activities were carried out to monitor the pollution sources and to assess the environmental aspects materialized in **monitoring reports with measurement bulletins followed by corrective action plans** prepared by the Environmental Management Service. These plans for remedying the nonconformities are subject to the approval of the management of SNTGN Transgaz SA-Mediaş and represent **control and guidance activities** for the regional offices.

Financial resources allocated

For 2017, amount of LEI 126.112 was planned in PAAP 2017 by the PASET 2017 program, Annex. 8 `Environmental services, item 1: *Metrological service and verification services for the equipment from the Environmental Factors Monitoring Laboratory.*

As a result, all purchases of services for equipment service were started, and in December all the related contracts were purchased and signed.

Activities carried out within the Protection, Security and Emergency Service

1. Fire-fighting and emergency activities

a. Activities

- the execution of the Service contracts concluded between SNTGN TRANSGAZ-SA and third-party companies concerning the maintenance and repair of fire extinguishers, hydrants and fire pumps as well as fire risk assessment services were monitored in accordance with the contractual provisions;
- the data on the completion of the Capability Register, which SNTGN Transgaz SA is obliged to provide, respectively for the Harghita and Bacău counties, have been updated and sent to the County Inspectorates for Emergency Situations which submitted requests;
- the training topics in the field of emergency situations were prepared and sent on a monthly basis, according to the training schedule;
- regular training of employees was carried out according to the legal provisions and procedure PGSU-01;
- the training of employees upon employment was provided according to the legal provisions;
- the fire prevention and emergency situations check was performed for the projects submitted to the TEC for approval;
- the technical specifications for the purchase of `Fire-fighting Equipment` were drawn up;
- the Technical Specifications were drafted for the purchase of `Services of inspection, repair and loading of fire extinguishers, verification and repair of hydrant and fire pump installations at SNTGN TRANSGAZ SA Mediaş`
- the Technical Specifications were drafted for the purchase of Fire-proofing and wood-preserving work for frameworks, archives, panelling, decking and other wood surfaces requiring fire-proofing at SNTGN TRANSGAZ SA Mediaş;
- a number of 44 Fire Risk Assessments at the objectives of SNTGN Transgaz SA were drafted and received;
- the following were drafted: the proposals specific to fire prevention and emergency situations for the Program regarding services performed by third parties for the year 2018, the purchase requisitions related to them, as well as the estimates for the years 2019 and 2020.

b. Representation in relations with local public authorities

- the participation of SNTGN Transgaz SA representative at the Sibiu County Emergency Situations Committee was ensured, as well as its participation in the videoconferences organized by its hierarchically superior structures;
- the participation of SNTGN Transgaz SA specialists in the meetings of County Emergency Situations Committees on the territory of which Territorial Operations conduct their activity, as well as in the videoconferences organized by hierarchically superior structures was ensured;
- a number of 3 Transgaz objectives were inspected by the County Inspectorates for Emergency Situations;

c. Inspection and control activity

- In accordance with the `Integrated Inspection Program for 2017`, the staff of the service participated in the inspections in 9 Territorial Operations and Mediaş Branch, with regard to fire prevention and emergency situations.

2. Maintenance and development of Physical Security System of NTS objectives by technical means

- the check of the compliance of the security systems for the projects submitted to the TEC approval was ensured;
- the complete half-yearly technical revision and on-demand repairs on the security systems installed at the objectives of SNTGN Transgaz SA have been performed;
- on the part of the service the presence of the specialized staff was ensured at the reception of the Security Systems completed at Sâmbotin TN, SRM Oradea 1, Moșu TN and SRM Mânăstirea Buciumeni;
- the Technical Specifications for the drawing up of a Framework Agreement on the purchase of works for the installation of security systems for the natural gas adjustment and measuring station were checked and revised;
- the Technical Specifications on the purchase of Works for the installation, configuration and programming of a timing and access control system for the objectives of SNTGN Transgaz SA was elaborated;
- the Technical Specifications on the purchase of periodic maintenance services and the on-demand repairs of the security systems installed in the objectives of SNTGN Transgaz SA were drawn up; the tender procedure is ongoing;
- a number of 43 security systems installed at the headquarters of SNTGN Transgaz SA Mediaș, Bucharest Representation and Territorial Operations Craiova, Bucharest, Cluj, Mediaș, Arad, Brăila and Bacău were repaired on demand;
- the specific security system proposals for the *Program regarding services performed by third parties 2018* and their related purchase requisition reports, as well as estimates for the years 2019 and 2020, have been drawn up.
- the specific security system proposals for the *Modernization, Investment Development Program* for 2018 and their related purchase requisition reports, as well as estimates for the years 2019 and 2020, have been drawn up.

3. Activities regarding the security and protection of objectives

- Physical Security Risk Assessment and Management Reports were developed for 1,190 objectives (85% of the total of approximately 1,400) of SNTGN Transgaz SA, which were signed by the company management, scanned and posted in the public area in the folder allocated to the Department of Environment, Protection and Security;
- the Physical Security Risk Assessment and Management Reports for the remaining objectives (in Mureș, Olt, Argeș, Sălaj and Satu Mare counties) are under preparation, and the deadline for completing this action was extended to 30 June 2018;
- the Addenda to the Framework Agreements for Security, Monitoring and Intervention and Pipeline Supervision Services have been concluded, by which the tariffs related to these services have been updated following the change in the level of the minimum wage;
- subsequent security contracts were concluded for the second year of the implementation of the Security Framework Agreements;
- video records stored in the Security Systems of ET Bucharest, ET Brăila, SCG Onești and ET Constanța were made available to the judicial authorities, as a result of the legal provisions and their request;
- video records stored in the Fir Buzău recording unit were made available to the General Inspectorate Service of SNTGN Transgaz SA, as a result of the legal provisions and their request;

- the security for 8 site-type temporary objectives was ensured, at the request of the Mediaş Branch;
- the collection of data and the drafting of the Technical Specifications for the Framework Agreement for the procurement of security, monitoring, intervention and surveillance services for the objectives of SNTGN Transgaz SA Mediaş has been started;
- 13 thefts and destructions within NTS and SCADA (fences, video systems, photovoltaic panels, etc.) were recorded, with an estimated loss of LEI 32,315 and the settlement of the complaints addressed to the police and judicial authorities is monitored;
- 3 objectives belonging to SNTGN Transgaz SA were controlled by the Police Inspectorates of Tulcea, Bacău and Vâlcea counties, without contraventional sanctions being applied; the findings recorded in the Control Minutes were answered within the legal timeframe;
- access accreditations were performed for access to the objectives of SNTGN Transgaz SA for the staff carrying out various activities;
- the access credentials for foreign persons carrying out activities in the critical infrastructure objectives (GMS Isaccea, GMS Negru Vodă and GMS Medieşu Aurit) have been updated and submitted for approval to the M.E.C.T.;
- the access cards and service cards for the new employees of SNTGN TRANSGAZ SA were issued, as well as for employees whose cards did not work properly or were lost; their cards were enrolled in existing access control programs to be used by the employee timekeeping program;
- the Security plans for the objectives for which this measure has imposed as a result of the Physical Security Risk Assessment have been updated.

4. Military records

- applications for mobilization at the workplace for the employees of SNTGN Transgaz SA that meet the legal criteria have been drawn up, according to the provisions of art. 9 par. (4) and 10 (2) of G.D. no. 1204/2007 and submitted for approval to the Sibiu Special Issues Territorial Service and to the County Military Centres;
- the communications necessary for the updating of the economic and military monograph of counties were drafted and sent to the STPS of the Timiș, Suceava, Hunedoara, Olt, Satu Mare, Arad, Dâmbovița, Giurgiu, Brașov, Argeș, Neamț, Vaslui, Dolj, Alba, Sălaj, Prahova, Maramureș, Iași, Brăila, Iași and Vaslui counties;
- the participation in the meeting of the Sibiu County Military Centre was ensured, regarding the mobilization of its own personnel for the period 2017-2020;
- the data on the status of the important territorial infrastructure objectives for the national defence system were updated and transmitted to the specialized structure of the Ministry of Economy;
- `The status of the territorial infrastructure objectives important for the national defence system` was submitted to the National Administration of State Reserves and Special Issues, respectively to the Territorial Structures for Special Issues in Alba, Harghita, Bistrița Năsăud, Olt, Ialomița, Vaslui and Satu Mare counties
- the status of the requisite means for declaring of the state of mobilization and / or war was updated, the decision issued by the Sibiu County Requisites Commission was received and the lists with the indications for the designated means were introduced in the sealed container.

Activities conducted within the Critical Infrastructure Protection Service

The year 2017 represented the period of consolidation of the critical infrastructure protection area, the period during which the existing and subsequently trained connection officers took over the designated objectives and started the specific activity, according to the legislative requirements, as evidenced by the stage sheets requested by the Ministry of Economy as the Responsible Public Authority.

Also, in 2017, the structuring of Critical Infrastructure Protection activities took place and a first analysis of the NTS was conducted, which resulted in proposals for the inclusion in the list of Critical Infrastructure Objectives.

Following the legal obligations regarding the critical infrastructure protection activity, by the Board of Administration Decision no. 22/23.06.2016, the **Critical Infrastructure Protection Service** was set up, which is responsible for monitoring and coordinating the specific activity regarding the protection and security of the designated national / European critical infrastructure objectives in SNTGN TRANSGAZ SA

The service has conducted premier activities among the companies that have designated national critical infrastructure objectives. Efforts have been made to develop the **Operator Security Plans** for all designated objectives, in accordance with the legal provisions, respectively *Decision no. 166/19.03.2013 approving the Methodological Norms for the achievement / equivalence / revision of the security plans of the owners / operators / administrators of national / European critical infrastructure*, which contain scenarios regarding the major risks that objectives are subjected to and risk mitigation measures.

For an even more efficient management, based on the legal grounds, physical security risk assessments and fire safety risk assessments, as well as seismic risk assessments were conducted where appropriate. The **Operator Security Plans** have been approved by the Competent Authority and shall enter into a new management stage.

In order to comply with the requirements of the European Directive and the national legislation in force, the specific training of the staff was started by participating in postgraduate courses accredited specifically to the field of activity and recognized by the responsible authorities, and a pertinent assessment of the need for trained staff for the next period shall be performed.

In 2017, the service staff for specific training was proposed, with the purpose of specialization in the critical infrastructure protection activity field and at the same time with the purpose of their certification in the fields necessary for carrying out the activity.

As part of the Operator Security Plan management process, tasks and responsibilities of the persons carrying out activities on the site of the objective have been proposed, and the project regarding the training and responsibility of active staff in the designated objectives has been completed. The responsibilities of national and European critical infrastructure staff have been established, which will trigger the training process according to the program for the critical infrastructure protection activity for 2018.

The Service has also started implementing security measures imposed by the Security Plans and Risk Assessments drawn up for Critical Infrastructure Objectives with the aim of maximizing the convenience of their security, drafted in 2017, in accordance with the legal provisions. Thus, it was planned to secure to higher standards a number of 5 objectives, considered of utmost importance, for which technical specifications were drafted, tenders were evaluated and procurement documentation was prepared. Due to the legislative changes regarding the public procurement, one of the 5 proposed projects is fully completed

and functional, and the others shall be resumed after clarifying the legal aspects regarding the progress of the procurements, given the special nature of the objectives under the legal provisions regarding the confidentiality of information and the status of national and even European interest objectives. **In 2017**, the status of investments regarding the security of critical infrastructure objectives assumed through risk assessments and security plans was re-examined, and the technical specifications for them shall be drafted in cooperation with the Protection, Security and Emergency Service, and for the objectives could not be retechnologized from the security standpoint, design themes were developed so that investments could be resumed naturally.

Considering the legal provisions in this field, this year it is necessary to revise all Operator Security Plans and Physical Security Risk Assessments. As a result, in the **year 2017** a training was organized for the Critical Infrastructure Protection Service staff in order to establish the necessary activities, where the immediate objectives regarding the fulfilment of the legal obligations were set. The process of collecting the data necessary for drawing up the specific documents was carried out and their review was started for all national critical infrastructure and European interest objectives. The Critical Infrastructure Protection Service reviewed all Physical Security Risk Assessments for Critical Infrastructure Objectives and began reviewing the Operator Security Plans (P.S.O.). The documentations required for P.S.O. were collected in the territory and centralized, following the elaboration stage. The submission to the responsible public authority for approval is planned through the program set up for 2018, given the amount of information to be processed and its classified nature.

We mention that the system assessment process regarding the opportunity of designating new critical infrastructure objectives from the management of SNTGN TRANSGAZ SA was finalized and the proposals were submitted to the responsible public authority in order for them to be nominated in the new Government Decision which will designate the infrastructure objectives at the national level.

The structuring of the aforementioned activity succeeded in 2017 to bring to the forefront the needs and a number of objectives regarding the protection of critical infrastructures, the annexes of the activity programs for the next period being the result of the assessments carried out in the year 2017.

Perspectives on Critical Infrastructure Protection Activity

Given the relative novelty of this field of activity, there is a broad perspective on developing and improving the protection of national critical infrastructure objectives managed by the company, with openness over a long period of time. There are priorities imposed by the legislation in force and the documents resulting from the risk assessments carried out and there is long-term investment planning to ensure a better quality of comfort in terms of physical security, especially since 2016 brought, by **G.D. no. 683 of September 19, 2016 regarding the designation of European Critical Infrastructures**, a new and important status for 2 objectives of SNTGN TRANSGAZ SA, which were implicitly objectives of national critical infrastructure and since the coming into force of the aforementioned decision, are critical infrastructure objectives of European interest.

Priority will be given to training the staff working in the designated objectives, by level of competence, with all the documents and provisions specific to the status of the objective.

- The activity of reviewing the **Operator Security Plans** will be continued and their testing will be organized in parallel. The review and testing of the plans are complex activities, with the involvement of the competent authorities, and are activities that involve field documentation, detailed elaboration on the likely risk scenarios identified, on the

technological units dedicated to the classified documents, and consequently they will be performed in stages, within the timeframes required for completion and for approval by the responsible public authorities.

- The list of service objectives includes re-evaluating and reviewing the National Critical Infrastructure Objectives List. We mention that the analysis of the national natural gas transmission system regarding the potential national with regard to the critical infrastructure objectives has been completed and the company's proposal to complete the LIST has been sent to the competent authority.
- The continuation of the project for security measures implementation and the increase of the safety level for the 5 selected objectives for launching the security improvement action for all national critical infrastructure objectives is a priority and will be resumed as soon as all the legislative aspects regarding public procurement are clear. Of course, the next goal is to implement the same security standards, resulting from risk assessments, for all objectives with national or European critical infrastructure status.
- The elaboration of a procedure for reporting the internal and external interventions, evaluations and controls on any field of activity, to the Critical Infrastructure Protection Service and the development of a database, by fields, with the information received and the measures taken.

Activities carried out within the Document Management Service

A. Planning the activity of the Document Management Service

The planning of the proposed activities to be carried out during the year 2017 within the Document Management Service was performed taking into account the specific objectives of the Service and the conclusions drawn from the analysis of the activity carried out at the end of 2016.

During 2017, the Document Management Service has set as its priority the achievement of the following:

- as a result of the completion of the TEMPEST rooms and their equipment with the necessary furniture and equipment (computers and printers for the management of classified documents), the initiation of the actions with the DEPARTMENT OF INFORMATION TECHNOLOGY, COMMUNICATIONS and SCADA, for the configuration of the workstations and the endowment of the TEMPEST room arranged inside the premises of 11 Unirii St., with a plotter and ORNISS security accreditation of Communication and Information Systems (CIS) that store, process or send from these rooms information classified as SECRET;
- fit-out of the space on the Carpați Street, meant to host the archive and the technical library of SNTGN TRANSGAZ S.A. ;
- moving the technical library of SNTGN TRANSGAZ SA from the inappropriate space of the basement of the headquarters in 1 C.I. Motaș Square, where it is located, to the above-mentioned location;
- finalizing the works within the contract for archiving services of the documents existing in the archives of SNTGN TRANSGAZ SA (dedusting, decontamination and cleaning of documents, ordering the non-filed documents in archives according to archive classification, filing of documents with the numbering and inscription of files, scanning of documents with a permanent retention period, drawing up inventories, systematic storage in archives and elaboration of a topographical guide) and the starting of these services;
- starting moving the documents processed following the archiving services, within the above-mentioned contract, from the inappropriate space on the Carpați street, in

which they are stored, to the new headquarters under construction within the same location;

- conclusion of a new contract for archiving services for the processing of documents that have not been processed under the ongoing contract.

B. Activities carried out during the first semester of 2017

Taking into account the specific objectives of the Document Management Service:

- ✓ applying all legislative provisions regarding the registration and management of classified documents;
- ✓ applying all legislative provisions regarding the registration and management of unclassified documents;
- ✓ ensuring the internal and external correspondence of the company.

The activities carried out within the Document Management Service were aimed at three main directions:

1. The activity regarding the management and archiving of unclassified documents included the following:

- extending the database of the archive of the company by taking over the documents from the archive storages; this was done by collaborating with the DEPARTMENTS / DIRECTORATES that created the documents in terms of their preparation according to the `Instructions on how to archive the documents` displayed in the public area of the TRANSGAZ computer network and their proper storage in the archives of the company (the Document Management Service providing archive storage boxes for documents); the retrieval of the documents was based on the delivery-receipt minutes and the inventories drawn up.

Difficulties encountered in performing this action: due to the fact that the space for the archive, in 6 Carpați St., is still under construction, with the completion deadline exceeded, the space reserved for keeping the documents in the archives is **totally insufficient**; as a result, a part of the documents were stored in the containers at the Valea Lungă material deposit, and in these spaces the maximum storage capacity was also reached;

- identifying, copying and certifying as `TRUE TO THE ORIGINAL` the documents in the archive and making them available to the control bodies, according to the requests received from them;
- identifying, copying and making available the documents from the archive storages (based on submission letters), at the request of departments / directorates;
- the documentation required for the purchase of archiving storage boxes for the storage of documents in archives was prepared. This was forwarded to the SUPPLY OFFICE; the archive boxes have been purchased and the Document Management Service has responded to the requests from the DEPARTMENTS / DIRECTORATES regarding their provision for the archiving of documents;
- according to the document archiving service chart, under the contract no. 279/09.06.2016, the archive processing of the documents from the archives of the company was finalized;
- the files selected for archive processing and converted to electronic format were delivered based on minutes and the works under the contract were performed following the preparation of access credentials for the employees of the provider, within the foreseen timeframe and after the signing of the confidentiality commitments;

- following the works under the contract no. 279/09.06.2016 regarding `Document Archiving Services`, based on the Minutes drawn up by the members of the reception committee, established on the basis of Decision no. 977/04.11.2016, a number of 49,498 (physically) archived files, as well as 2,276,908 scanned pages uploaded to the AIDA database, which manages the electronic archive, were received;
- the DEPARTMENT OF INFORMATION TECHNOLOGY AND COMMUNICATIONS has been approached for the access to the electronic database, through the AIDA 3 application, of the persons with duties related to the archive, based on the licenses stipulated in the contract;

Difficulties encountered in the implementation of this contract: due to the fact that the space for the archive, in 6 Carpați St., is still under construction, with the completion deadline exceeded, the services were provided in the current existing building, which houses the technical library and which is totally inappropriate for carrying out an activity under appropriate conditions and storing the documents according to the requirements and in the basement of the headquarters in 1 C.I. Motaș Square;

- **Remark: The files processed under contract no. 279/09.06.2016 in 6 Carpați St. have also been stored in that location, under the conditions described above, with the risk of deterioration due to moisture and contact with other documents at different stages of deterioration if the completion of the new building for the library and archive is not completed in a short time.**
- **The inventory of the technical archive and the topographical guide of the archive storage was not finalized, and this shall be performed at the time of completion of the new premises** (This was communicated to the contracted company via letter 26361/12.06.2017)

For the clearing of archive spaces in the basement of the 1 C.I. Motaș Square, a large number of files have been physically processed (selected, numbered, certified and inventoried) that will subsequently be destroyed. Selection of documents with out-of-date storage was carried out according to the `Archiving Nomenclature of SNTGN TRANSGAZ S.A` and their destruction will be carried out after the commission for their selection and destruction has been appointed, with the consent of the DEPARTAMENTS / DIRECTORATES that created the documents and the approval of the National Archives – Sibiu county.

- the works on the selection of documents with an out-of-date storage term were started, within REGIONAL OFFICE BRĂILA, REGIONAL OFFICE BRAȘOV and REGIONAL OFFICE BUCHAREST; specialized advice was given to the persons responsible for the archives within these Territorial Operations on the progress of the process and the preparation of the necessary documents for their destruction;
- selection works within REGIONAL OFFICE BRĂILA and REGIONAL OFFICE BRAȘOV were concluded and submitted to the National Archives County Directorates (the documents drawn up were checked at the level of the Document Management Service and presented at a meeting to the representative of the NATIONAL ARCHIVES-SIBIU); by letter no. SJANBV-2216-U/07.12.2107 the approval of the selection work was obtained from the National Archives- Brașov county, following prior verification of the documents at the REGIONAL OFFICE BRAȘOV headquarters, by the representatives of the above mentioned institution; via letter no. ETBR 625/19.01.2018, the selection work of Brăila Territorial Operation was submitted for verification;
- the necessary documentation for the start of the procedure for the procurement of the `Document Archiving Services` and the conclusion of a new archiving contract for the

archive processing of the documents that were not included in the previous contract were drafted and submitted to the CONTRACTING AND SECTORAL PROCUREMENT DEPARTMENT, via letter no. 24301/29.05.2017;

- Based on Decision no. 770/16.08.2017 regarding the appointment of the Evaluation Committee for the tenders submitted for the procurement of document archiving services, the technical proposal and the financial proposal were evaluated; the *Minutes of technical and financial analysis* of submitted offers were drafted;
- At the end of the procurement procedure, in November the works under the *Archive Services Contract no. 496/10.10.2017* (physical and electronic archive processing) started, and the documents from the archive storages at the Mediaș headquarters and Deleni Territorial Operation will be processed); in this respect, by Decision no. 1008/26.10.2017, commissions for the reception of works under the contract were established, receiving: in December 2017- 5,000 physically processed files, respectively in December 2017 a total of 4,250 physically processed files and 285,000 scanned sheets; the necessary access credentials have been prepared for the personnel of the supplying company, following the request addressed to the P.P.S.U service;
- The documentation necessary for the purchase of another 3,000 archival boxes for the storage of the documents that will be archived under the new contract was drafted and submitted to the SUPPLY OFFICE, the boxes being purchased.

2. The activity of registering and sending unclassified documents* was carried out in accordance with internal regulations on the movement of documents in order to avoid the occurrence of loss / destruction of documents and includes the following:

- registration, record keeping and real-time inventory of all contracts concluded within the company was ensured at the level of the registry;
- the activity within the two registries (6 Unirii St. and 1 C.I. Motaș Square) was carried out according to the regulation on the *'delivery-receipt of documents'*, for their registration and shipping;
- in order to ensure the forwarding of the international correspondence of the company, the service contract no. 69/23.02.2017 was concluded with the economic operator DHL INTERNATIONAL ROMANIA, a contract granting significant discounts to these shipments (45% - Express worldwide shipping and 42% express import shipping);
- In order to ensure the needs of the national mail dispatching company, the technical specifications for the courier services and correspondence dispatch for the offices of SNTGN TRANSGAZ S.A were drafted:
 - courier services and simple mail (envelopes) dispatch, stamped or franked;
 - courier and correspondence dispatch services with acknowledgement of receipt;
 - urgent courier and correspondence dispatch services; it was submitted to CONTRACTING AND SECTORAL PROCUREMENT DEPARTMENT together with all supporting documents.
- order no. A 002/16.01.2017 was concluded with SC BONY MED SRL in order to ensure the production of the stamps and the forms necessary for carrying out the activity in good condition.
- The procedure for registration and circulation of documents within the SNTGN TRANSGAZ SA–Code PP 173 is under preparation (60% achievement stage); for the completion of the procedure, as part of the controls on the implementation of the legal measures for the protection of classified information, as well as the management and archiving of non-classified documents in the Territorial Operations, discussions

were held with their management on the arrangements for registration and distribution of the documents and their tracking for the drawing up of a flow diagram which includes the management of the documents with the Territorial Operations;

***(activity carried out between January 2017 and November 2017, having regard to the D.O.R.U. Report No. 4978 / 08.11.2017 on the transfer of the Registry activity from the Document Management Service of the DEPARTMENT OF ENVIRONMENT, PROTECTION AND SECURITY to the Office of Administrative Activities of the Administrative Service and Administrative Activities-STRATEGY AND CORPORATE MANAGEMENT DEPARTMENT). At the time of handing over the work, all necessary documents were made available to the Office of Administrative Activities.**

- In December, the necessary documentation for the conclusion of a new order for the production of standard stamps and printed materials necessary for carrying out the activity in good condition was prepared.

3. Activity regarding the preparation, management and archiving of classified documents

- TEMPEST rooms, intended for the editing of `STATE SECRET` documents, within the premises located in Mediaş, 1 C.I. Motaş Square, respectively 11 Unirii Street, which were equipped with necessary furniture and work systems (PC-monitor-keyboard-mouse) during 2016, were also equipped in the first quarter of 2017 with the printers needed to print documents.
- The DEPARTMENT OF COMMUNICATION AND INFORMATION TECHNOLOGY was also requested, by the letter no. 22128 / 16.05.2017, to purchase a plotter equipment -size A0 for the endowment of the TEMPEST room from 11 Unirii St. in order to ensure the STATE SECRET documents that D.P.C. may create
- Actions with the DEPARTMENT OF COMMUNICATION AND INFORMATION TECHNOLOGY have been taken, as a result of which the workstation configuration process started, and it is an ongoing process;
- As a result of the change of mobile phone company providing services to SNTGN TRANSGAZ S.A, the SIM cards that served the TEMPEST room communicators became inactive; via letter no. 937 / 09.01.2017 the support of RASIROM RA was requested in order to replace the cards and the security system communications of these rooms were restored;
- the trainings of the employees of TRANSGAZ, were recorded in the *Individual training in the field of classified information protection* sheets and they were signed by their holders;
- Training has been carried out regarding the protection of classified and unclassified information for the employees of the companies with which SNTGN TRANSGAZ S.A collaborates, and which in the course of the contracts need access to such information, and provisional authorizations for access to this type of information have been issued during the period of the contracts;
- Requests were made to O.R.N.I.S. with regard to carrying out personnel checks, for the authorization regarding the access to information classified as STATE SECRET, according to G.D. no. 585/2002, art. 141, appendices 14 and 15;
- Prior to the expiry of the authorizations held by the employees of the company, the necessary steps were taken for ORNISS revalidations, according to G.D. no. 585/2002, art. 167;

- according to G.D. no. 585/2002, art. 31, j) and l) it has been ensured that the security certificates records and authorizations for access to classified information were maintained, organized and updated.
- The training of new employees on the protection of classified information within the SNTGN TRANSGAZ SA was carried out, observing the provisions of G.D. no. 585/2002, art. 171 and 174;
- the transport of documents from / to the Military Post, ensuring in advance the procedures for inclusion in the specialized mail system and the issuance of the delegations related to the personnel carrying out these activities;
- the envelopes with S.N.T. access passwords were transported to the Territorial Operations, at the regular requests of the IT Risk and Security Service;
- the transport of documents and computer systems on which they were developed (a desktop system and a laptop system) was ensured, from PMU BLACK SEA to the TRANSGAZ Representation in Bucharest;
- Within the Classified Documents Department the drafting, recording, multiplication and transmission of documents classified according to the legislation and the internal regulations in force were ensured;
- *DECISION no. 3/06.01.2017 regarding the appointment of the Commissions for inventory of classified documents registered in year 2016 within the SNTGN TRANSGAZ SA Mediaș* was drafted; as a result of this decision, at the beginning of 2017, during February-March, an inventory of documents classified during the previous year was made; the minutes concluded at the end of the document inventory were centralized within the Document Management Service and based on them, the *Report on the Annual Inventory of Classified Documents at the SNTGN TRANSGAZ SA level no. 15419/04.04.2017* was prepared and submitted to the Director General;
- *DECISION no. 255/15.03.2017 regarding the appointment of persons responsible for the management and transport of classified documents within the SNTGN TRANSGAZ SA Mediaș* was drafted.
- In February 2017 specialized counselling was given by the representatives of the Document Management Service, members of the Security Structure, to the persons responsible for the protection of classified information within the Constanța Territorial Operation prior to the control announced by ADS in the field, namely UM 0764 Constanța;
- *DECISION no. 245/13.03.2017 regarding the appointment of the Administrative Research Commission following the finding document no. 1742951/23.02.2017 prepared by the representatives of U.M. 0764 Constanța on the occasion of the control carried out at REGIONAL OFFICE Constanța* was drafted; based on this decision, the administrative investigation was carried out regarding a suspected security incident, reported by ADS in the field of protection of classified information in the Finding Document no. 1742951/23.02.2017, drawn up following the control carried out within the Constanța Territorial Operation, on February 22-23, 2017;
- within the administrative research, the aspects mentioned in the aforementioned document were checked punctually, the registers of information classified as CONFIDENTIAL INFORMATION were checked and statements were taken from the persons responsible for the protection of classified information within the Constanța Territorial Operation;
- At the end of the administrative research, the report no. 17128/12.04.2017 was drafted and submitted to the Director General as well as to U.M. 0764 Constanța (within the deadline requested in the finding document).

- the representatives of the Document Management Service, members of the Security Structure, provided specialized counselling prior to the control announced by ADS in the field, namely U.M. 0793 Bacău, at the headquarters of Bacău Territorial Operation; the control ended with the conclusion of the *Finding Document no. 1481277/26.10.2017* drawn up by the representatives of the aforementioned institution, a document submitted to the management of the company;
- The `Confidential Information` List / Guide has been updated within the SNTGN TRANSGAZ SA no. 12102/15.03.2017 and displayed in the public area of the TRANSGAZ computer network; the update was made following the centralization of proposals forwarded to the Document Management Service by all independent Departments / Directorates / Services within the company, in response to letter no. 42528/16.09.2016 by which proposals for updating this list were requested;
- the documentation required for the purchase of 18 pieces of equipment intended for the destruction of classified and unclassified documents was prepared in order to equip the TRANSGAZ headquarters in Mediaş, DOPGN Bucharest and Territorial Operations; the documentation was submitted to the CONTRACTING AND SECTORAL PROCUREMENT DEPARTMENT, by the letter no.15805/05.04.2017; on the basis of Decision no. 736/2.08.2017, two representatives of the Document Management Service were part of the Evaluation Committee for the tenders submitted for the procurement of this equipment, being responsible for the evaluation of the technical and financial proposals; they have drawn up the *Minutes of technical and financial analysis* for the submitted offers; upon the completion of the procurement procedure, the Contract no. 577/14.11.2017 was concluded with the winning company, and it delivered the equipment, which was received (based on Reception Minutes no. UELU 158/05.12.2017, by the commission established by Decision no.390/30.05.2017) and subsequently distributed in the aforementioned locations, to ensure confidentiality, by the destruction of disused documents and compliance with legal provisions on destruction of classified or obsolete classified documents;
- during 23-25 October 2017, the control regarding the application of the protection measures for classified information within SNTGN TRANSGAZ SA was carried out by representatives of U.M. 0645 SIBIU; at the end of the control activity they drew up the *Finding Document no. 2279927/25.10.2017*, which was presented to the management of the company; following the control, on November 16, 2017, a Security Structure meeting took place in order to establish the necessary measures for meeting the deadlines stipulated in the finding document, measures mentioned in the minutes concluded at the end of the meeting, and the established measures were taken, these being brought to the attention of the U.M. 0645 SIBIU via letter no. 61 883/21.12.2017;
- within the framework of reinstating the *`Classification Information Leak Prevention Program` of SNTGN TRANSGAZ S.A. :*
 - in April 2017 the following were updated: *List of functions requiring access to information classified as STATE SECRET, no. S30/05.04.2017, List of persons who have (or will have) access to information classified by secrecy levels, no. S29/05.04.2017*; these were approved by the Director General of the company, one copy being submitted to the National Registry Office of State Secret Information and ADS in the field of classified information protection in Bucharest;
 - the DEPARTMENT OF COMMUNICATION AND INFORMATION TECHNOLOGY has been requested to update the information to be included in Chapter 6 of PPSIC V- *`Presentation of the IT system and subsystems for the processing,*

- storage and transmission of classified data and information`, by letter no. 22130/16.05.2017;
- via letter no. 22125/16.05.2017 the AUTOMATION AND SCADA DIRECTORATE was asked to provide a complete presentation of the SCADA system for the National Transport System in order to include it as a subchapter in the abovementioned program;
 - in October 2017 the following were updated again: *List of functions requiring access to information classified as STATE SECRET, no. S85/05.10.2017, List of persons who have (or will have) access to information classified by secrecy levels, no. S84/05.10.2017 and List of persons and functions that have (or will have) access to information classified as STATE SECRET, no. S86/06.10.2017*, these being approved by the management of the company.
- Via letter no. 24620/30.05.2017 specialized counselling was sought from ADS in the field of protection of classified information in Sibiu, regarding the reinstatement of PPSIC V and Security Accreditation of Communication and Information Systems (CIS); following this request, on June 29, 2017 a meeting was held with representatives of ADS in the field of classified information protection in Sibiu and, as a consequence of the discussions held:
- *Decision no. 645/07.07.2017 regarding the appointment of the Commission for the elaboration of the documentation for obtaining the security accreditation of the communication and information systems (CIS), which stores, processes or sends classified information within the SNTGN TRANSGAZ SA* was issued;
The Commission will take the necessary steps for:
 - going through the stages of the ORNISS security accreditation process, of the information and communication systems that store, process or send information classified as STATE SECRET;
 - completing the formalities for the accreditation of internal security, of information and communication systems that store, process or send information classified as STATE SECRET; in this regard: the Document Management service contacted ORNISS to obtain information on the commencement of the security accreditation procedure of the CIS (submission of the security accreditation application and its accompanying documents); information obtained from ORNISS were submitted to the DEPARTMENT OF COMMUNICATION AND INFORMATION TECHNOLOGY, by the letter no. 35756/28.07.2017, requesting the documentation describing the IT systems in the TEMPEST rooms, this being necessary to be attached to the request for accreditation of security of the information systems;
 - in collaboration with the DEPARTMENT OF COMMUNICATION AND INFORMATION TECHNOLOGY, the *SECDOC Information System Accreditation Documentation and the CONFIDENTIAL INFORMATION independent stations of SNTGN TRANSGAZ S.A* - version 1 was drafted;
 - the accreditation documentation has been made available to persons assigned to the protection of classified information within Territorial Operations, via submission letters no. 40259/29.08.2017, no. 40260/29.08.2017, no. 40262/29.08.2017, no. 40263/29.08.2017, no. 40265/29.08.2017, no. 40267/29.08.2017, no. 40268/29.08.2017, no. 40269/29.08.2017 and no. 40271/29.08.2017.
- actions were taken for the declassification of the 122 documents classified as STATE SECRET, held by the SNTGN TRANSGAZ SA, issued between 1949-1985; in this respect, letter no. 19563/02.05.2017 was submitted to the MINISTRY OF ECONOMY, by which

the approval for declassification and destruction of these documents was requested; following the answer of the MINISTRY OF ECONOMY (letter no.140275/09.05.2017):

- for part of these documents (93) the declassification approval no. 140275/09.05.2017 was received, with the list of their inventories being submitted and the NATIONAL ARCHIVES - SIBIU; the documents were declassified by declassification Minutes no. 47131/06.10.2017, approved by the management of the company and approved by the Head of the Security Structure, these being marked as NOT SECRET;
- for the rest of the documents, the continuation of the issuer's activity was communicated, to which the requests for declassification and destruction were submitted: no. 30445/30.06.2017 (MINISTRY OF FOREIGN AFFAIRS), no. 30444/30.06.2017 (OMV PETROM), no. 30447/30.06.2017 (PROSPECTIUNI SA BUCHAREST), no. 30443/30.06.2017 (IPIP PLOIEȘTI), no. 30441/30.06.2017 (IPCUP PLOIEȘTI), no. 30440/30.06.2017 (GEOLOGY INSTITUTE OF ROMANIA);
- Following these letters, a meeting with the representative of the MINISTRY OF INTERNAL AFFAIRS was held at TRANSGAZ to verify the documents in question. At the end of the meeting, the Minutes no. 2148078 / 03.08.2017 were concluded, and the MINISTRY OF INTERNAL AFFAIRS will communicate an opinion on declassification and destruction, and an agreement was reached with OMV PETROM (letter no. 622 / 25.10.2017) for the re-registration of 9 documents in the CONFIDENTIAL INFORMATION category.
- the Information and Communications Systems Security Accreditation process has been initiated, which stores, processes or sends information classified as STATE SECRET - SILTRAS within SNTGN TRANSGAZ SA *which will be carried out according to Order no. 11/03.02.2015 and Order no. 17/21.03.2014-O.R.N.I.S. (Security Accreditation Strategy and Security Requirements for Information Systems).*
- the station dedicated to the elaboration of classified documents within the REGIONAL OFFICE CLUJ (delivery-receipt Minutes no. ETCJ 10236 / 23.08.2017) was replaced because it did not fully meet the security requirements, at a new station was made available to REGIONAL OFFICE CLUJ, with locked access ports, configured according to the security requirements by the DEPARTMENT OF COMMUNICATION AND INFORMATION TECHNOLOGY; it has been properly sealed and recorded in the *Record of Information Classified as CONFIDENTIAL INFORMATION*, respectively in the *Storage Media Record*; the hard disk of the replaced station is proposed to be destroyed so that the stored information can no longer be reconstituted;
- The following were elaborated: *Annual training in the field of classified information protection for the year 2018 - no. 60682/15.12.2017, Preparatory Theme for the year 2018 on the protection of classified information within SNTGN TRANSGAZ SA-no. 60486/15.12.2017, Preparatory Theme for the Protection of Classified Information for 2018 within Territorial Operations - no. 60487/15.12.2017 and the Preparatory Theme on the Protection of Information Classified as STATE SECRET, within SNTGN TRANSGAZ S.A for the year 2018- no. 60 488/15.12.2017.* These were sent to the responsible persons and are displayed in the public area of the internal network RANSGAZ (zonapublica.transgaz.ro - */INFORMATII UTILE/Norme protectia informatiilor clasificate si neclasificate*);
- The following documents have been prepared: *Activity Program of the Document Management Service for year 2018- no. 60490 / 15.12.2017;*
- The following were elaborated: *The control program for year 2018- no. 60488 / 15.12.2017 and the Control Theme for the implementation of the approved control*

program for the year 2018, within SNTGN TRANSGAZ S.A, regarding the protection of classified information - no. 60491/15.12.2017;

- the controls on the implementation of the legal measures for the protection of classified information have been carried out, as well as the way of managing and archiving the unclassified documents within the 9 Territorial Operations; these were carried out according to the approved *Control Program for 2017 no. 56819 / 12.12.2016, completing the Objective Control Sheet and the Control Theme for the implementation of the approved program / 2017, no. 57 210 / 12.13.2016.*

The state of implementation of the approved Control Plan for 2017

No.	Date on which the Control was / was to be carried out	Location (REGIONAL OFFICE /Dep./ Branch)	Measures	Planned	Achieved
1.	21-23 March 2017	REGIONAL OFFICE ARAD	In accordance with Minutes of control and finding of deficiencies no. 13591/23.03.2017	1	1
2.	10-11 May 2017	REGIONAL OFFICE CLUJ	In accordance with Minutes of control and finding of deficiencies no. 21742/12.05.2017	1	1
3.	14-15 June 2017	REGIONAL OFFICE BRAȘOV	In accordance with Minutes of control and finding of deficiencies no. 27904/15.05.2017	1	1
4.	19-22 June 2017	REGIONAL OFFICE CONSTANȚA	In accordance with Minutes of control and finding of deficiencies no. 28385/21.06.2017	1	1
5.	1-3 August 2017	REGIONAL OFFICE CRAIOVA	In accordance with Minutes of control and finding of deficiencies no. 36619/03.08.2017	1	1
6.	7-9 August 2017	REGIONAL OFFICE BACĂU	In accordance with Minutes of control and finding of deficiencies no. 37544/09.08.2017	1	1
7.	26-29 September 2017	REGIONAL OFFICE BRĂILA	In accordance with Minutes of control and finding of deficiencies no. 45862/29.09.2017	1	1
8.	27-29 November 2017	REGIONAL OFFICE BUCHAREST	In accordance with Minutes of control and finding of deficiencies no. 57730/29.11.2017	1	1
9.	18 December 2017	REGIONAL OFFICE MEDIAȘ	In accordance with Minutes of control and finding of deficiencies no. 61099/19.12.2017	1	1

Remarks:

- The controls were carried out by representatives of the **Security Structure within the SNTGN TRANSGAZ SA**, employees of the ENVIRONMENT, PROTECTION AND SECURITY DEPARTMENT, Document Management Service.

The following aspects were pursued during the controls:

- The existence and the way of registering the documents classified in the records, the way of training the authorized personnel from the Territorial Operations and the registration of the training in the individual training sheets in the field of classified information protection were verified;
- The knowledge in the field of the protection of classified information has been verified with regard to 8 employees from REGIONAL OFFICE CONSTANȚA, REGIONAL OFFICE BUCHAREST and REGIONAL OFFICE ARAD, 7 employees from REGIONAL OFFICE CLUJ, REGIONAL OFFICE BRAȘOV, REGIONAL OFFICE BRĂILA and REGIONAL OFFICE CRAIOVA, respectively 6 employees from REGIONAL OFFICE BACĂU and REGIONAL OFFICE MEDIAȘ, by administering 2 types of tests with multiple choice questions;
- Counselling was provided in the field of classified information protection and the elaboration of PPSIC V (Classified Information Leak Prevention Program) at the Bacău Territorial Operation and Bucharest Territorial Operation, as well as the updating of the existing programs in the other Territorial Operations;
- the way of registering the unclassified documents within the secretariats and tracking the flow of documents (both for company documents and for those with external recipients) was checked;
Remark: This aspect has been subject to control until the registration activity has been transferred from the Document Management Service to the Administrative Service and Corporate Activities;
- Specialized counselling was provided with regard to drawing up and submitting the document selection works, finalized until the time of the inspections carried out within the Territorial Operations of the National Archives County Directorates;
- At the end of the inspections, the **Minutes of control and finding of deficiencies** mentioned in the above table were drawn up and submitted to the management of the company;

Activity regarding the protection of the processing of personal data

- in October 2017, via letter no. 51766/31.10.2017, steps have been taken for compliance with the legislation in the field of personal data protection and the implementation of the *General Data Protection Regulation within the SNTGN TRANSGAZ SA*;
- as a result of this action, in November 2017, the *Compliance Officer* position was established within the Document Management Service, CODE COR 241237;
- specific requirements, duties and tasks have been established and recorded in the job description sheet;
- The *Personal Data Protection Confidentiality Commitment* has been sent to the Human Resources Management Department;
- The *Security Policy on the protection of individuals with regard to the processing of personal data* is being developed.

Integrated activities at the department level

In 2017, at the level of the department the activity of assessing the compliance with the legislation in terms of occupational safety and health, environmental protection and security, protection and emergency situations was carried out.

This was done by planning the different types of integrated internal inspections, both at the level of the Department and the level of Territorial Operations, being carried out by the specialized inspectors in each field, with the following aims:

- Monitoring of activities and workplaces, by ensuring the operative correction of some non-compliances found;
- appropriate management of environmental issues and their resolution;
- Follow-up of protection, security and emergency activities.

The inspections were carried out on the basis of the control themes and check-lists elaborated by each specialized service and approved by the department's management.

As a result, for 2017 the management of the company approved the **INTEGRATED INSPECTION PROGRAM OF THE ENVIRONMENT-SSO-PSI INTEGRATED MANAGEMENT SYSTEM**.

The final result of these inspections was materialized in an **Inspection Report** approved by the management of the company and sent to the Territorial Operations that were subjected to this process in order to carry out the required measures.

As a result of the analysis of the implementation stage of this program, 97 inspections were carried out, out of a total of 130 inspections, representing an achievement degree of 74.61%.

As such, specialized field inspectors counselled the workplace managers in order to implement the measures set out in the inspection reports and followed the manner of reporting to the department of their fulfilment.

ANNEX 3 – CORPORATE GOVERNANCE

LEGAL DOCUMENTS CONCLUDED ACCORDING TO ART.52 (1) AND (6) OF GEO 109/30.11.2011

In 2017 Transgaz concluded the following legal documents with companies directly or indirectly controlled by the Romanian State and which have a cumulated value of at least the LEI equivalent of EUR 50,000:

Contract Parties	Concluded between SNTGN Transgaz SA and S.N.G.N. ROMGAZ S.A
Contract date and type	Contract no. 30T/ 2017 (1 January 2017 – 1 April 2017)
Contract scope	Transmission services
Contract value	3,889,872.00 - estimated amount of the legal act VAT included (LEI)
Mutual debts	-
Guarantees established and penalties stipulated	<p>Guarantees:</p> <p>Art. 10. (1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.</p> <p>(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.</p> <p>The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with</p>

that of Transgaz SA.

(3) The payment guarantee in amount of LEI 193,138.91 representing 5% of the countervalue of the firm and uninterrupted transmission capacity booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.

(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.

(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.

(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.

(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

(9) The Network User shall be exempter from the provision of the guarantee instrument also if it pays in advance the monthly countervalue of the capacity booked.

Penalties:

Art. 13. (1) Failure to meet the invoice payment obligation as stipulated under paragraph (5) of Art. 5/Art.5¹, par. (5), letter b) shall incur:

a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 16th calendar day from the invoice issuing date until its full payment, the payment date included, or until the execution of the guarantee stipulated by the contract, in case of failure to meet the payment obligation within 15 calendar days from the maturity date;

b) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the period of 15 calendar days foreseen at letter a).

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14 – (1) If, during the delivery month, NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the applicable laws, TSO shall be entitled to request and receive an amount equal to 0,5% of the value of gas, expressed as energy units, delivered at NTS entry and of a quality non-compliant with the applicable laws; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity,

	<p>expressed in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.</p> <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, TSO shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.</p> <p>Art. 15 - If, upon TSO's request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.</p> <p>Art. 16 - (1) NU shall be entitled to request and receive:</p> <ul style="list-style-type: none"> a) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination. b) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU's disposal the entire transmission capacity booked by the latter. c) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the applicable laws, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period; <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.</p>
<p>Payment terms and modalities</p>	<p>Art.5 (1) The network user shall pay to the transmission system operator the value of the firm and interruptible transmission services provided, calculated based on the regulated transmission tariffs.</p> <p>(2) The network users shall pay the transmission system operator, as appropriate, the extra amounts according to the Network Code.</p> <p>(3) The tariffs referred to in paragraphs (1) and (2) are set out in Annex 1 to the Contract.</p> <p>(4) Until the 15th day of the month following the month for which the transmission service was provided, the TSO shall send to the NU separate invoices (hereinafter `monthly invoices`) drawn up based on the final allocations, as follows:</p> <ul style="list-style-type: none"> a) an invoice for the transmission services provided for the

	<p>previous month, set based on the final allocations;</p> <p>b) an invoice for the final daily imbalances, for the previous month, the amount of which was calculated in line with the methodology under Art. 102² and 102⁴ of the Network Code;</p> <p>c) an invoice for the booked capacity exceeding tariff value, calculated in accordance with Art. 99, and/or for the tariff value for failure to ensure the capacity booked, calculated in accordance with the provisions of Art. 101 of the Network Code, if applicable</p> <p>d) an invoice for the amount of the additional capacity, calculated according to Art. 51 of the Network Code, resulting after the nomination by the NU of a gas quantity exceeding the NU capacity booked at a NTS entry/exit point.</p> <p>(5) Invoices issued according to the Network Code shall be paid within 15 calendar days from the date of issuance. If the due date is not a business day, the deadline is set on the next business day.</p> <p>(6) The payment obligation is considered to be fulfilled on the date the total respective amounts enter the account of the transmission system operator.</p>
Contract Parties	Concluded between SNTGN Transgaz SA and S.N.G.N. ROMGAZ S.A
Contract date and type	Contract no. 51L/ 2016 (1 January 2017 –1 February 2017)
Contract scope	Transmission services
Contract value	610,898.40 - estimated amount of the legal act VAT included (RON)
Mutual debts	-
Guarantees established and penalties stipulated	<p>Guarantees:</p> <p>Art. 10. (1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.</p> <p>(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.</p> <p>The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.</p> <p>(3) The payment guarantee in amount of 5% of the value of the firm transmission capacity booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 3) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.</p> <p>(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.</p> <p>(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless</p>

the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.

(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.

(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

Penalties:

Art.13. Art. 13. (1) Failure to meet the invoice payment obligation as stipulated under Art. 5 (5) shall incur:

a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay State obligations in due time, for each day of delay, starting with the 16th calendar day from the invoice issuing date until its full payment, the payment date included, in the case of failure to meet payment obligation within 15 calendar days from the maturity date.

b) in case of failure to meet the payment obligation, the limitation / interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the period of 15 calendar days foreseen at letter a).

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14 - (1) If, during the delivery month, the network user does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, the transmission system operator shall be entitled to request and receive an amount equal to 0.5% of the value of gas delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value shall be calculated by multiplying the gas quantity, expressed in energy units, corresponding to the invoicing period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by ANRE for the relevant period.

(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, the transmission system operator shall be entitled to request and receive damages additionally, up to full coverage of the prejudice incurred when the network user, due to its own fault, does not meet the relevant obligations as well as any other obligations established by this Contract.

Art. 15 - If, upon the request of the transmission system operator, the network user does not voluntarily use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, the network user shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.

Art. 16. (1) Art. 16 - (1) The Network User shall be entitled to request and receive:

a) an amount established based on the under-nomination delivery

	<p>tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination.</p> <p>b) an amount established based on the tariff for delivery under the capacity booked, according to the Network Code, in case the transmission system operator does not keep at the network user's disposal the entire transmission capacity booked by the latter.</p> <p>c) an amount equal to 0.5% of the value of gas, delivered at NTS exit and of a quality non-compliant with the Technical Conditions, calculated by multiplying the gas quantity, corresponding to the invoicing period, with the unitary fixed amount used to cover the gas purchase costs, expressed in Lei /energy units and estimated by ANRE for the relevant period.</p> <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, the network user shall be entitled to request and receive damages additionally, up to full coverage of the prejudice incurred when the transmission system operator, due to its own fault, does not fulfil the gas transmission service provision obligation as well as any other obligations established by this Contract.</p>
<p>Payment terms and modalities</p>	<p>Art.5 (1) The network user shall pay to the transmission system operator the value of the firm and interruptible transmission services provided, calculated based on the regulated transmission tariffs.</p> <p>(2) The network users shall pay the transmission system operator, as appropriate, the extra amounts according to the Network Code.</p> <p>(3) The tariffs referred to in paragraphs (1) and (2) are set out in Annex 1 to the Contract.</p> <p>(4) Until the 15th day of the month following the month for which the transmission service was provided, the TSO shall send to the NU separate invoices (hereinafter `monthly invoices`) drawn up based on the final allocations, as follows:</p> <ul style="list-style-type: none"> a) an invoice for the transmission services provided for the previous month, set based on the final allocations; b) an invoice for the final daily imbalances, for the previous month, the amount of which was calculated in line with the methodology under Art. 102² and 102⁴ of the Network Code; c) an invoice for the booked capacity exceeding tariff value, calculated in accordance with Art. 99, and/or for the tariff value for failure to ensure the capacity booked, calculated in accordance with the provisions of Art. 101 of the Network Code, if applicable d) an invoice for the amount of the additional capacity, calculated according to Art. 51 of the Network Code, resulting after the nomination by the NU of a gas quantity exceeding the NU capacity booked at a NTS entry/exit point. <p>(5) Invoices issued according to the Network Code shall be paid within 15 calendar days from the date of issuance. If the due date is not a business day, the deadline is set on the next business day.</p> <p>(6) The payment obligation is considered to be fulfilled on the date the total respective amounts enter the account of the transmission system operator.</p>

Contracting Parties	concluded between SNTGN Transgaz SA and S.N.G.N. `ROMGAZ` SA Mediaș – Ploiesti Subsidiary
Contract conclusion date and nature	Contract no. 15757 /2017 (period 01.04.2017 – 31.03.2018)
Contract scope	Underground Gas Storage Services Supply
Mutual debts	-
Contract value	LEI 7.212.860,14 Estimated value of the legal document VAT excluded (RON)
Mutual debts	-
Stipulated penalties and guarantees provided	<p>Guarantees:</p> <p>Art. 15. - (1) Upon the conclusion of this contract, the parties decide whether they can present one another one or more guarantee instruments related to their own obligations, as agreed by them, as follows:</p> <p>a) financial guarantees;</p> <p>b) real guarantees, except for the stored natural gas.</p> <p>(2) The guarantee provided in par (1) is intended to meet the contractual obligations of the parties in the event of their failure to fulfil their obligations. The amount of this guarantee will be equal to 5% of the value of the services provided under the contract.</p> <p>(3) In case of the performance of the guarantee established under para. (1), the concerned party shall be obliged to reconstitute the established guarantee within 7 calendar days of its execution.</p> <p>Art. 16. - If the parties establish real guarantees, the guarantee contracts will be signed upon the execution of this contract.</p> <p>Penalties:</p> <p>Art. 24. - (1) If the provider does not fulfil his obligation to provide natural gas storage services under the program agreed by this contract, as well as any other obligations established by the present contract, the beneficiary is entitled to request and receive damages, according to the damage caused.</p> <p>2) The non-fulfilment of the obligation to pay the equivalent of the underground natural gas storage services provided in art. 10 par. (2), incurs:</p> <p>a) the collection of late payments, calculated on the unpaid value, in an equal share to the level of the interest due for the non-payment of the budgetary obligations within the deadline, for each day of delay starting from the 16th calendar day from the issue of the invoice until its complete payment, including the day of payment, in the event of default, within 15 calendar days of the due date;</p>

	<p>b) interruption of natural gas injection/extraction services to/ from underground storage facilities, with a 3 calendar days' notice, as of the 31st calendar day from the invoice issue date;</p> <p>c) the execution of the guarantee established in accordance with Article 15, with a prior notice, sent after the expiry of the 15 days of the grace period and at least 3 days prior to the date of the actual execution;</p> <p>d) Exercising the right of retention on the quantity of natural gas stored.</p> <p>(3) The exercise of the right to execute the guarantee under the conditions laid down in Article 24 paragraph 2 letter c of this contract as well as the right of retention may also be made in case of non-fulfilment of the contractual obligations of the beneficiary, other than those stipulated in paragraph (2).</p> <p>(4) Should the measures provided for in paragraph (2) and (3) not ensure the full coverage of the damage suffered by the supplier, the beneficiary shall pay damages to him/her in accordance with the legal provisions in force.</p>
Parties to the Contract	Concluded between SNTGN Transgaz SA–E.ON Energie România SA
Contract date and type	Execution date:15.09.2017; concluded following tender procedure no. 390/12.09.2016 on the platform disponibil.ro, held and administered by the Romanian Commodity Exchange
Contract scope	Gas for technological consumption
Contract value	LEI 81,338,400.00, without the VAT, taxes or capacity booking costs
Mutual debts	-
Penalties and guarantees stipulated	<p>The performance bond established by the Provider in favour of the Beneficiary as a letter of bank guarantee, amounting to 10% of the contract value, meaning LEI 8,133,400.00;</p> <p>Penalties:</p> <p>In case of failure to meet its payment obligations, the Beneficiary shall pay penalties amounting to 0.05% of the unpaid amount, starting from the 16th day from the invoice maturity date;</p> <p>In case of failure to meet its taking over obligation, the Beneficiary shall pay penalties amounting to 5% of the value of the gas not taken over;</p> <p>In case of failure to meet its delivery obligation, the Provider shall pay penalties amounting to 5% of the value of the gas not delivered.</p>
Payment terms and modalities	Gas procured under the Contract shall be paid within 30 days from the date of issuing by the Provider of the invoice for the gas quantity actually delivered/taken over.

Contract Parties	Concluded between SNTGN Transgaz SA and S.N.G.N. ROMGAZ S.A
Contract date and type	Contract no. 27/2017 (period: 1 October 2017 – 1 October 2018)
Contract scope	Provision of transmission services
Contract value	lei 86,801,300.33 - estimated amount of the legal document VAT excluded (lei) lei 103,293,547.39 - estimated amount of the legal document VAT included (lei)
Mutual debts	-
Guarantees established and penalties stipulated	<p>Guarantees:</p> <p>Art. 10.</p> <p>(1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.</p> <p>(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.</p> <p>The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.</p> <p>(3) The payment guarantee in amount of lei 2,431,011.20 representing 5% of the countervalue of the transmission capacity booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.</p> <p>(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.</p> <p>(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.</p> <p>(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.</p> <p>(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).</p> <p>(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.</p> <p>Penalties:</p> <p>Art. 13.</p> <p>(1) Failure to meet the invoice payment obligation as stipulated under paragraph (5) of Art. 5 shall incur:</p> <p>a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 16th calendar day from the invoice issuing date until its full payment, the payment date</p>

included, or until the execution of the guarantee stipulated by the contract, in case of failure to meet the payment obligation within 15 calendar days from the maturity date;

b) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the period of 15 calendar days foreseen at letter a).

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14

(1) If, during the delivery month, NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, TSO shall be entitled to request and receive an amount equal to 0,5% of the value of gas, expressed as energy units, delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.

(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, TSO shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.

Art. 15

If, upon TSO's request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.

Art. 16

(1) NU shall be entitled to request and receive:

- d) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination.
- e) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU's disposal the entire transmission capacity booked by the latter.
- f) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the Technical Conditions, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period;

(2) If the amount in paragraph (1) does not cover the entire

	prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.
Payment terms and modalities	<p>Art.5</p> <p>(1) The network user shall pay to the transmission system operator the value of the transmission services provided, calculated based on the transmission tariffs.</p> <p>(2) The network user shall pay the transmission system operator, as appropriate, the extra amounts according to the Network Code.</p> <p>(3) The tariffs referred to in paragraphs (1) and (2) are set out in Annex 1 to the Contract.</p> <p>(4) Until the 15th day of the month following the month for which the transmission service was provided, the TSO shall send to the NU separate invoices (hereinafter `monthly invoices`) drawn up based on the final allocations, as follows:</p> <ul style="list-style-type: none"> e) an invoice for the transmission services provided for the previous month, prepared based on the final allocations; f) an invoice for the final daily imbalances, for the previous month, the amount of which was calculated in line with the methodology under Art. 102² and 102⁴ of the Network Code; g) an invoice for the booked capacity exceeding tariff value, calculated in accordance with Art. 99, and/or for the tariff value for failure to ensure the capacity booked, calculated in accordance with the provisions of Art. 101 of the Network Code, if applicable h) an invoice for the amount of the additional capacity, calculated according to Art. 51 of the Network Code, resulting after the nomination by the NU of a gas quantity exceeding the NU capacity booked at a NTS entry/exit point. <p>(5) Invoices issued according to the Network Code shall be paid within 15 calendar days from the date of issuance. If the due date is not a business day, the deadline is set on the next business day.</p> <p>(6) The payment obligation is considered to be fulfilled on the date the total respective amounts enter the account of the transmission system operator.</p>
Contract Parties	Concluded between SNTGN Transgaz SA and SOCIETATEA COMPLEXUL ENERGETIC HUNEDOARA SA
Contract date and type	Contract no. 9/2017 (period: 1 October 2017 – 1 October 2018)
Contract scope	Provision of transmission services
Contract value	lei 2.672.650,99 - estimated amount of the legal document VAT excluded (lei)
Mutual debts	-
Guarantees established and penalties stipulated	<p>Guarantees:</p> <p>Art. 10.</p> <p>(1) For the purpose of fulfilling their obligations under the contract,</p>

either party shall establish a guarantee for the other party in accordance with the Network Code.

(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.

The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.

(3) The payment guarantee in amount of **lei 466,862.73** representing the value of the gas transmission services calculated for two gas months (capacity booking and volumetric component at the level of the booked capacity), calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.

(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.

(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.

(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.

(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

Penalties:

Art. 13.

(1) Failure to meet the invoice payment obligation, except for those provided for in art 9 point b) and c) of this Contract as stipulated under paragraph (5) of Art. 5 shall incur:

a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 16th calendar day from the invoice issuing date until its full payment, the payment date included, or until the execution of the guarantee stipulated by the contract, in case of failure to meet the payment obligation within 15 calendar days from the maturity date;

b) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the period of 15 calendar days foreseen at letter a).

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

(3) Failure to fulfil the obligation to pay the invoices referred to in Article 9 (b) and (c) of this Contract within the time limits shall lead to the cessation of the provision of gas transmission services within maximum 24 hours without prior notice.

Art. 14

(1) If, during the delivery month, NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, TSO shall be entitled to request and receive an amount equal to 0,5% of the value of gas, expressed as energy units, delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.

(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, TSO shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.

Art. 15

If, upon TSO's request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.

Art. 16

(1) NU shall be entitled to request and receive:

- g) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination.
- h) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU's disposal the entire transmission capacity booked by the latter.
- i) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the Technical Conditions, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period;

(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.

Payment terms and modalities	<p>Art.5</p> <p>(1) The network user shall pay to the transmission system operator the value of the transmission services provided, calculated based on the transmission tariffs.</p> <p>(2) The network user shall pay the transmission system operator, as appropriate, the extra amounts according to the Network Code.</p> <p>(3) The tariffs referred to in paragraphs (1) and (2) are set out in Annex 1 to the Contract.</p> <p>(4) Until the 15th day of the month following the month for which the transmission service was provided, the TSO shall sent to the NU separate invoices (hereinafter `monthly invoices`) drawn up based on the final allocations, as follows:</p> <ul style="list-style-type: none"> i) an invoice for the transmission services provided for the previous month, prepared based on the final allocations; j) an invoice for the final daily imbalances, for the previous month, the amount of which was calculated in line with the methodology under Art. 102² and 102⁴ of the Network Code; k) an invoice for the booked capacity exceeding tariff value, calculated in accordance with Art. 99, and/or for the tariff value for failure to ensure the capacity booked, calculated in accordance with the provisions of Art. 101 of the Network Code, if applicable l) an invoice for the amount of the additional capacity, calculated according to Art. 51 of the Network Code, resulting after the nomination by the NU of a gas quantity exceeding the NU capacity booked at a NTS entry/exit point. <p>(5) Invoices issued according to the Network Code shall be paid within 15 calendar days from the date of issuance. If the due date is not a business day, the deadline is set on the next business day.</p> <p>(6) The payment obligation is considered to be fulfilled on the date the total respective amounts enter the account of the transmission system operator.</p>
Parties to the Contract	concluded between SNTGN Transgaz SA and SC ELECTROCENTRALE BUCURESTI SA
Contract date and type	Contract No 14/2017 (1 October 2017 – 1 October 2018)
Contract scope	Provision of transmission services
Contract value	LEI 63,484,105.61 – Estimated value of juridical act including the VAT (RON)
Mutual debts	-
Penalties and guarantees stipulated	<p>Guarantees:</p> <p>Art. 10.</p> <p>(1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.</p> <p>(2) For fulfilling the obligation under paragraph (1) of this Article,</p>

the TSO shall provide the credit rating.

The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.

(3) The payment guarantee in amount of **LEI 7,845,292.34** representing **25%** of the countervalue of the transmission capacity booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.

(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.

(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.

(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.

(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

Penalties:

Art.13.

(1) Failure to meet the invoice payment obligation as stipulated under paragraph (5) of Art. 5 shall incur:

- a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 91st calendar day from the invoice issuing date until its full payment, the payment date included, in case of failure to meet the payment obligation by the maturity date;
- b) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the expiration of the payment deadline.

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14.

(1) If, during the delivery month, NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, TSO shall be entitled to request and receive an amount equal to 0.5% of the value of gas, expressed as energy units, delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity, expressed

	<p>in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.</p> <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, TSO shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.</p> <p>Art. 15 - If, upon TSO`s request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.</p> <p>Art. 16.</p> <p>(1) NU shall be entitled to request and receive:</p> <ul style="list-style-type: none"> j) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination. k) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU`s disposal the entire transmission capacity booked by the latter. l) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the applicable laws, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period; <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.</p>
Parties to the Contract	concluded between SNTGN Transgaz SA and SC ELECTROCENTRALE BUCURESTI SA
Contract date and type	Contract No. 11T/2017 (1 October 2017 - 1 January 2018)
Contract scope	Provision of transmission services
Contract value	LEI 14,212,336.87 - Estimated value of juridical act including the VAT (RON)
Mutual debts	-
Penalties and guarantees stipulated	<p>Guarantees:</p> <p>Art. 10.</p> <p>(1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.</p>

(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.

The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.

(3) The payment guarantee in amount of **LEI 2,161,075.55** representing **25%** of the countervalue of the transmission capacity booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.

(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.

(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.

(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.

(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

Penalties:

Art.13.

(1) Failure to meet the invoice payment obligation as stipulated under paragraph (5) of Art. 5 shall incur:

- a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 91st calendar day from the invoice issuing date until its full payment, the payment date included, in case of failure to meet the payment obligation by the maturity date;
- b) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the expiration of the payment deadline.

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14.

(1) If, during the delivery month, NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, TSO shall be entitled to request and receive an amount equal to 0.5% of the value of gas, expressed as energy units, delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity, expressed

	<p>in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.</p> <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, TSO shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.</p> <p>Art. 15 - If, upon TSO's request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.</p> <p>Art. 16.</p> <p>(1) NU shall be entitled to request and receive:</p> <ul style="list-style-type: none"> a) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination. b) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU's disposal the entire transmission capacity booked by the latter. c) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the applicable laws, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period; <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.</p>
<p>Payment deadlines and modalities</p>	<p>Art.5</p> <p>(1) The network user shall pay to the transmission system operator the value of the transmission services provided, calculated based on the regulated transmission tariffs.</p> <p>(2) The network users shall pay the transmission system operator, as appropriate, the extra amounts according to the Network Code.</p> <p>(3) The tariffs referred to in paragraphs (1) and (2) are set out in Annex 1 to the Contract.</p> <p>(4) Until the 15th day of the month following the month for which the transmission service was provided, the TSO shall send to the NU separate invoices (hereinafter `monthly invoices`) drawn up based on the final allocations, as follows:</p> <ul style="list-style-type: none"> a) an invoice for the transmission services provided for the previous month, set based on the final allocations; b) an invoice for the final daily imbalances, for the previous month, the amount of which was calculated in line with the

	<p>methodology under Art. 102² and 102⁴ of the Network Code;</p> <p>c) an invoice for the booked capacity exceeding tariff value, calculated in accordance with Art. 99, and/or for the tariff value for failure to ensure the capacity booked, calculated in accordance with the provisions of Art. 101 of the Network Code, if applicable</p> <p>d) an invoice for the amount of the additional capacity, calculated according to Art. 51 of the Network Code, resulting after the nomination by the NU of a gas quantity exceeding the NU capacity booked at a NTS entry/exit point.</p> <p>(5) Invoices issued according to the Network Code shall be paid within 90 calendar days from the date of issuance. If the due date is not a business day, the deadline is set on the next business day.</p> <p>(6) The payment obligation is considered to be fulfilled on the date the total respective amounts enter the account of the transmission system operator.</p>
Contract Parties	Concluded between SNTGN Transgaz SA and S.N.G.N. ROMGAZ S.A
Contract date and type	Contract no. 18L/2017 related to November 2017
Contract scope	Provision of monthly transmission services
Contract value	lei 1,051,008.00 - estimated amount of the legal document VAT included (lei)
Mutual debts	-
Guarantees established and penalties stipulated	<p>Guarantees:</p> <p>Art. 10.</p> <p>(1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.</p> <p>(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.</p> <p>The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.</p> <p>(3) The payment guarantee in amount of lei 44.160,00 representing 5% of the countervalue of the transmission capacity booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.</p> <p>(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.</p> <p>(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.</p> <p>(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.</p> <p>(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13,</p>

paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

Penalties:

Art. 13.

(1) Failure to meet the invoice payment obligation as stipulated under paragraph (5) of Art. 5 shall incur:

a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 16th calendar day from the invoice issuing date until its full payment, the payment date included, or until the execution of the guarantee stipulated by the contract, in case of failure to meet the payment obligation within 15 calendar days from the maturity date;

b) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the period of 15 calendar days foreseen at letter a).

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14

(1) If, during the delivery month, NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, TSO shall be entitled to request and receive an amount equal to 0,5% of the value of gas, expressed as energy units, delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.

(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, the TSO shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.

Art. 15

If, upon TSO's request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.

Art. 16

(1) NU shall be entitled to request and receive:

m) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved

	<p>nomination/re-nomination.</p> <p>n) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU's disposal the entire transmission capacity booked by the latter.</p> <p>o) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the Technical Conditions, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period;</p> <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.</p>
<p>Payment terms and modalities</p>	<p>Art.5</p> <p>(1) The network user shall pay to the transmission system operator the value of the transmission services provided, calculated based on the transmission tariffs.</p> <p>(2) The network user shall pay the transmission system operator, as appropriate, the extra amounts according to the Network Code.</p> <p>(3) The tariffs referred to in paragraphs (1) and (2) are set out in Annex 1 to the Contract.</p> <p>(4) Until the 15th day of the month following the month for which the transmission service was provided, the TSO shall send to the NU separate invoices (hereinafter `monthly invoices`) drawn up based on the final allocations, as follows:</p> <p>m) an invoice for the transmission services provided for the previous month, prepared based on the final allocations;</p> <p>n) an invoice for the final daily imbalances, for the previous month, the amount of which was calculated in line with the methodology under Art. 102² and 102⁴ of the Network Code;</p> <p>o) an invoice for the booked capacity exceeding tariff value, calculated in accordance with Art. 99, and/or for the tariff value for failure to ensure the capacity booked, calculated in accordance with the provisions of Art. 101 of the Network Code, if applicable</p> <p>p) an invoice for the amount of the additional capacity, calculated according to Art. 51 of the Network Code, resulting after the nomination by the NU of a gas quantity exceeding the NU capacity booked at a NTS entry/exit point.</p> <p>(5) Invoices issued according to the Network Code shall be paid within 15 calendar days from the date of issuance. If the due date is not a business day, the deadline is set on the next business day.</p> <p>(6) The payment obligation is considered to be fulfilled on the date</p>

	the total respective amounts enter the account of the transmission system operator.
Contract data	Contract clauses
Parties to the Contract	concluded between SNTGN Transgaz SA and SC ELECTROCENTRALE BUCURESTI SA
Contract date and type	Contract No 15L/2017 related to November 2017
Contract scope	Provision of monthly transmission services
Contract value	4,705,795.79 lei – Estimated value of the legal document including VAT (LEI)
Mutual debts	-
Penalties and guarantees stipulated	<p>Guarantees:</p> <p>Art. 10.</p> <p>(1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.</p> <p>(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.</p> <p>The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.</p> <p>(3) The payment guarantee in the amount of LEI 741,711.36 representing 25% of the countervalue of the transmission capacity</p>

booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.

(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.

(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.

(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.

(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

Penalties:

Art.13.

(1) Failure to meet the invoice payment obligation as stipulated under paragraph (5) of Art. 5 shall incur:

- c) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 91st calendar day from the invoice issuing date until its full payment, the payment date included, in case of failure to meet the payment obligation by the maturity date;
- d) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the expiration of the payment deadline.

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14.

(1) If, during the delivery month, the NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, the TSO shall be entitled to request and receive an amount equal to 0.5% of the value of gas, expressed as energy units, delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.

(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, the TSO shall be entitled to request and receive

	<p>damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.</p> <p>Art. 15 – If, upon TSO`s request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.</p> <p>Art. 16.</p> <p>(1) The NU shall be entitled to request and receive:</p> <ul style="list-style-type: none"> p) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination. q) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU's disposal the entire transmission capacity booked by the latter. r) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the applicable laws, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period; <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.</p>
Contracting Parties	Concluded between SNTGN Transgaz SA and S.N.G.N. Romgaz SA
Contract conclusion date and nature	<p>Conclusion date 29.11.2017</p> <p>Concluded subsequent to the auction No 541/21.11.2017 on the platform <i>disponibil.ro</i> owned and managed by the Romanian Commodities Exchange</p>
Contract scope	Natural gas from the Underground storage facilities
Contract value	11.171.711,67 lei, VAT excluded, excise duty or capacity booking costs
Mutual debts	-
Stipulated penalties and guarantees provided	<p>Performance guarantee established by the seller for the purchaser as SGB in the amount of 10% of the contract value – that is: – 1,117,171.16 lei;</p> <p>Penalties:</p>

	<p>Buyer - if he fails to meet his related payment obligations: penalty interest, calculated for each day of delay from the day immediately following the maturity date to the date of the full payment of the principal including the day of payment; the penalty interest rate is equal to the default interest rate due for non-payment of the liabilities to the state budget for each day of delay;</p> <p>Seller - if he does not comply with the delivery obligation, the Purchaser may claim damages to the Seller in the event of limitations or disruptions in the delivery of natural gas in circumstances other than those acceptable under this Contract or the applicable law, caused by his proven guilt.</p>
Payment terms and modalities	The payment of the gas purchased under this contract will be effected in 5 (five) days since the Seller issues the invoice for the delivered/taken over gas quantity.
Parties to the Contract	concluded between SNTGN Transgaz SA and CEC BANK SA
Contract date and type	Contract No 585/15.11.2017
Contract scope	Escrow services for amounts representing indemnity and compensation to be made available to entitled persons
Contract value	Lei 362,191.20 – for a period of 4 years
Mutual debts	-
Penalties and guarantees stipulated	<p>Guarantees: Letter of bank guarantee for the good performance of the contract amounting to Lei 36,219.12 made up by CEC Bank.</p> <p>Penalties: `If the Provider fails to perform, delays the performance of or improperly performs the obligations under the Contract, a percentage of 0.05 of the Contract value for each day of delay, from the obligation due date to the full and proper performance of the obligations shall be paid, as delay penalties, by the Provider to the Purchaser. The invoice related to the penalties shall be paid by the Provider within 5 days from its receipt. If the Purchaser fails to execute his payment obligation, the Provider is entitled to claim, as penalties, a percentage of 0.05% of the unpaid value of the fees due for each day of delay, by the full performance of the obligation.`</p>
Contract Parties	Concluded between SNTGN Transgaz SA and S.N.G.N. ROMGAZ S.A
Contract date and type	Contract no. 39L /2017 (for December 2017)
Contract scope	Monthly transmission services
Contract value	LEI 1,357,552.00 - estimated amount of the legal act VAT included (RON)
Mutual debts	-
Guarantees established and penalties stipulated	Guarantees:

Art. 10. (1) For the purpose of fulfilling their obligations under the contract, either party shall establish a guarantee for the other party in accordance with the Network Code.

(2) For fulfilling the obligation under paragraph (1) of this Article, the TSO shall provide the credit rating.

The NU is exempted from the obligation to provide the payment guarantee to the TSO conditional on the submission of a credit rating issued by a rating agency agreed by both parties, equivalent with that of Transgaz SA.

(3) The payment guarantee in amount of LEI **57,040.00** representing **5%** of the countervalue of the transmission capacity booked over the entire contract duration, calculated based on the regulated tariffs, shall be a letter of bank guarantee (Annex 4) or shall be established in cash as a guaranteed account (collateral deposit) and shall be valid 60 calendar days from contract expiration.

(4) The financial guarantee shall be activated by the parties within 48 hours from the agreement and signature of the transmission contract.

(5) The TSO shall be entitled to make claims against the guarantee under this Article within the limits of the damage incurred, unless the NU fulfills its contract obligations completely or partly or if it delays fulfilling such obligations.

(6) Prior to making any claim against such guarantee, the TSO shall notify the NU on the non-fulfilled obligations.

(7) The TSO shall send the guarantee execution notification by fax within 24 hours from the expiration of the period set at Art.13, paragraph (1), letter a).

(8) If the guarantee is executed partly or completely, the NU shall re-establish the guarantee according to paragraph (3) of this Article, within 5 days from execution.

Penalties:

Art. 13. (1) Failure to meet the invoice payment obligation as stipulated under paragraph (5) of Art. 5 shall incur:

a) delay penalties related to the unpaid amount, equal to the delay interest due for failure to pay the budgetary obligations in due time, for each day of delay, starting with the 16th calendar day from the invoice issuing date until its full payment, the payment date included, or until the execution of the guarantee stipulated by the contract, in case of failure to meet the payment obligation within 15 calendar days from the maturity date;

b) in case of failure to meet the payment obligation, the limitation/interruption of the gas transmission service, with a prior notice of 3 calendar days, starting with the day following the period of 15 calendar days foreseen at letter a).

(2) If the due date or the day following the warranty expiration date is a bank holiday, the terms foreseen at paragraph (1) shall be shifted accordingly.

Art. 14 - (1) If, during the delivery month, NU does not ensure at NTS entry points the gas quality specifications at least at the level established by the Technical Conditions, TSO shall be entitled to request and receive an amount equal to 0,5% of the value of gas,

	<p>expressed as energy units, delivered at NTS entry and of a quality non-compliant with the Technical Conditions; the gas value, expressed in energy units, shall be calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS entry and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period.</p> <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, TSO shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when NU, due to its own fault, does not fulfil the relevant obligations as well as any other obligations established by this Contract.</p> <p>Art. 15 - If, upon TSO's request, the NU does not voluntarily return/does not use the booked and not used capacity transfer facility, thus the mandatory capacity transfer being applied, NU shall pay 5% of the transferred capacity for the period between the date of mandatory capacity transfer and the date of Contract expiry.</p> <p>Art. 16 - (1) NU shall be entitled to request and receive:</p> <ul style="list-style-type: none"> s) an amount established based on the under-nomination delivery tariff, according to the Network Code, in case of delivery at NTS exit points under the approved nomination/re-nomination. t) an amount established based on the tariff for not ensuring the booked capacity, according to the Network Code, in case TSO does not keep at NU's disposal the entire transmission capacity booked by the latter. u) an amount equal to 0.5% of the value of gas, expressed in energy units, delivered at NTS exit and of a quality non-compliant with the Technical Conditions, calculated by multiplying the gas quantity, expressed in energy units, registered in the report signed at NTS exit and corresponding to the quality non-compliance period, with the unitary fixed amount used to cover the gas purchase costs, expressed in RON/energy units and estimated by CA for the relevant period; <p>(2) If the amount in paragraph (1) does not cover the entire prejudice incurred, NU shall be entitled to request and receive damages, additionally, up to full coverage of the prejudice incurred when TSO, due to its own fault, does not meet its gas transmission services obligation as well as any other obligations established by this Contract.</p>
<p>Payment terms and modalities</p>	<p>Art.5 (1) The network user shall pay to the transmission system operator the value of the transmission services provided, calculated based on the transmission tariffs.</p> <p>(2) The network users shall pay the transmission system operator, as appropriate, the extra amounts according to the Network Code.</p> <p>(3) The tariffs referred to in paragraphs (1) and (2) are set out in Annex 1 to the Contract.</p> <p>(4) Until the 15th day of the month following the month for which the transmission service was provided, the TSO shall send to the NU separate invoices (hereinafter `monthly invoices`) drawn up based on the final allocations, as follows:</p>

	<p>q) an invoice for the transmission services provided for the previous month, prepared based on the final allocations;</p> <p>r) an invoice for the final daily imbalances, for the previous month, the amount of which was calculated in line with the methodology under Art. 102² and 102⁴ of the Network Code;</p> <p>s) an invoice for the booked capacity exceeding tariff value, calculated in accordance with Art. 99, and/or for the tariff value for failure to ensure the capacity booked, calculated in accordance with the provisions of Art. 101 of the Network Code, if applicable</p> <p>t) an invoice for the amount of the additional capacity, calculated according to Art. 51 of the Network Code, resulting after the nomination by the NU of a gas quantity exceeding the NU capacity booked at a NTS entry/exit point.</p> <p>(5) Invoices issued according to the Network Code shall be paid within 15 calendar days from the date of issuance. If the due date is not a business day, the deadline is set on the next business day.</p> <p>(6) The payment obligation is considered to be fulfilled on the date the total respective amounts enter the account of the transmission system operator.</p>
--	---

ANNEX 4 THE COMMERCIAL ACTIVITY

The main objectives of the Commercial Division activity between 01.01 and 31.12.2017 are as follows:

- calculation and daily/monthly monitoring of NTS and regional offices technological consumption and its maintaining within the limits of the approved percent, with the delimitation of the regional offices between technological nodes connected to the SCADA system;
- performance of annual, quarterly, monthly and daily auctions for the allocation of annual, quarterly, monthly and daily capacity products at the Csanádpalota interconnection point, according to the ENTSOG Auction Calendar and ANRE Order 88/22.11.2016;
- performance of annual, quarterly, monthly and daily auctions for the allocation of annual, quarterly, monthly and daily capacity products at the points located on the Isaccea 1–Negru Vodă 1 pipeline, according to the ENTSOG Auction Calendar and ANRE Order 34/19.07.2016;
- performance of annual, quarterly, monthly and daily auctions for the allocation of annual, quarterly, monthly and daily capacity products at the **Ruse-Giurgiu** interconnection point, according to the ENTSOG Auction Calendar and ANRE Order 88/22.11.2016;
- in the reporting period 238 contracts were concluded and signed with the network users for gas transmission services over the long term (annual) and over the short term (quarterly, monthly and daily), for the National Transmission System entry/exit points, including for the Csanádpalota, Ruse–Giurgiu, Negru Voda 1, Negru Voda, Mangalia IPs;

Total NTS contracts - January-December 2017

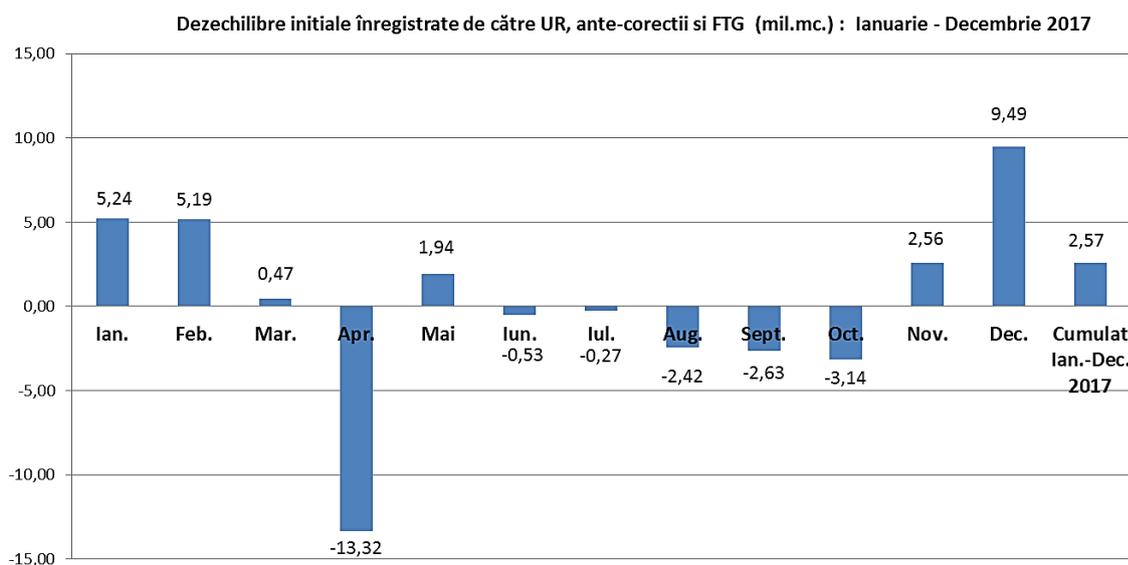
Contract type	Annual	Quarterly	Monthly	Daily	Total
No. of contracts	35	46	131	6	218

Total contracts at the IPs, concluded on the RBP January-December 2017

Contract type	Annual	Quarterly	Monthly	Daily	Total
No. of contracts	4	1	15	0	20

- As part of the **Network Code Revision Working Group**, based on Decision 187 / 27.02.2017, in order to **establish the entry-exit market model using the VTP**, the Commercial Unit participated in the **adaptation of the section with regard to the entry-exit system access**, as required by EU regulations and the best practices in the developed markets of Member States;
- within the framework of the action for renewal of the Agreements on the establishment of the technological parameters related to the National Gas Transmission System entry/exit physical points stipulated by the Order no. 79/30.10.2013 of the ANRE President, 99% of the agreements sent to producers, distribution operators, storage operators and direct clients were signed and returned;
- issuing, managing and publishing on the Transgaz website at 'Customer Information-EIC Codes', <http://www.transgaz.ro/en/clients/transgaz-role-gas-market> of national and international EIC codes for all participants in the Romanian gas market for REMIT reporting (EU Regulation No. 1227/2011 on wholesale market integrity and transparency) to the ARIS platform for the monitoring of the energy market in Europe;
- the implementation of the Demand Assessment Report for incremental capacity between Hungary and Romania, in cooperation with FGSZ, as a result of the obligations stipulated by Art. 26 of EU Regulation No. 459/2017 (the new capacity allocation European network code) and its publication on the Transgaz website: <http://www.transgaz.ro/en/demand-assessment-reports>;
- Starting the incremental capacity booking processes for the expected points into the NTS from the Black Sea: Vadu (preparation of the binding stage) and Tuzla (starting the non-binding stage) and their publication on the Transgaz web site at: <http://www.transgaz.ro/ro/clienti/servicii-de-transport/rezervare-de-capacitate-incrementala-snt>, according to the procedure approved by ANRE by approval no. 13/06.22.2017;
- Actions to meet the **transparency requirements** provided for by Regulation no. 715/2009 715 /2009:
 - Publication of the Notified Transactions in PVT (Nomination) according to ANRE Order no.160 / 2015, according to the provisions of the Network Code, Art. 102 (1) par. (6) at: <http://www.transgaz.ro/ro/clienti/informatii-operationale/tranzactii-notificate-pvt>;
 - publication of NU imbalances calculated in accordance with the provisions of ANRE Order no. 160/2015 published on the TRANSGAZ website at: <http://www.transgaz.ro/ro/clienti/informatii-operationale/dezechilibre-zilnice-ur>;
 - publication of TSO Balancing Actions for the period 1 January 2017- 31 December 2017, established in accordance with the provisions of the updated Network Code, at: <http://www.transgaz.ro/en/clients/operational-data/balancing-actions-ots>
 - publication of the "Weighted Average Price" determined in accordance with ANRE Order no.160 / 2015 for the period 1 January 2017- 31 December 2017 in order to financially settle the final daily imbalances registered by each NU after the applying of the GTF, published on the TRANSGAZ website at: <http://www.transgaz.ro/index.php/ro/clienti/informatii-operationale/platforma-gmois>.
- Actions for compliance with the reporting requirements according to Regulation (EU) 1348/2014 and Law 24/2017 on the issuers of financial instruments issuers and market operations:

- reporting to ACER of the gas transmission contracts in the Union between two or several locations or bidding zones according to the reporting schema of Edigas EASEE-gas,# and the provisions and indications of TRUM-Transaction Reporting User Manual;
- reporting to the Bucharest Stock Exchange the contracts concluded with companies directly or indirectly controlled by the Romanian State and the aggregated value of which is at least the LEI equivalent of EUR 50,000.
- calculation of final daily imbalances and monitoring the main NUs in this respect, according to the Network Code approved by Order 16/2013 of the ANRE President, supplemented by ANRE Order 160/26.11.2015.



- calculation and invoicing of deficit final daily imbalances recorded by NUs Order 16/2013 of the ANRE President, supplemented by ANRE Order 160/26.11.2015, and in year 2017 411 invoices were issued amounting to a total value of Lei 179.515.075,29 VAT added and 280 invoices were received as a surplus, amounting to a total value of Lei 131.809.037,07 VAT added;
- monthly calculation and invoicing of contracted gas transmission services and of the surplus of capacity booked for the NUs, according to the Network Code approved by Order 16/2013 of the ANRE President, as further amended and supplemented, as follows:
 - gas transmission services – between January and December 2017 au fost emise 1,107 invoices were issued in the total amount of Lei 1,248,655,227.14 without the VAT, meaning Lei 1,485,556,508.87 with the VAT;
 - exceedance of additional daily capacity calculated according to Art. 51 of the Network Code - in January-December 2017 124 invoices were issued in total amount of LEI 45,013,352.57 without the VAT, meaning LEI 53,565,314.29 with the VAT;
 - exceedance of capacity calculated according to Art. 99 of the Network Code between January and December 2017 391 invoices were issued in total amount of LEI **143,423,832.94** without the VAT, meaning LEI **170.639.483,71** with the VAT.

ANNEX 5 THE GAS MARKET OPERATION ACTIVITY

The Gas Market Operation Unit, through its activities, pursued the achievement of the objectives regarding gas market monitoring / operation, as well as the nomination / re-nomination / NIZ stages of the network users according to the provisions of the Network Code.

The set of procedures necessary to carry out the activity of the Gas Market Operation Unit and ensuring the informational flows between the participants in the gas market - producers / suppliers / distribution companies / other operators were established by the ANRE Order no. 160/19.12.2014 on the way of establishing the structure of the natural gas mixture for household customers and non-domestic customers which are producers of thermal energy, only for the quantity of natural gas used for the production of heat in the cogeneration plants and in the thermal power plants intended for the consumption of the population, Order 74/2016 on the approval of the Methodology for the allocation of the quantities of natural gas resulting from the production activity necessary to cover the consumption of household customers and producers of thermal energy, only for the quantity of natural gas used for the production of heat in the cogeneration plants and in the thermal power plants, intended for the consumption of the population, ANRE Order 160/2015 and ANRE Order 75/2016 on the amendment and completion of the Network Code for the National Gas Transmission System, approved by the Order of the President of the National Regulatory Authority for Energy no. 16/2013.

Permanent adaptation of work methods, procedures, monitoring and operating mechanisms to the market configuration, as well as continuous improvement of their own methods of analysis led to:

1. Completing / updating the specific database permanently, mainly:
 - the level of demand, scheduled delivery schedule, monthly nominations / delivery period / daily / hourly;
 - the level of natural gas consumption;
 - the quantitative hourly / daily / monthly level of the natural gas sources from the domestic and import production / NTS entry points;
 - effective hourly / daily / monthly quantitative levels of natural gas sources for export;
 - Functional parameters / SNT;
 - recorded temperatures - suggestive data taken from 37 localities;
 - legislation and regulations.
2. Use / processing of operative and effective data on:
 - daily / monthly schedule of the delivery structure and the extent of delivery, operational monitoring of internal / import sources / consumption, closing of deliveries / acquisitions balances;
 - Periodical elaboration of analyses and syntheses on the natural gas market – history, trends, forecasting consumption dynamics on different market segments.
3. Approval of nominations, renominations, intra-day nominations of the NU according to the provisions of the Network Code:
 - Monitoring the activities provided by the Network Code for the approval of nominations, renominations, intra-day nominations of network users with regard to:
 - Assisting network users on how to use the GMOIS Information Platform in the Nominations section;
 - correlation of nominations with confirmations from their partners;
 - communicating to the network users the correlated values of the nominations;

- daily compilation, for the stages of renomination and intra-day nomination, of some reports regarding the approved nominations and their transmission to the management of the Operation Unit.
 - check of compliance of the participants on the natural gas market with their obligations stipulated in the Network Code;
 - weekly reporting to ANRE of the main malfunctions regarding the behaviour of the participants in the gas market regarding the nomination process in the GMOIS information platform;
 - collaboration with the IT Department to optimize reports generated by the GMOIS Information Platform at the nominations section.
4. Approval of nominations, re-nominations, intra-day nominations of the NU according to the Interconnection Agreements for IP Csandpalota, Giurgiu Ruse, Isaccea 1, Negru Voda1:
- Collaboration with the adjacent transport operator in order to identify the partners that use the transport services at the interconnection points;
 - Processing of information received from network users operating on the territory of Romania regarding nominations / renominations / intra-day nominations at the interconnection points and communicating them to the adjacent transport operator;
 - communication to the network users operating on the territory of Romania of the confirmed quantities in order to establish the level of delivery / take-over at the interconnection points.

The main coordinates of the activity carried out within the Gas Market Operation Unit:

- monthly elaboration of the substantiation report on sources / consumption needs for the next delivery month;
- update on the Transgaz site of the situation regarding the remaining uncontracted quantities of each natural gas producer, supplier or agent of the supplier providing CPET consumption (Q1 2017);
- monitoring the processes within the nomination / re-nomination / intra-day nomination stages of the NU;
- monitoring, daily analysis of data on the daily/cumulated nominations/consumption of large natural gas suppliers (current production gas sources, underground storage facilities, import) with a view to correlating sources and consumption;
- Developing consumption forecasts for the main network users SC Engie Romania SA and SC E.ON Energie Romania S.A. ;
- daily reporting to decision-makers within ANRE, the ministry responsible for Romania's consumption, the stock situation in the underground storage facilities in the injection / extraction cycle, the level of import / export deliveries, operative values of the main parameters in the NTS;
- preparation of the monthly national balance of sources / consumption by analyzing and correlating the sources of natural gas and consumption in the entire country;
- monthly update of the statistical database on gas deliveries / purchases from domestic and imported production, the situation of the stocks on the underground storage facilities;
- monthly elaboration of sources / import suppliers report, delivery protocols for external suppliers and customs report;
- preparation and submission to ANRE of the monthly statements regarding the suppliers' consumption, the natural gas sources (internal, import) at the country level,

- the situation of the stocks in the underground storage facilities, the situation of the imbalances registered by the network users;
- administration of the local computer network, provision of data-voice communications;
 - Analysis of the implementation of the Network Code provisions in the nomination / re-nomination / intra-day nomination stages;
 - participation in the consultations within the work group for the elaboration of the project subject to the public debate regarding the Interconnection Agreements for Medieșu Aurit, Isaccea 2, 3 and Negru Voda 2, 3;
 - participation in the work group set up within SNTGN Transgaz together with ANRE representatives and with the support of the representatives of DG ENERGY, ACER, ENTSOE in order to elaborate the projects for revision of the NTS Network Code necessary for the configuration of a natural gas market model based on the entry-exit system using the virtual trading point (VTP);
 - participation in work meetings with representatives of ANRE, of the natural gas market in order to analyze the observations and proposals for amendments made by them to the drafts for the revision of the Network Code, under public debate;
 - weekly participation during January-March 2017 in the meetings of the Winter Command, organized by the General Department of Energy of the Ministry of Economy, where the state and the current stage of the Energy System and of the National Gas Transmission System were analyzed and presented.

ANNEX 6 PMDI ACHIEVEMENTS

The status of the achievements for the ongoing objectives of the Modernization and Development Plan at the end of 2017 is as follows:

Modernization and automation of technological nodes

The status of the works for the 18 technological nodes included in Annex 1 is as follows:

- 4 technological nodes were completed (Sâmbotin, Mănești, Moșu and Ceanu Mare);
- 2 technological nodes - gas chromatographs were installed (Horia, Corbu), the scheduled works were completed;
- 2 technological nodes are stopped due to lack of AC or land situation (Racova, and Filipești);
- 2 technological nodes are in the procurement procedure (Drăgășani and Moisica-automations);
- 7 technological nodes are being designed for power supply and automation (Băcia, Recaș, Schitu Golești, Corbu, Bogata 3, Lăzărești and Filipești Târg);
- 1 technological node is undergoing the design for GLPG installation (Schitu Golești).

Gas and smoke detection system in the turbocompressor hall at the Șinca TCS

Obtaining an approval from the European Commission (EC) for the installation of a new gas and smoke detection system because the modernization of CS Șinca was carried out with European funds. In this regard, the European Funds and International Relations Division took the necessary steps and obtained the EC's approval for the proposed modernization. The Operation And Maintenance Division prepared a risk assessment study, which shows the need to install the detection system.

Data Procurement Order System (Annex 2)

The implementation of the Giurgiu GMS data transmission system was finalized and the procedure for the procurement of the R53 Sarmisegetusa valve enclosure was resumed for

the third time and the taking of the required actions for the updating of the TN Falticeni enclosure. For the other works comprised in Annex 2, no necessity reports and technical specifications or design themes were submitted.

The gas transmission pipeline Ø32` Crevedia – Podișor

Obtaining a new Construction Permit from Dâmbovița County Council to begin the execution of the works for the completion of the pipeline. In this respect, the work order was issued to the Operation And Maintenance Division for the execution of works with the company staff through the Mediaș Subsidiary.

The interconnection of the Ø10" Gănești - Ungheni pipeline with the Ø24" VEST III (Band - Băcia) pipeline at Gănești, county of Mureș

Termination of the initial contract concluded with SC BAT Mediaș as a result of its non-performance. It is necessary to prepare again the technical documentation according to the new conditions in the field and to resume the procurement procedure. The negative achievements of 2017 are the equivalent amount of materials returned in the warehouse.

Ø16` Vaslui – Iași gas transmission pipeline (Vaslui – Mogoșești section)

In the previous years the pipeline was built and put into operation up to km 58 + 247. From km 58 + 247 to km 60 + 000 approximately 2,500 m of pipeline are not executed, as the pipeline crosses a forest area. The ROMSILVA approval was obtained for the 2,500 m of the forest fund, and after updating the documentation and finalizing the procurement procedure, the pipeline will be completed up to km 60 + 000. From km 60 + 000 to km 69 + 000 the execution works are continued by the Mediaș Subsidiary with its own staff, and the entire section will be coupled with the Mogoșești-Lețcani pipeline.

Ø28` Gănești – Idrifaia – Coroi gas transmission pipeline

Completion of 21 km pipeline execution works and conducting pressure tests. The remaining works for completing and securing the pipeline will be executed with the company staff according to Site Order 3.

Ø16` Vaslui - Lețcani gas transmission pipeline (Mogoșești – Lețcani)

Completion and acceptance of execution works for the pipeline

Mureș undercrossing with pipeline Ø20` Fântânele - Arad, Fântânele area

Completion and acceptance of execution works

Ø12" Moinești - Dărmănești deviation pipeline, Dărmăneasca area

The contracted execution works were completed and received. Due to problems with landowners, it was decided to move the pipeline coupling point 200 m downstream from the problem area. The coupling works were executed, and with regard to the 200m of unreplaced pipeline, court actions were opened for three owners because of whom the technical documentation and the Construction Permit could not be complied with. After completing court actions, work to replace the remaining pipeline section will be resumed with own forces.

Securing Ø28` Plateau Izvor Sinaia – Filipești pipeline, Talea – Breaza area (stage II)

Termination of the contract concluded with the IMI Baia Mare builder and resuming of the procurement procedure.

The Ø10" Luduș MRS connection pipeline

Execution work was completed and received.

Ø12` Negru Vodă – Techirghiol gas transmission pipeline, stage II (Pecineaga – Techirghiol section)

Execution of contracted construction and mounting works.

Ø20` Plătărești – Bălăceanca gas transmission pipeline
Taking the necessary steps to renew the permits and obtain the Construction Permit.
The Ø 28` SIDEX Galați MRS connection pipeline
Execution works are in progress
Ø24` Mașloc – Recaș gas transmission pipeline, stage I (part II – forest fund area)
The construction works on the 6 km long section of the forest have not been contracted, because the ROMSILVA approval to cross the area of the forest fund was not obtained, the approval was necessary to issue the Construction Permit.
The Ø28` Moșu – Buciumeni gas transmission pipeline
The technical documentation is completed and approved by the TEC. The construction permit is obtained for Dâmbovița County (based on notifications sent to landowners), but for obtaining the Construction Permit in Ilfov County, the Buftea Municipality (mayor G. Pistol) requests the legalized agreement of the owner, because of disagreeing with text of the law establishing the issuing of the Construction Permit based on the notifications to landowners, without another previous formality.
Ø10` Câmpulung Moldovenesc – Vatra Dornei gas transmission pipeline (C. Moldovenesc – Pojorâta section)
Completion and acceptance of planned works
Ø10` Câmpulung Moldovenesc – Vatra Dornei gas transmission pipeline (Pojorâta – Vatra Dornei section)
Obtaining of approval from the Forest Guard for the state owned forest areas because the affected areas are more than 10 ha and the taking of the necessary steps to obtain a Government Decision to remove the surfaces necessary for the construction of the pipeline from the forest fund. The Pojorâta - Vatra Dornei section represents the second stage of the construction of the Ø10 `Câmpulung Moldovenesc - Vatra Dornei` pipeline for a length of 35 km. This section, 25.8 km long, crosses the land belonging to the Forest Directorate of Iași, which to this day did not issue the ROMSILVA approval, necessary for the issuance of the Construction Permit.
Ø20` Craiova – Segarcea – Băilești – Calafat gas transmission pipeline, stage I, Craiova – Segarcea section
Conducting the procurement procedure for construction and assembly works
Ø 20` Sărmășel - Baia Mare - Satu Mare gas transmission pipeline, Sucutard area
Termination of the initial contracts with SC CONDMAG Brașov due to the insolvency of the constructor. Currently, the technical project is undergoing rehabilitation, with the purchase procedure being resumed.
Pig receiving trap mounting (temporary) DN 800 mm on the Ø 32` Bățani - Onești pipeline, Bogdănești area
The execution works are ongoing.
Systematization of pipelines in the area of the Moșu Technological Node
Issue of the Commencement Order dated 17 July 2017, and on 15 September 2017 the issuance of the Cessation Order because some owners did not provide the constructor with access to the land.
Modernization of the gas supply of Ploiești city
Modernization of the gas supply of Ploiești municipality
Execution works in progress.

Execution work is complete.
Works for securing of the Ø20" Schitu Golești – Govora pipeline, Budești zone, Vâlcea county
Completion and acceptance of execution works.
The securing of Ø32" Șendreni - Siliștea - București pipeline, Scorțaru Vechi - Comăneasca area
The procurement procedure for the execution works is in progress.
The deviation of the Ø16` Mogoșești - Lețcani gas transmission pipeline between railway 610 and DN 28, at 613 railway undercrossing (Lețcani - Dorohoi)
Completion and acceptance of execution works.
The deviation of the Ø14` Tisăuți - Bucecea gas transmission pipeline , Salcea area
The technical documentation is under developed. There are problems in obtaining the Construction Permit, because the Salcea Municipality considers the concluded agreements incomplete (the amounts due to the owners and the execution period are not included).
The deviation of the Ø28` Bățani - Onești gas transmission pipeline , to the Valea Roșie river crossing in Bixad area
Technical documentation is under preparation. There are problems in obtaining the approval of the Bixad Forest Guards for the land taken out of the forest circuit, which is necessary for the issuance of the Construction Permit.
Installation of the DN 500 pig receiving trap on the Șendreni - Albești pipeline
Execution of contracted works.
Olt river undercrossing with Ø12" Drăgășani – Caracal pipeline (gas supply connection of Caracal town)
Conclusion of the Technical Agreement with OMV Petrom SA for the use by Transgaz of OMV property, namely the Caracal SRM Supply Connection. A new procurement procedure is initiated after the termination of the initial contract concluded with CONDMAG Brașov.
Rehabilitation of the Vulcănița river undercrossing with Ø28" Paltin - Vârf Diham and Ø20" STC Șinca - Pillar 89 pipelines, points 1,2,3 and 4 Vulcănița
Contracting of execution of works. Currently, they are stopped until after the cold season, when they can be resumed.
Installing pig receiving/launching traps at Posada for Ø20` Pillar 89 - Posada and Ø20` Posada – Moșu pipelines
Contracting execution of works in November and the site will be handed over when the weather conditions allow it.
Securing the Horoișala river abovecrossing with Ø16" pipeline gas supply connection of Vaslui MRS, Bârlad – SRM Vaslui section, km 18+260 of the pipeline
Completion of execution works
Rehabilitation of Ø20` Hurezani - Hațeg pipeline, Gorj and Hunedoara counties: Construction works (valve enclosures, connection couplings and pressure dischargers)
The procurement procedure for the execution works is in progress.
Rehabilitation of Ø20` Hurezani - Hațeg pipeline, Hunedoara county: DN 66 undercrossing
The execution works contracted in September were not started because the financial conditions of CNAIR for the performance of the under-crossing were not clarified.

Securing the Târnava Mică river abovecrossing with the DN 700 Bahnea-Idrifaia gas pipeline, Bahnea area

The procurement procedure for the execution works is in progress.

Securing the Vețca river abovecrossing with the DN600 Coroi-Bordoșiu gas pipeline, Bordoșiu area

The procurement procedure for the execution works is in progress.

DN 150-racord Boziaș connection gas transmission pipeline

The completion of the construction of the new connection approx. 400 m - long, executed with the company staff of the Mediaș Subsidiary.

Development of the NTS transmission capacity to ensure gas flow in the Romania - Republic of Moldova direction

Preparation of technical documentation for pipeline and cathodic protection works, pipeline securing and automation, as well as compressor station works. Procurement procedures for pipe material, curves, valves and compressors were started.

Development of the Romanian NTS along the Bulgaria - Romania - Hungary - Austria corridor (the BRUA Project)

Conclusion of contracts for the procurement of compressors and pipeline construction works. For pipeline automation and securing works and services for identifying and mapping biodiversity sensitive areas, procurement procedures are in progress, and the works for the Onești and Gherăiești compressor stations are in design phase.

Archaeological services

Concluding a 4-year framework agreement.

The surface construction works and installations for the metering regulating stations.

- MRS Ișalnița- contracted works are in progress. A temporary bypass for the supply of CET Ișalnița and Craiovița district was performed, a work that was executed with its own forces by the Mediaș Branch, and the dismantling works of the existing equipment were made on the basis of the concluded contract;
- MRS Sângeorgiu de Mureș- in the procurement procedure, the approvals from EON are expected for the distribution pipeline;
- MRS Batch 3- the MRS procurement contract is in progress;
- Relocation, re-dimensioning and land adaptation of the technological installation from MRS Călnic to MRS Drăgănești Olt, Olt county- the works were completed and received;
- Relocation, re-dimensioning and land adaptation of the technological plant from MRS SUPERCOM Afumați to MRS Dragomirești -in the procurement procedure;
- Replacement of technological installations at SRM Timișoara I- contracted, handed over the site and issued the Commencement Order, the works being in progress;
- modernization of MRS IZVIN- in design;
- Modernization of MRS Chișineu Cris -in design;
- Modernization and land adaptation MRS Suceava - the works were finalized and received;
- Modernization of MRS Bârcea - the works were finalized and received;
- MRS Cămpina (PETROUTILAJ P. Cămpina)- in design;
- Land adaptation (11 MRS s) - for MRS Dej II, the contracted works are in progress and for the Fălticeni SRM the procurement procedure is in progress; the rest of the land adaptation works are in design;
- Land adaptation and natural gas supply connection of MRS Cornățel- The works have been finalized and received;

- Modernization and relocation of MRS Bistrița -in design;
- MRS Clinceni - making the measuring system more efficient by supplementing the technological installation with the appropriate elements / equipment - in design;
- MRS Fântânele (Mureș)–the work is completed and received;
- MRS Oradea I– the execution works were completed and received.

Cathodic protection stations

The cathodic protection station execution works on the Turburea – Turceni pipeline and Merfulești CPS were completed and accepted.

The works related to the information technology and telecommunication

The achievements of Quarter III are:

- Ch.A.- Infrastructure projects - the objectives *E-mail and Backup Solution* have been finalized, the projects *Network Assets Upgrading for Territorial Operations, APT Solution / Platform and Unified Infrastructure* are underway. The rest of the objectives were not requested;
- Ch.B-Products- the technical procurement of computers, laptops, tablets, software and equipment contracted in 2016, aerial filming system, Smart TV, mobile phones and thermal imaging room was completed. Radio stations, laptops and computer licenses are contracted, and the computers requested in 2017 and the graphics stations are in the procurement procedure. The rest of the proposed products were not requested;
- Ch.C-Projects for the business environment-the modernization and expansion ERP MAIS and Webex videoconferencing solution is in the acquisition process, the rest of the proposed objectives were not requested;
- Ch.D. - Modernization works - works on the electrical network related to IT / CT equipment and redundant circuit at ET Mediaș are finalized and received, the rest of the proposed objectives were not requested.

Surface construction and installation works for the odorization installations.

Contracts are in progress.

Works on gas transmission pipelines in operation located in incident risk areas

- **Works for the safeguarding of pipeline Ø20" Hurezani - Bucharest (thread I), Momotești area** – the works for the safeguarding were completed and accepted;
- **Works for the safeguarding of airway crossing of Ațintiș stream with pipeline DN 500 Ozd - Câmpia Turzii, in the Ațintiș area** –the works for safeguarding the crossing are partially completed and accepted;
- **Works for the safeguarding of the natural gas supply connection Ø10` SRM Breaza** – works were not started due to landowners who do not allow access to the field, although the Construction Permit has been obtained;
- **Works for securing Ø8" Cornățel – Avrig gas transmission pipeline, Avrig area** –work procurement was not started, discussions on demolition are currently taking place with the owner of the building built without the consent of Transgaz;
- **Works for securing gas supply connection of Răcăciuni MRS, the Dumbrava tourist stop area** –the planned works procurement procedure was initiated;
- **Works for securing natural gas supply connection of Brăila MRS, the Agricultural Farm area** – the planned works procurement procedure was initiated;
- **Works for securing natural gas supply connection Vaslui MRS, Râpa Albastră area** – in the design stage;
- **The securing of Ø10" Frasin - Spătărești pipeline, Spătărești area** – in the design stage;
- **The securing of Ø8" Ocna Mureș - Aiud pipeline, Decea area** – the planned works procurement procedure was initiated;
- **The securing of Ø12" Agârbiciu - Sibiu pipeline, Slimnic area**– in the design stage;
- **Works for securing Valea Șerpilor river abovecrossing with Ø24", Ø28" Șinca - Paltin and Ø20" Șinca TCS - Pillar 89 pipelines, Șinca Nouă area** – in the design stage;
- **Works for securing ø20` Hațeg-Dealul Babii-Paroșeni pipeline, Dealul Babii area, Hunedoara County**–the procurement procedure is in progress.

Connections, networks and thermal installations at the administrative offices and MRSs

The 20 thermal power plants and 19 convectors are purchased and will be installed in the administrative offices and planned MRS buildings. The acquisition of 29 thermal power plants, 9 convectors and 2 boilers, as well as the works at TN Jugureanu natural gas installation are in the procurement procedure. The other objectives in the appendix are in design phase. The other objectives in the annex are in design stage.

Administrative offices and production units at the Regional Offices

Carrying out the procurement procedure for the modernization works of the Cluj Sector building and the modernization works of the Transgaz headquarters in Mediaș, 6 Carpați Street. The other objectives in the annex are in design stage.

Security and surveillance systems

Running the procurement procedure for the conclusion of a framework agreement on the implementation of these systems, as decided by the Board of Administration.

NTS access works

Completion and acceptance of connections and MRSs works at Banca, Vaslui County, CS Cramele Recaș, CS SCANDIC DISTILLERIES, Pielești, Dolj county and increase of the capacity of MRS Boureni, Iași county. The execution works for the connections and MRSs works at Zagna-Vădeni, Brăila county and Ghercești, Dolj county are in progress.

ANNEX 7 THE LEGAL ACTIVITY

Litigations favourably settled:

- Hatmanu Eugenia, as a plaintiff, requested the Hârlău Court to evict Transgaz for lack of legal documents and the lack of consent of the landlord for building the SRM Scobinți, Iași county. The lawsuit was the subject of file no. 2417/239/2016-Harlău Court of Justice (DJ 3/2017). The request was settled through civil sentence no. 196 / 22.02.2017, dismissing the plaintiff's claim.
- Pintilie Ramona Carmen, Stancu Andreea and Stancu Eduard, as plaintiffs, requested the Brașov Court to oblige Transgaz to deviate the 500 mm Ghimbav-Brasov II pipeline that affected the land property.
The lawsuit was the subject of file no. 27733/197/2016 (DJ 7/2017) and was settled by the Brașov Court by the Civil Sentence no. 4880 / 12.05.2017, rejecting the plaintiffs' claim.
- Deac Romulus Eugen, as plaintiff, requested the Sibiu Tribunal to order the annulment of the decision to terminate the individual labour agreement no. 1124 / 13.12.2016 and to reinstante his work position.
The lawsuit was the subject of file no. 253/85/2017 (DJ 14/2017) and was settled by the Sibiu Court by the Civil Sentence no. 536 / 20.05.2017, rejecting the plaintiff's claim.
- RNP Romsilva through the Forestry Directorate of Iasi, as a plaintiff, requested the Iasi Court to order Transgaz to pay the sum of LEI 24,559.39, representing the rent for the occupation of the forest land.
The lawsuit was the subject of file no. 41259/245/2016 (DJ 15/2017) and was settled by the Iași Court through Civil Sentence no. 4374 / 03.05.2017 by which the plaintiff's claim was dismissed.
- Transgaz requested the Sibiu Tribunal, as a plaintiff, to order SC Severnerg and SC Pro Boats to pay the amount of LEI 220,425.20, representing default penalties calculated under contract 540/2014.
The lawsuit was the subject of file no. 1581/85/2017 (DJ 23/2017) and was settled by the Sibiu Court by the Civil Sentence no. 2159 / 10.06.2017, which allowed the claim of Transgaz and ordered SC Severnerg to pay the amount of LEI 28,655.25. Since SC Pro Boats initiated the insolvency proceedings, the court dismissed the claim brought by SC Pro Boats and a new file was drafted.
- Transgaz requested the Sibiu Court, as a plaintiff, to force the Democrație prin cultură Foundation to pay the sum of LEI 30,000 for non-observance of the sponsorship contract no. 18/2015.
The action was the subject of file no. 3414/306/2017 (DJ 24/2017) and was settled by the Sibiu Court by the Civil Sentence no. 4722/2017. During the course of the litigation, the plaintiff has proved the use of the amounts received under the sponsorship title, which is why the Sibiu Court, through the Civil Sentence no. 4722 / 21.09.2017, rejected the claim brought by Transgaz request as being devoid of purpose.

- SC Linde Gaz România SRL filed with the High Court of Cassation and Justice Bucharest the transfer of the case file no. 917/57/2016, at the Alba Iulia Court of Appeal, at the stage of revision, file in which Transgaz is a counter-plaintiff, Linde Gaz, as the counter-defendant, the subject of the file being: public procurement dispute REVIEW - DEC 1687/2016 - DOS 803/57/2016.
The claim was the subject of the file. no. 265/1/2017 (DJ 27/2017) filed with the High Court of Cassation and Justice of Bucharest.
The High Court of Cassation and Justice Bucharest, by the Decision no. 1115 / 21.03.2017, rejected the claim brought by the plaintiff Linde Gaz România SRL regarding the transfer of the case which forms the object of the file no. 917/57/2016 of the Alba Iulia Court of Appeal - Administrative and Fiscal Contentious Section.
We mention that in the file the transfer of which was requested, the Alba Iulia Court of Appeal, by Decision no. 377 / 21.02.2017 rejected, as inadmissible, the claim brought by counter-defendant SC Linde Gaz Romania SRL against Decision no. 1687/2016 issued by the Alba Iulia Court of Appeal - Administrative and Fiscal Contentious Section in file no. 803/57/2015.
- SC Arcelor Mittal Tubular Products SRL filed a complaint against CNSC Decision no. 702/C11/632,635,797/03.04.201729/2017. The complaint was the subject of file no. 278/57/2017, registered at the Alba Iulia Court of Appeal, in which Transgaz had the capacity of defendant.
The Alba Iulia Court of Appeal, by Decision no. 1283 / 05.05.2017, rejected the claim for suspension of the award procedure, but also the complaint filed by SC Arcelor Mittal Tubular Galați SRL against CNSC Decision no. 702 / C11 / 632,635,797 / 03.04.201729 / 2017.
- Transgaz requested the Bucharest Tribunal, as a plaintiff, to order SC Electrocentrale Bucharest to pay the sum of LEI 23.307,04.
The lawsuit was the subject of file no. 35304/3/2016 (DJ 38/2017) and was settled by the Bucharest Tribunal through Civil Sentence no. 7188/2017, whereby Transgaz's claim was rejected as devoid of purpose, because the debtor settled the debt.
- SC Moldocor SA filed a complaint against CNSC Decision no. 722/8/656/2017. The claim was filed under file no. 284/57/2017, in the Alba Iulia Court of Appeal, in which Transgaz was the defendant.
The Alba Iulia Court of Appeal, by Decision no. 1429 / 17.05.2017, dismissed the complaint filed by SC Moldocor SA against CNSC Decision no. 722/8/656/2017.
- SC Ippon med SRL, SC Metropolitan Securty and SC Top Guard Security requested the Sibiu Tribunal to order SNTGN Transgaz to adjust the price of contracts no. 390 and no. 391/2016 Security, monitoring and intervention services, and supervision of Transgaz's objectives.
The claim was filed under file no. 2566/85/2017 at the Sibiu Tribunal.
Through Sentence no. 2165 / CA / 12.07.2017, the Sibiu Tribunal rejected the plaintiff's claim.
The plaintiffs filed an appeal and requested the Alba Iulia Court of Appeal to order the transfer to the Sibiu Tribunal, based on the fact that the court's ruling was pronounced with the wrong interpretation of the law.
The Alba Iulia Court of Appeal, by Decision no. 2645 / 22.09.2017 rejected the appeal brought by the plaintiffs.
- Transgaz requested the Buzău District Court to order SC Distrigaz Sud Networks to discontinue the construction located on the Pogoanele road no. 4-6 from Buzau.

The lawsuit was the subject of file no. 7614/200/2017 (DJ 50) and was settled through the Civil Sentence no. 5830/2017 November 14, 2017, which acknowledged the choice to withdraw from the trial.

- SNTGN Transgaz SA filed a complaint against Decision no. 386 / C8 / 2569 / 27.07.2017 pronounced by CNSC, in contradiction with SC Best Achiziții SRL. The claim was the subject of file no. 566/57/2017, registered at the Alba Iulia Court of Appeal, in which Transgaz had the capacity of defendant.

The Alba Iulia Court of Appeal, by Decision no. 2294 / 23.08.2017, partially admitted the claim filed by Transgaz.

Transgaz requested the Tecuci Court to order the defendant Matei Vasilica to terminate the illegally constructed building in the commune of Matca, Galati, in the area of protection and safety of the TGN Dn 500 pipeline SRM Matca connection.

The lawsuit was the subject of file 4512/324/2017 (DJ 74), and was settled through the Civil Sentence no. 2562 / 07.12.2017, which admitted the claim of Transgaz.

Litigations unfavourably settled:

- The Prosecutor's Office attached to the Slatina Court requested the settlement of the request for confirmation of the Ordinance no. 3145/P/2014 of Oct 17, 2016 on the decision to waive the prosecution in question.

In the present case (file No. 10.524 / 311/2016 - Slatina-DJ 5/2017) the subject was a theft by unknown thieves who stole two faucets and a spool from the TGN pipeline at CFR Corbu point, theft committed in the period June 11 – June 16, 2014.

Since the persons who committed the theft have not been identified, and considering the long period of time elapsed since the theft was committed (more than two years), the impossibility of identifying the stolen goods, provided they do not have any particular elements of individualization, 318 par. 15 of the Criminal Procedure Code, the court admitted the application filed by the Prosecutor's Office attached to the Slatina court and confirmed the Ordinance no. 3145/P/2014/17.10.2016 on the decision to waive the prosecution in question.

- The State Inspectorate for Construction in Sibiu requested the Mediaș Court to charge Transgaz with the payment of the amount of LEI 1.109,60, representing the share of 0.7% related to the final value of the works approved according to the building permit. The action was the subject of file no. 14/25/2017 (DJ 6/2017). The action was solved by the Civil Sentence no. 1539 / 27.06.2017, which allowed the ISC Sibiu request and obliged Transgaz to pay the amount of LEI 513.98.
- SNTGN Transgaz SA filed a complaint against CNSC Decision 1840 / C3 / 2128, in contradiction with SC S&T SRL. The request was the subject of file no. 580/57/2017, filed in the Alba Iulia Court of Appeal, in which Transgaz had the status of plaintiff.

The Alba Iulia Court of Appeal, by Decision no. 2296 / 23.08.2017, dismisses as unfounded the complaint filed by Transgaz SA.

- SC Moldocor filed a complaint against CNSC Decision no. 2661/C6/2764/2794/2842/2848/3105/12.10.2017.

Against the same decision, Transgaz and ArcelorMittal Tubular Product Galați S.R.L, Borusan Mannesmann Boru Sanayi Ve Ticaret A.S and Erciyas Celik Boru Sanayi A.Ş. also filed a complaint.

The complaints were subject to the file no. 705/57/2017, registered with the Alba Iulia Court of Appeal.

By decision 5312/2017-15.12.2017, the Alba Iulia Court of Appeal decided: "Admits the exception to the lack of procedural passive quality invoked by the National Council for Solving Complaints. Rejects the inadmissibility exception for the complaints brought

forward by MOLDOCOR S.A and BORUSAN MANNESMANN BORU SANAYI VE TICARET AS (LIDER ASOCIERE BORUSAN MANNESMANN BORU SANAYI VE TICARET AS -NOKSEL CELIK BORU SANAYI AS), exception invoked by TMK Artrom. Rejects the exception to the tardive nature of the claim brought by SARA SRL. Admits the inadmissibility exception for the complaint brought by SARA SRL. Rejects the request to suspend the award procedure until the complaint has been resolved, brought by ARCELORMITTAL TUBULAR PRODUCT GALAȚI S.R.L and orders the return of the amount of LEI 220.000,00 paid by OP 570 of Oct 26, 2017. Rejects the claims brought by the plaintiffs: SOCIETATEA NAȚIONALĂ DE TRANSPORT GAZE NATURALE TRANSGAZ SA MEDIAȘ, MOLDOCOR SA, ARCELORMITTAL TUBULAR PRODUCT GALAȚI S.R.L, BORUSAN MANNESMANN BORU SANAYI VE TICARET AS (LIDER ASOCIERE BORUSAN MANNESMANN BORU SANAYI VE TICARET AS -NOKSEL CELIK BORU SANAYI AS), ERCIYAS CELIK BORU SANAYI A.Ș. (ERCIYAS STEEL PIPE CO.) against Decision no. 2661/C6/2764/2794/2842/2848/3105/12.10.2017 adopted by CNSC. Rejects as inadmissible the claim brought by plaintiff SARA SRL against the same Decision. Rejects the claims brought by plaintiffs SOCIETATEA NAȚIONALĂ DE TRANSPORT GAZE NATURALE TRANSGAZ SA MEDIAȘ, MOLDOCOR SA, ARCELORMITTAL TUBULAR PRODUCT GALAȚI S.R.L, BORUSAN MANNESMANN BORU SANAYI VE TICARET AS (-LIDER ASOCIERE BORUSAN MANNESMANN BORU SANAYI VE TICARET AS -NOKSEL CELIK BORU SANAYI AS), ERCIYAS CELIK BORU SANAYI A.Ș. (ERCIYAS STEEL PIPE CO.), SC SARA SRL against CNSC, for lack of procedural passive quality”.

- SC Armatury Group filed a complaint against Transgaz against Decision no. 2959/C4/3689/09.11.2017 of the National Council for Solving Complaints.

The complaint was the subject of file no. 792/57/2017 at the Alba Iulia Court of Appeal.

By decision 5111 / 2017-11.12.2017, the court rejected the complaint filed by the petitioner SC Armatury Group AS

Disputes solved amicably, after submitting them to the court:

- SC Asigurare Reasigurare ASTRA AS requested the Braila Court to order SNTGN Transgaz SA to pay the amount of LEI 48,915.43 for the insurance indemnity paid by the plaintiff to Sc Superquatro Grup SRL.

The claim was the subject of file no. 6211/196/2016 at the Braila Court.

After the promotion and registration of the Transgaz claim, in order not to raise the amount of the expenses in the case file, it was agreed to pay the claims voluntarily.

By sentence no. 4045 / 22.06.2017, the court took note of the fact that Transgaz paid its obligation, but also of the fact that the plaintiff renounced the lawsuit.

During the reference period, the legal framework was improved and the drafting of normative acts of major importance for the company was granted legal support in the relevant projects of Transgaz SA as well as in the cooperation / support of Transgaz's interests with public authorities / institutions.

Specialized activity within the committees / working groups appointed by the decision of the Director General:

- participation in the work group for modifying and completing the Network Code;
- participation in the ENTSOG work group;
- participation in the Green PARTNERS work group - BRHA owners notification procedure;
- participation in the work group for implementation Regulation 2017/460 TAR-NC;
- Responsible team participation with appropriate and timely implementation of the projects promoted by SNTGN Transgaz SA by PMU Black Sea;

- Participation of the commission for analyzing the contractual clauses for the award of the sectoral contract for works having the scope "Modernization and extension of ERP MAIS";
- Participation of the commission for the analysis of the contractual clauses for the award of the sectoral contract of works regarding "Execution works of Podișor, Bibești, Jupa Compressor Stations";
- participation of the commission for analyzing the contractual clauses for the award of the sectoral contract of works "Security and Surveillance Systems" - (The contract is not finalized because the tender documentation must be modified);
- Participation of the Commission for the analysis and settlement of the request to initiate the procedure for mediation of the disagreements occurred at the conclusion of the gas transmission contracts for the year 2017-2018, formulated by OMV Petrom Gas S.R.L., regarding the contractual clauses in divergence;
- Participation in the Commission for analyzing and solving the request to initiate the procedure for mediation of the disagreements occurred at the conclusion of the gas transmission contracts for the year 2017-2018, formulated by Electrocentrale București SA, regarding the contractual clauses in divergence.
- participation in the Evaluation Commissions of the tenders for the award of the products, services, works related to the BRHA project;
- Legal support granted to the solving of the European Commission's Investigations through the Directorate-General for Competition in the case of AT.40335-The Wall (official investigation) and AT.40483-Walibi (European Commission's Concerns, non-official investigation).
- the negotiation of the interconnection agreements and the addenda concluded with the transmission and system operators in Bulgaria, Hungary and Ukraine.
- preparation of the file for participation in the investment privatization contest of Vestmoldtransgaz State Enterprise of the Republic of Moldova;
- Preparing the file for participation in the privatization of 66% of the shares of DESFA, the Greek transport operator;
- binding / non-binding open season documentation for capacity auctions (existing interconnection points and incremental capacity).

During the year 2017, the Legal Department, through the relevant department, made the following amendments to the existing normative acts / legislative proposals:

1. Amendments to Energy and Gas Law no. 123/2012 on the introduction of an entry - exit system with VTP

Stage: By Decision no. 187/2017 *on the setting up of a working group for the preparation of the NTS network code revision projects necessary for the establishing an virtual trading point (PVT) entry-exit gas market model, a Transgaz working group (GL) was established for the preparation, among other things, of projects for the amendment/ supplementation of some chapters/articles of Title II of Gas Law 123/2012 in order to define the basic characteristics of a functional market model applicable in Romania, based on the entry-exit system with access on the VTP.*

At the request of the Committee of Industries and Services of the Chamber of Deputies, GL developed comments, proposals for amendments and additions to Plx. 110/2017 regarding the approval of Government Emergency Ordinance no. 64/2016 for the amendment and completion of Electricity and Gas Law no.123 / 2012, to introduce the

fundamental features of a functional market model applicable in Romania, based on the VTP entry-exit system, being of interest the introduction of:

- the definition of the VTP (proposed in Article 100 (93) in the draft amendments;
- obligations of the virtual trading point operator (Article 130¹);
- modalities of trading of capacity products on the secondary market (Article 149²);
- access rules for the entry-exit system using the Virtual Trading Point; title transfer rules and balancing rules (Article 174¹).

Transgaz's proposals were retained for a new report within the plenary session of the Chamber of Deputies of June 27, 2017. The new report was extended for November for obtaining an opinion from CSAT. At the end of 2017, the Committee of Industries and Services had not submitted a report.

2. Amending of the Network Code (ANRE Order 16/2013)

Stage: in progress

At the end of the first semester, the GL established by Decision 187/2017 finalized and submitted to ANRE the draft revised Network Code - Module A (Implementation of the preliminary phase of independent capacity booking in a VTP entry-exit system), with modifications/additions/removals, especially regarding Chapter III - Access to the NTS transmission services of the Network Code in force, having as main reference the following:

- Chapter III - General Terms and Conditions of Access to the Entry-Exit System;
- Framework contract for natural gas transmission - entry capacity services;
- Framework contract for natural gas transmission - exit capacity services.

Following the conclusions of the workshop on the Implementation of the European Network Codes in Romania, held in Bucharest on 8-9 June 2017, in which representatives of the European Commission, ACER and ENTSOG, ANRE participated, it was transmitted a proposal, as an intermediate step, to modify the Network Code in order to ensure the facility of receiving trade notifications without quantity limits for network users having contracts with VTP access.

On 21 September 2017, the first public debate of the proposals of SNTGN Transgaz SA took place at ANRE headquarters, followed by a new meeting, on 27 September 2017, at the Floreasca Club headquarters, with the participants on the natural gas market, in order to discuss the proposed amendments.

In October, a new decision was issued - Decision no. 1005 / 24.10.2017 on the establishment of the Working Group (WG) for the preparation of the NTS Network Code revision projects needed to establish a market-based natural gas model based on the entry-exit system using the virtual trading point (VTP).

In this respect, a working group consisting of DG ENERGY, ACER, ENTSOG, ANRE and TRANSGAZ was set up.

The priority objective of the work group is to compare the current regulatory framework applicable to the Romanian natural gas market with the specific European regulations and, if non-compliant aspects are found, to formulate recommendations for the regulation and implementation of a fully functional entry-exit system and in accordance with the European regulations in the field.

In October 2017, Transgaz representatives together with ANRE representatives developed a document describing the current market model and configured the entry-exit model to be implemented on the natural gas market in Romania.

The document described the current state of implementation of each chapter of Regulation no. 312/2014 of the *Commission establishing a Network Code on Gas Balancing of Transmission Networks* (Regulation No 312/2014) and the objectives which are envisaged for full compliance with European regulations in relation to the implementation of the entry-exit system.

On 16-17 November 2017, the first work meeting of the Joint Work Group was held in Bucharest, during which aspects related to the structure of the natural gas market in Romania, the structure and functioning of the NTS, the physical and commercial balancing of the NTS, capacity booking at NTS entry / exit, nomination and allocation of gas quantities, principles of entry-exit system operation in Romania were discussed.

According to the conclusions of this meeting, within the joint working group, it was established that Transgaz and ANRE shall:

- Analyze solution options to open and unfinished issues following discussions at the meeting, i.e. applicable rules regarding:
 - the entry points into the system from production;
 - the entry / exit points from / to the storage facilities;
 - the transmission system interconnection points with the distribution systems;
 - in connection with the supply of information;
- Submit a case study for VTP operation.

In the last half of November 2017 - the first half of December 2017, Transgaz representatives and ANRE representatives, following two work meetings, drafted a joint document identifying possible options for implementing the entry-exit system, on the established directions.

With regard to VTP, the document provides an example of how it works, including the description of the access process, the types of transactions to be notified, the parties entitled to notify the VTP, the rules and how to allocate the transactions on each portfolio.

On 11-12 December 2017, a second meeting of the work group was held in Brussels, during which the document prepared by Transgaz and ANRE was discussed, as well as the necessary details to be included in the document to the implementation of the rules established by the European network codes.

Transgaz's internal work group together with ANRE experts detailed the general principles of the entry-exit system following a process of analyzing and identifying the most appropriate solutions for the specificities of the Romanian gas market, in accordance with European regulations and good practices.

After the presentation of the principles contained in the document and the analysis of the market comments, the concept of the entry-exit system will be finalized. The deadline agreed in the Working Group for completing the final form of the document is 31 March 2018.

The next stage of the project will be to develop the information platform of Transgaz in order to align it with the new tasks, as well as to transpose the entry-exit concept document in the form of ANRE regulations so that in April 2019 they will be in force and fully implemented.

3. Draft G.D. and Substantiating Note for the approval of the agricultural circuit removal list in accordance with Law 185/2016 on some measures necessary for the implementation of projects of national importance in the field of natural gas.

4. Support was given to modify the **ENTSOG Preliminary Report** - the catalog of the main clauses and conditions of the transport contract(s) of transmission system operators for aggregate capacity products, performed in accordance with Art. 20 (1) of Regulation 459/2017 CAM NC.

5. **Proposals to amend the draft Law on some measures necessary for the implementation of petroleum operations by holders of petroleum agreements regarding the off-shore petroleum blocks.**

Stage: The proposals for modification / the point of view of SNTGN Transgaz SA were submitted to the Ministry of Economy.

6. **Amendments to the Regulation for the organization and functioning of the day-ahead gas market managed by the Electricity and Gas Market Operator OPCOM - SA**

Stage: Amendments of SNTGN Transgaz SA were sent to ANRE.

7. **Amendment of ANRE Order on the approval of the Regulation on the connection to the gas transmission system**

On 26 July 2017 ANRE Bucharest published on the website of the authority - PRESENTATION NOTE on the opening of the public consultation process on the draft normative act: **Regulation regarding the connection to the gas transmission systems stage III.**

Stage: Amendments of SNTGN Transgaz SA were sent to ANRE.

8. **The gas transmission regulated revenue, total revenue and regulated tariff setting methodology approved by Order 32/2014 of the ANRE President.**

Stage: Proposals of SNTGN Transgaz SA were sent to ANRE.

9. **Draft ANRE Order on the approval of the Regulation for the organization and conduct of the energy investigation activity regarding the operation of the wholesale energy market**

Stage: The proposals of SNTGN Transgaz SA were sent to ANRE.

10. **Amendments to the standard BRM draft gas sale-purchase contract.**

Stage: Amendments of SNTGN Transgaz SA were sent to ANRE.

11. **Draft ANRE Order on the amending and supplementation of gas transmission regulated revenue, total revenue and regulated tariffs, approved by the Order 32/2014 of the ANRE President**

Stage: Amendments of SNTGN Transgaz SA and the point of view were sent to ANRE.

12. **Draft ANRE Order on the approval of the Regulation on the organized framework for trading on the centralized gas market managed by OPCOM SA and repealing ANRE Order no. 52/2013 approving the Regulation on the organized framework for trading on the centralized gas market managed by OPCOM SA**

Stage: Amendments of SNTGN Transgaz SA and the point of view were sent to ANRE.

13. **Amendments to the Regulation on the organized trading framework on the centralized natural gas markets administered by the Romanian Commodities Exchange SA**

Stage: Amendments of SNTGN Transgaz SA were sent to ANRE.

14. **Comments on the draft Order amending Order 61/2013 on the Regulation for the organization and functioning of the Committee for the settlement of disputes on the wholesale and retail market between the participants in the electricity and natural gas market approved by the Order 61/2013 of the ANRE President.**

Stage: Amendments of SNTGN Transgaz SA and the point of view were sent to ANRE.

15. Comments and Proposals for the ANRE Order on the Approval of the Validity Conditions Related to the Natural Gas Supply Licence, by which the proposal to introduce the balancing obligation in the supply licence was sent.

Stage: Amendments of SNTGN Transgaz SA and the point of view were sent to ANRE.

16. GD no. 1240/2012 on the approval of the procedural rules regarding the terms and conditions regarding the duration, content and limits of exercising the rights of use and servitude over the private property affected by the natural gas objective / system, of the framework agreement, as well as of the procedural rules for determining the amount of indemnities and damages and how they are to be paid.

Stage: Amendments of SNTGN Transgaz SA and the point of view were sent to ANRE.

17. Draft ORDER amending Annex to Order 37/2013 of the ANRE President approving the Methodology for the preparation of the feasibility studies and requesting the ANRE approval in order to initiate the process of awarding the concession for the public service of natural gas distribution.

Stage: Amendments of SNTGN Transgaz SA and the point of view were sent to ANRE.

18. Regulation for the granting of incorporation authorizations and licences in the natural gas sector, approved by Order 34/2013 of ANRE President.

Stage: Amendments of SNTGN Transgaz SA and the point of view were sent to ANRE.

In our approval activity, we note the following:

- Legal approvals were issued for a number of:
 - 2,575 contracts / addenda / cooperation agreements / memorandums; - 146.22% more than in 2016;
 - 515 applications according to CCM / sponsorship requests, -84.7% more than in 2016;
 - 85 requests for written / verbal legal advice, -64.39% more than in 2016;
 - documents of particular complexity (contracts / other documents) -184; -140.46% more than in 2016.

- Legal advice was also given for situations of particular complexity, as follows:
 - participation of BRUA auction committee: electrical insulating joints and automation and securing works for the BRUA pipeline;
 - participation in the work group for the running and completion of the open season binding procedure for the capacity booking at the Csanadpalota interconnection point;
 - participation in the work group *Public consultation on the Business Rules and Communication Procedures in case of Exceptional Events related to the Draft Interconnection Agreement for VIP Isaccea 2,3 / Orlovka*
 - legal advice on the conclusion of gas transmission contracts for the gas year 2017-2018;
 - TEC Secretariat participation.

The Division developed a strategy to identify and settle potential litigation in connection with the BRUA project. The preparation of this strategy aimed to ensure an efficient, fair / processual management, a permanent monitoring of the compliance of the actions taken, the observance of the terms / schedule for the acquisition of the works, the purchases, the payments, the proper dimensioning of the committed resources, so that the risks of blockage and potential litigation in connection with the BRUA project are minimized / reduced.

In 2017 special attention was paid to the continuous improvement of the professional training of the legal counsellors in the department. The staff of the Legal Division participated in the professional training courses organized by the company with internal / external trainers on topics of interest for the current activity of legal advisers.

ANNEX 8 THE REGULATORY ACTIVITY

The activities carried out by the Regulations and Licences Unit are the following:

- **Preparation of a concept document for the development of an entry/exit system on the natural gas market in Romania and the implementation of the European network codes, within DG ENER / ACER/ENTSOG/ANRE/TRANSGAZ WG;**

Between October and December 2017, within the working group, it was initiated the preparation of a concept document setting out the principles to be implemented for the development of a complete entry/exit system in Romania in accordance with the specific European regulations.

In this respect, two workshops were organized (in November and December) for the discussing of the action plan and some general principles to be developed by Transgaz in collaboration with ANRE and sent to the members of the group working until 31.01.2018.

- **Managing internal consultations to prepare the company's position on the drafts of normative acts initiated by ANRE and other relevant authorities for the improvement of the national regulatory framework.**

In 2017 internal analyses were performed for the following draft normative acts submitted for public consultation by ANRE:

- Draft order for the amendment of Order no. 162 / 19.12.2014 of the ANRE President on the approval of the relevant NTS points.
The document was submitted for public consultation on ANRE website between 11 January 2017 and 20 January 2017.
No proposals and comments were centralized for this document.
The document was published in the Official Journal no. 219/30.03.2017.
- Draft order on the amendment and supplementing of the gas transmission regulated tariffs, total revenue and regulated revenue tariff setting methodology, approved by Order no. 32/2014 of the ANRE President.
The document was submitted for public consultation on ANRE website between 30 January 2017 and 8 February 2017.
Transgaz submitted proposals and comments on 8 February 2017.
- Draft order on the amendment of the regulation for the organization and conduct of the energy investigation activity for the operation of the wholesale energy market.
The document was submitted for public consultation on ANRE website between 13 February 2017 – 23 February 2017.
Transgaz submitted proposals and comments on 23 February 2017.
- Draft order on the amending and supplementing of the Methodology for establishing the unitary revenue related to the regulated supply activity carried out in a regulatory year, and on the approval of the regulated gas tariffs, starting with 2016, approved by the Order no. 182/2015 of the ANRE President.

The document was submitted for public consultation on ANRE website between 17 February 2017 – 27 February 2017.

No proposals and comments were centralized for this document.

The document was published in Official Journal 217/30.03.2017.

- Draft order on the approval of the Regulation on the connection to the gas transmission systems phase III.

The document was submitted for public consultation on the ANRE web site between 26.07.2017 and 24.08.2017. Transgaz made comments and proposals on 24.08.2017.

The document was published in Official Journal 739/14.09.2017.

- Draft order on the approval of the Procedure on the composition and pressure of the gas fuels in Romania.

The document was submitted for public consultation on the ANRE web site between 01.08.2017 and 31.08.2017. Transgaz made comments and proposals on 29.08.2017.

- Draft order on the amending and supplementing of the Regulation for the authorization of the economic operators performing gas activities in the gas domain, and the frame validity conditions related to the authorities, approved by Order 98/2015 of the ANRE President.

The document was submitted for public consultation on the ANRE web site between 22.08.2017 and 21.09.2017. No proposals and comments were submitted for this document.

- Regulation on the organizing and functioning of the commission for the settlement of the disputes on the wholesale and retail market between the participants in the electricity and gas markets, approved by Order 61/2013 of the ANRE President.

The document was submitted for public consultation on the ANRE web site between 01.09.2017 and 11.09.2017. Transgaz made comments and proposals on 11.09.2017.

- Regulation for the granting of the incorporation authorizations and licences in the gas sector, approved by Order 34/2013 of the ANRE President.

The document was submitted for public consultation on the ANRE web site between 10.11.2017 and 20.11.2017. No proposals and comments were submitted for this document.

- Principles of natural gas trading on centralized markets.

The document was submitted for public consultation on the ANRE web site between 22.11.2017 and 15.12.2017. Transgaz made comments and proposals on 21.12.2017.

- Draft Order on the approval of tariffs and monetary contributions charged by ANRE in 2018.

The document was submitted for public consultation on the ANRE web site between 08.12.2017 and 18.12.2017. No proposals and comments were submitted for this document.

- Draft Order approving the framework validity conditions for the gas supply licence.

The document was submitted for public consultation on the ANRE web site between 05.12.2017 and 03.01.2018. Transgaz made comments and proposals on 22.12.2017.

- Regulation on the connection to the gas transmission systems, approved by Order 82/2017 of the ANRE President.

The document was submitted for public consultation on the ANRE web site between 18.12.2017 and 05.01.2018. Transgaz made comments and proposals on 10.01.2018.

- Regulation on the connection to the gas distribution systems, approved by Order 32/2017 of the ANRE President.

The document was submitted for public consultation on the ANRE web site between 18.12.2017 – 05.01.2018. No proposals and comments were submitted for this document.

▪ **Managing the authorization/re-authorization activity of the technical personnel of the company which is/will be licensed plumber in the field of natural gas**

- In 2017 67 files were drawn up and sent to ANRE to support the licenced plumber exam for obtaining 70 permits.
- Also activities for the permanent updating of the general database on the status of licensed plumbers in the company were carried out.

▪ **Authorization and licensing in the field of natural gas**

In January 2017 the PPI and PT authorizations were granted by Decision 41/16.01.2017 of the ANRE President. These authorizations are valid until 15.01.2022.

In March 2017 Decision 464/28.03.2017 of the ANRE President amending Licence 1933/2013 for the operation of the natural gas transmission system in order to update the technical characteristics of the facilities on 31.12.2015.

In December 2017 December 2017, the file for the amending of Licence 1933/2013 was submitted to ANRE, for the updating of the technical characteristics of the facilities on 31.12.2016.

▪ **Participation in the activities of the internal personnel managing the incremental capacity process for the future NTS entry points Vadu and Tuzla;**

In 2017, following the endorsement by ANRE of the Transgaz Procedure regarding the incremental capacity booking at entry/exit points, other than the interconnection points, to be created by projects included in the 10-year investment and development plans, the representatives of the Unit participated in the preparation, by an interdepartmental team, of the documents related to the incremental capacity booking process at the future NTS entry points Vadu and Tuzla, in accordance with the aforementioned procedure.

▪ **Negotiation of the interconnection agreements with Ukrtransgaz for the interconnection points between the Romanian and Ukrainian transmission systems**

In 2017 the following actions were taken in relation with the interconnection agreements with Ukrtransgaz:

- Conclusion of Addendum no. 2 for the extension of the non-application term of the commercial rules at the Isaccea 1 interconnection point;
- Conclusion of Addendum no. 3 for the extension of the non-application term of the commercial rules at the Isaccea 1 interconnection point;
- Conclusion of Addendum no. 4 for the extension of the non-application term of the commercial rules at the Isaccea 1 interconnection point;
- Establishment by Decision 568/14.06.2017 of the Transgaz Working Group for the negotiation of the interconnection agreements for Medieșu Aurit, Isaccea, Isaccea 2, 3 and Negru Vodă 2, 3 interconnection points and ensuring the conditions for

capacity trading and allocation in accordance with the applicable European regulatory framework;

- Performance of the public consultation on the commercial rules and communication procedures in the case of exceptional events for the preparation and negotiation of the Interconnection Agreement for Medieșu Aurit - Tekovo IP by the Working Group nominated by Decision no. 568/14.06.2017; Transgaz and Ukrtransgaz published a joint statement on the results of the public consultation on the business rules and communication procedures the public consultation for the commercial rules and communication procedures in the case of exceptional events regarding the Interconnection Agreement for Medieșu Aurit/Tekovo IP, performed between 01.07 and 01.09.2017;
- Taking the necessary actions for the organization of the public consultation process regarding the draft Interconnection Agreement for Isaccea 2-3 VIP;
- Conclusion of Addendum 5 on the extension of the term for the non-application of the business rules at the Isaccea 1 IP;
- Carrying out the public consultation on the commercial rules and communication procedures in the case of exceptional events for the preparation and negotiation by the working group appointed by Decision 568/14.06.2017 of the Interconnection Agreement for the Isaccea 2, 3 VIP. Transgaz and Ukrtransgaz will agree on a joint statement on the public consultation results on the commercial rules and communication procedures in the case of exceptional events for the draft Interconnection Agreement for the Isaccea 2, 3 VIP, for the period 16.10.2017 and 15.12.2017;
- Conclusion of Addendum 6 on the extension of the term for the non-application of the business rules at the Isaccea 1 IP.

▪ **Negotiation of the interconnection agreements with Bulgartransgaz for the interconnection points between the Romanian and Bulgarian transmission systems**

In 2017 the following actions were taken in relation with the interconnection agreements with Bulgartransgaz:

- Conclusion of Addendum no. 2 on the extension of the gas day (6:00 - 6:00 UTC of the next day during winter and 5:00 - 5:00 UTC the next day during summer) at the Negru Vodă 1 interconnection point;
- Taking the necessary actions for the organization of the public consultation process regarding the draft of the Interconnection Agreement for PIV Negru Vodă 2-3.

We underline that in the first half of year 2017 the Company continued to take actions for the identification of solutions for the conclusion of the interconnection agreements for the Isaccea 2,3 and Negru Vodă 2,3 VIP, ensuring the required framework for trading by auction of the transmission capacity related to the Transit 2 pipeline, including by discussions held with DG-ENER and Gazprom Export; up to now the involved parties have not found any solution to solve the existing situation;

- In September 2017 Transgaz and Gazprom Export signed the addendum for the extension of the transmission contract regarding the Transit 2 pipeline until 30 September 2018;

▪ **Analysis of trade contract. 643/00157629/210247 on transmission of Russian federation gas on the territory of Romania to Turkey, Greece and other countries, concluded with Gazprom Export in 24.09.1999**

- From October 2017 it was initiated the analysis and highlighting of the clauses of the above contract preventing the application of the interconnection agreements for Isaccea 2,3 and Negru Vodă 2,3 points according to Regulation 703/2015. A Transgaz working group was established in this respect.

▪ **Implementation of Regulation (EU) No. 1227/2011 on the integrity and transparency of the wholesale energy market, and Regulation (EU) No. 1348/2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011, in cooperation with the Operating, ITC and SCADA divisions;**

In 2017 the following actions were taken in relation with the REMIT data reporting:

- Conclusion of Addendum no. 1 to the TSO Cooperation and Membership Agreement concluded with the FGSZ, for FGSZ's REMIT reporting on behalf of Transgaz, of the capacities allocated by Transgaz through the RBP platform;
- Successful registration of SNTGN Transgaz SA as Registered Reporting Mechanism (RRM) and obtaining the ARIS certification giving the possibility to report data under the REMIT obligations;
- Transmission to ARIS of partial data, such as transmission contract data.

▪ **Implementation of the provisions of Regulation (EU) 2017/459 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) 984/2013 (new CAM-NC)**

Following entering into force of the new CAM-NC, the following preparatory actions were taken for its application:

- Identification and inventory of TSO requirements / obligations;
- Drawing up an action plan for the implementation of the requirements;
- Implementation of the first stage of the action plan, namely the organization of the first incremental capacity process, by publishing an announcement on *Market demand assessment for incremental capacity at the interconnection points* (available on our website in the Media - Announcements section);
- Preparing the next stage of the action plan (preparation of the *Joint Market Demand Assessment Reports - RECP*) by organizing a working meeting on 3 July 2017 in which DRL submitted to the Commercial Department the documents and correspondence between Transgaz and the neighbouring TSOs (Bulgartransgaz, FGSZ) from the period of the non-binding market capacity demands collection, with the purpose of preparing and publishing of RECPs by the DC;
- Preparing a presentation of the incremental capacity process to establish the responsibility at the Transgaz level.

▪ **Implementation of the provisions of Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas (TAR-NC)**

Following entering into force of the new TAR-NC, the following preparatory actions were taken for its application:

- Identification and inventory of TSO requirements / obligations;
- Drawing up an action plan for the implementation of the requirements;

To establish the deadline and responsibilities related to the action plan a first meeting was held at ANRE for establishing the TAR-NC implementation calendar. A Transgaz working group was established in this respect.

▪ **Implementation of guidelines on procedures for capacity congestion management in case of congestion at the interconnection points (CMP GL)**

In 2017 it was initiated the process for the preparation of a draft order on the establishment of the capacity congestion management procedures in the case of contractual congestion at the interconnection points between the Romanian National Gas Transmission System and the Gas Transmission Systems of the European Member States neighbouring Romania.

The concept prepared will be discussed with the Company divisions involved and will be included in a draft order to be sent to ANRE.

▪ **Actions related to the cooperation with ENTSOG**

- Active participation of the DRL Director, as Transgaz's representative, in the ENTSOG decision-making process within the board of directors and the general meeting of the organization;
- Preparation and transmission of opinions requested from the members by the coordinators of ENTSOG working groups;
- Participation in the Workshops for the implementation of the new CAM-NC and TAR-NC;
- Participation in the preparation of the Regional Investment Plans for the Central Eastern European Regions, the Southern Corridor respectively;
- Engaging in activities related to the promotion of relevant Transgaz projects on the 3rd list of projects of common interest;
- Collection and transmission of data requested by the European Commission's consultants with regard to the possible investments in the gas transmission infrastructure in Romania, between 2020 and 2030.
- Collection and submission of data for the preparation by ENTSOG of the *Annual Perspective on Natural Gas Supply for the winter 2017-2018*, according to the provisions of Regulation (EC) No. 715/2009;
- Participation in the Workshop on the Harmonization of Data Communication of Natural Gas Transmission at EU level;
- Participation in the workshop organized by the ENTSOG Working Group on the balancing of the natural gas transmission system;
- Participation in filling in the questionnaire regarding implementation monitoring/implementation effects monitoring for the European network codes for 2017 (TAR-NC, INT-NC, CAM-NC, etc.).

In the reporting period the representatives of the Regulations and Licences Unit participated in the preparation of the organizational and regulatory framework necessary for the commercialization of the transmission capacities which will be achieved through the implementation of projects for the development of the natural gas transmission infrastructure in Romania, both at cross-border interconnection points (the ROHUAT transmission corridor), as well as other types of NTS points (development projects for taking over Black Sea gas).

The Regulations and Licences Unit managed the process of preparation and transmission of the response to the first request for information addressed to Transgaz by DG Competition within the investigation process initiated for the alleged abuse of dominant position with the purpose of preventing gas exports.

ANNEX 9 THE BLACK SEA PMU

The main activity of Black Sea PMU is to ensure the integrated management of the infrastructure development projects of the Romania's National Transmission System for Gas (NTS) to retrieve gas from the Black Sea in accordance with the NTS Development Plan 2017-2026.

A series of activities and discussions of technical, legal, economic, financial and regulatory nature were started in this regard with the stakeholders for the successful implementation of the necessary infrastructure projects.

Cooperation with companies holding development licenses for blocks in the Black Sea

- ***Cooperation with ExxonMobil and OMV Petrom***

Under the Cooperation Agreement signed in 2014 Transgaz continued the cooperation with ExxonMobil and OMV Petrom, the exchange of technical, economic, financial and legal information aiming at the coordination of NTS necessary developments and offshore developments in the Black Sea blocks.

In this respect, joint working groups were established to clarify/align all technical, economic, legal, commercial and regulatory issues. At the same time, the Board of Directors meets on a regular basis, consisting of Transgaz representatives and concessionaires. This is the forum for making all decisions related to the successful implementation of the projects covered by the Cooperation Agreement.

- ***Cooperation with Black Sea Oil&Gas S.R.L./Petro Ventures Europe B.V/Gas Plus International BV***

Under the Cooperation Agreement signed in 2015 with Black Sea Oil & Gas S.R.L., Petro Ventures Europe BV and Gas Plus International BV, Transgaz cooperated with the representatives of the parties involved to mutually inform each other on the progress made and on the harmonisation for the development and implementation schedules of the two projects.

Steps were taken to declare the Vadu-T1 project a project of national importance so that it can benefit from the provisions of Law 185/20.10.2016 on the measures necessary for the implementation of projects of national importance in the field of natural gas. Following these actions GR 563/4 August 2017 on the declaring of the project New developments of the National Transmission System for taking over gas from the Black Sea shore – Extension of the National Transmission System by the construction of the gas transmission pipeline from the Black Sea point - the Vadu zone in the Transit 1 pipeline – the Grădina zone project of national importance in the gas domain.

Reports requested by ACER and CESEC

For loading on ACER website, according to the annual reporting obligation of Transgaz as a promoter of projects of common interest, the Black Sea PMU was involved in filling in the forms Monitoring the implementation of projects of common interest in 2017 - Gas transmission pipelines - Progress Report for PCI project implementation according to Article 5 (4) of Regulation EU 347/2013 for the project 6.24.8 *Black Sea shore — Podișor (RO) pipeline for taking over the Black Sea gas.*

The Black Sea PMU provided support to the International Relations Unit to complete information requested by the European Commission - DG Energy – by different forms,

regarding the projects promoted by Transgaz and managed by the Black Sea PMU. We mention the questionnaire 'Financial screening of projects in the framework of the Central and South-Eastern European Gas Connectivity (CESEC) initiative' sent by Grant Thornton Greece, the consultant of the European Commission. Based on this questionnaire the European Commission is carrying out a financial analysis of the projects on the CESEC list.

The process of obtaining the Environmental agreement

The Project Black Sea shore — Podișor (RO) pipeline for taking over the Black Sea gas

The environmental impact assessment was started according to Order no. 135/76/84/1284 of 10 February 2010 approving the Methodology for the implementation of the environmental impact assessment for public and private projects. In this respect, notifications regarding the intention to achieve the Project were submitted to the three County Environmental Protection Agencies (Constanța, Călărași and Giurgiu), the presentation report was prepared and the National Environmental Protection Agency issued the decision of screening stage. At the same time, the procedure for the procurement of environmental impact assessment services and for obtaining the environmental agreement was finalized and the contract with the environmental consultant was signed.

The Proper Assessment Study was completed by the Environmental Assessor, document which was submitted at the National Environmental Protection Agency.

At the same time, an Environmental Impact Assessment Report was prepared and submitted to the National Environmental Protection Agency on 04.12.2017. The procedure for obtaining the environmental agreement is in the Environmental Impact Assessment Report quality analysis stage. Between 27.12.2017 and 28.12.2017 the public debates were conducted.

The Project on the new NTS developments for taking over Black Sea shore gas

The procedure for obtaining the Environmental Agreement was started by submitting the notification of the intention to carry out the project to the Constanta County Environmental Protection Agency. The initial assessment stage decision was issued, the presentation report was submitted according to the frame content in Order 135/76/84/1284/2010 and the Decision of Screening Stage.

At the same time, the procurement procedure was carried out and the contract with the environmental assessor was signed for the preparation of the Environmental Impact Report and obtaining the Environmental Agreement.

An Environmental Impact Report was developed. Between 01.11.2017 and 02.11.2017 the public debates on environmental issues were held, and the Environmental Agreement was issued by the Constanta Environment Protection Agency on 24.11.2017.

Documentation for capacity booking at future NTS entry/exit points

Joint work meetings took place between Transgaz – Black Sea block concessionaires, and Transgaz – Black Sea block concessionaires– ANRE, having as object the completion of the documentation regarding capacity booking at future NTS entry / exit points. The National Gas Transmission System Incremental Capacity Booking was approved by ANRE and published on the Transgaz's website.

The documents necessary for the performance of the capacity booking procedure were prepared and published on the web site.

- ***The Project Black Sea shore — Podișor (RO) pipeline for taking over the Black Sea gas***

According to the Procedure the incremental capacity booking process was initiated for PM Tuzla by registering a capacity request on 25.10.2017. The Procedure documentation was prepared for the non-binding phase.

The Project on the new NTS developments for taking over Black Sea shore gas

According to the Procedure the incremental capacity booking process was initiated for PM Vadu by registering a capacity request on 21.07.2017. The Procedure documentation was prepared, the non-binding phase was completed and the binding phase is in progress.

Relation with the Competent Authority for projects of common interest (ACPIC)

Within the authorization procedure cooperation relations are carried out with ACPIC for the projects of common interest to meet the obligations and responsibilities of each party in accordance with Art. 10 of Regulation (EU) 347/2013.

- ***The Project Black Sea shore — Podișor (RO) pipeline for taking over the Black Sea gas***

The Black Sea PMU prepared the notification to initiate proceedings before application for the Project. The notification was submitted to and approved by ACPIC this by issuing the notification letter of approval for initiation of proceedings before application.

At the same time, according to the provisions of Art. 10 of Regulation (EU) No. 347/2013, the procedure for engaging the public was initiated by drafting the Concept on Public Participation for the Project. The concept was finalized and submitted to the ACPIC, and the authority approved it by issuing Approval Letter no. 110 800 / 06.27.2017.

All relevant documents under Regulation (EU) No. 347/2013, related to the Project, were finalized and published on the company's website.

The public consultations for the project *Black Sea shore — Podișor (RO) pipeline for taking over the Black Sea gas* were held between 17 and 24.07.2017.

Within the public consultation procedure Transgaz, the Ministry of Energy, the National Environmental Protection Agency, etc replied to the complaints submitted by the affected parties.

The final synthetic report on the results of the public consultations was prepared and sent to ACPIC for information, and it was published on the web site of Transgaz.

- The project *Extension of the Romanian National Transmission system between Onești and Isaccea and reverse flow at Isaccea*

The notification to initiate proceedings before application for the Project was prepared and submitted on 20.12.2017 to ACPIC for approval.

The relevant documents may be found on the web site of the Company at the section dedicated to the project, according to Regulation (EU) 347/2013: Information Leaflet and Non-Technical Summary.

Monitoring sheets for implementation stage of projects promoted by Transgaz and included on the European PCI list are sent regularly to ACPIC.

Transgaz, through the Black Sea PMU and other divisions of the Company, maintains a permanent contact with ACPIC for the preparation, revision and completion of the documents requested by Regulation 347/2013: Information Leaflet, Non-Technical Summary, Concept on public participation etc. for the projects promoted by the Company.

Including Transgaz projects on the third list of projects of common interest

In order to include Transgaz projects on the third list of projects of common interest, issued by the European Commission at the end of 2017, a joint working group was established, including representatives of the Black Sea PMU.

Cost benefit assessments have been developed for the following project groups:

- NSI East 18, which includes, together with the projects promoted by FGSZ Hungary and Gas Connect Austria, the Transgaz projects: BRUA (Phase 1 and Phase 2) and the Black Sea Coast – Podișor pipeline;
- NSI East 21, which includes Transgaz projects: BRUA Phase 3, SNT-T1 interconnection and reverse flow to Isaccea, Vadu-T1.

Within the working group, all the documents requested by ENTSOG were prepared for the inclusion of the projects on the third list, their content was agreed with the external partners (FGSZ Hungary and Gas Connect Austria) for the NSI East 21 group and the final documents were submitted to the European Commission, ACER and regulators.

All of the projects promoted by Transgaz met the eligibility criteria and score to be included on the third list of PCIs. The provisional list was submitted to validation, and the final version was adopted by the European Commission in November 2017.

➤ Obtaining non-reimbursable financing through the Large Infrastructure Operational Programme 2014-2020 (POIM)

Efforts are made to obtain a grant through the 2014-2020 Large Infrastructure Operational Programme for the Black Sea coast- Podișor Pipeline project. In this respect, meetings were held with the representatives of the LIOP Managing Authority, of the Competition Council and of Jaspers (the financial consultant of AMPOIM- LIOP Managing Authority).

➤ Voluntary liquidation of the company Nabucco Gas Pipeline International GmbH

Transgaz through representatives appointed from the Black Sea PMU and the BRUA PMU participated with the other associates in the voluntary liquidation process of Nabucco Gas Pipeline International GmbH (NIC). By the sentence of the Commercial Court of Vienna SNTGN Transgaz SA informed on the Nabucco Gas Pipeline GmbH (in liquidation) was deregistered from the Companies Register as of 22.09.2017, date marking the completion of the liquidation procedure.

Miscellaneous

The Black Sea PMU is involved in activities performed within the working group ensuring the preparation of the specifications for the procurement of the pipe material, valves, electro-

insulating sleeves for the BRUA project Phase 1 and the specifications for the execution of the BRUA pipeline Phase 1 (Batch 1, 2, 3, 4).

Support was also provided to the Budget Strategy Directorate for the updating of the project sheets and for the preparation of ANRE's replies to the comments submitted by ANRE with the purpose of finalizing the Transgaz 2017-2026 TYNDP, as well as for the preparation of the Monitoring Report of the NTS Development Plan of for the period 2014-2023 for the projects promoted by Transgaz through the Black Sea PMU.

The Black Sea PMU, together with the Technical and Economic Assessment Office, developed the cost – benefit analysis for the Vadu-T1 project as part of the feasibility study, for its endorsement by the Transgaz`s Technical and Economic Council.

Internal information reports and reports to the Romanian and European authorities on the implementation stage of the projects promoted by Transgaz through the Black Sea PMU are prepared regularly.

ANNEX 10 2017 NATIONAL AND INTERNATIONAL EVENTS

The EU Funds and International Relations Division representatives promoted and supported the Company`s interests within the national and international events, identifying at the same time the potential development of the new and cooperation relations.

Of these we outline the following:

- Meetings with neighbouring transmission system operators to strengthen the joint operation at cross-border interconnection points (Bulgartransgaz, Ukrtransgaz)
- 10th European Gas Conference, Vienna, Austria, January 2017
- Meeting with Vestmoldtransgaz in connection with the interconnection project Romania-Republic of Moldova, Chişinău, Republic of Moldova, January 2017
- GIE meetings - Brussels, Belgium, January 2017
- Central and Eastern European Gas Conference`, Zagreb, Croatia, February 2017; The DAFERI Director was invited as a speaker and presented, inter alia, Transgaz's investment approaches and their impact on the region
- Meeting with representatives of the Ministry of Economy of the Republic of Moldova, Vestmoldtransgaz and Energoproiect, Chişinău, Rep. of Moldova, February 2017
- Meeting of Regional Gas Working Groups, Brussels, Belgium, February 2017
- Shifting into a higher gear for Central and South East European energy market integration, Brussels, February 2017
- Meeting with representatives of IJF, SOCAR and GRT Gaz, February 2017
- Work meeting with Fluxys (Belgium) in accordance with the Memorandum of Understanding signed in 2015 and visit to the LNG terminal operated by the Belgian company at Zeebrugge, Brussels, Zeebrugge, February 2017
- Meeting of the GIE Board of Directors, February 2017
- Meeting organized by the Energy Institute on the occasion of the International Oil Week, Brussels, Belgium, February 2017
- Evaluation of documents for the internal audit procedure at the GIE headquarters in Brussels, Belgium, Brussels, Belgium, March 2017
- The 3rd EU Energy Summit, Brussels, Belgium, March 2017

- Brexit and the Energy Union. Are we prepared? Event organized by Interfax (UK), Brussels, Belgium, March 2017
- Business without corruption: good anti-corruption practices in the US adjusted to the needs of the Romanian business community, Bucharest, March 2017
- Meeting of Regional Groups coordinated by the European Commission with the purpose of drawing up list 3 CIP, Brussels, Belgium, May 2017
- Meeting of the NSI East Gas Regional Group, Brussels, Belgium, April 2017
- Working meetings with Bulgargaz and Bulgartransgaz, Sofia, Working meetings with representatives of VestMoldTransgaz, Chişinău, June 2017
- Joint Working Group meeting to implement Romanian-Moldovan energy projects, Chişinău, May 2017
- Metrologic Forum, Dresden, April 2017
- The 25th edition of the Dispatch Meeting of Representatives of Transit Companies for Russian Natural Gas in the Balkan Region, Samara, June 2017
- The work of the Mixed Intergovernmental Commission Romania-India, New Delhi, April 2017
- 9th Annual See Upstream Conference & Exhibition, Bucharest, May 2017
- Referees: Independence and Impartiality - Procedural Aspects Conference, Bucharest, June 2017
- The New Draft Rules of Arbitration Procedure Conference, Bucharest, June 2017
- The Energy trilemma and Energy Policies Conference. Emphasizing the difficulties faced by energy units to balance the essential elements of the Trilem: energy security, social equity and environmental impact, Bucharest, June 2017
- Work visit of the Delegation of the Ministry of Economy and SNTGN Transgaz SA in Athens, July 2017
- The 28th Annual Meeting of the Crans Montana Forum, Barcelona, Spain, July 2017.
- Meeting with representatives of DESFA, the Embassy of Romania in Greece and the Greek Government, in Athens, July 2017.
- Meetings with representatives of the Government of the Republic of Moldova and Vestmoldtransgaz, Chisinau, July 2017.
- The 15th ERRA Summer School. Introduction to the Energy Regulations, Budapest, July 2017.
- International Conference Energy, Oil & Gas Leadership, London, August 2017.
- Meeting of the Romanian-Bulgarian Energy Working Group, Sofia, September 2017.
- Meeting with the GIE President, September 2017.
- First joint meeting on the feasibility study for Eastring between the transmission system operators and the company to which the contract for the feasibility study was awarded, Bratislava, September 2017.
- Official Delegation led by the Minister of Economy - Discussions with the Moldavian delegation led by the Deputy Prime Minister and Minister of Economy of the Republic of Moldova Mr. Octavian CALMC Chisinau, October 2017.
- Argus International Summit in Azerbaijan 2017, Baku, October 2017.
- Meeting on Dispatch issues related to Trans-Balkan Main Transmission Pipelines, Antalya, October 2017.
- The first progress meeting for the EASTRING Feasibility Study, Bratislava, October 2017.
- EUR 50 million Loan Contract with the European Investment Bank, Luxembourg October 2017.

- The Second Meeting of the Work Group of the Natural Gas Partnership in Eastern Europe (NGP), Vienna, October 2017.
- The Abu-Dhabi International Petroleum Exhibition & Conference, Abu-Dhabi, November 2017.
- Meetings with representatives of the Buyle Legal Law Firm in preparation for an informal work meeting with DG COMP's case team, Brussels, November 2017.
- Additional documentation for participation in the Investment Contest of the Vestmoldtransgaz, Chisinau, November 2017.
- Progress control meeting for the feasibility study EASTRING Nitra, November 2017
- Central and South Eastern Europe Gas Connectivity and Work Group Meeting on the basis of Memoranda of Understanding on the Balkan Corridor and Vertical Corridor, Brussels, December 2017.
- Bilateral meetings with representatives of JP SERBIJAGAS, Novi-Sad, December 2017.
- The 10th Anniversary of DESFA, Athens, December 2017.
- EASTRING feasibility study meeting for the progress of activities, Budapest, December 2017.
- Events organized by GIE and Signing the BRHA Phase 1 project financing contract at the EIB's Luxembourg headquarters, Luxembourg, December 2017.
- Meetings and discussions with representatives of DG ENERGY and GRT GAZ representative, Brussels, December 2017.
- Preparation of formalities for the formalisation of Transgaz's involvement in the privatization of the Vestmoldtransgaz and the gas transmission project Ungheni-Chisinau, Chisinau, December 2017.
- Submission of the tender for participation in the Investment contest organized by the Government of the Republic of Moldova, the Public Property Agency and for the implementation of the Decision of the Board of Administration and the Decision regarding the increase of the share capital of Eurotransgaz SRL, Chisinau, December 2017.

At the same time, the participation, as speaker, of the EU Funds and International Relations Division Director, Mr Ciprian ALIC, and of the International Relations Unit Director, Mrs Alexandra Militaru, at the following events contributed to promoting our company at a regional level:

- Central and Eastern European Gas Conference International Conference, Zagreb, Croatia, February 2017
- Profit Energy Forum event, May 2017, Bucharest
- The Conference With the strategy on the table: Romania in the European energy equation and the impact on industry. Appropriate Policies, May 2017 Bucharest.
- Black Sea Oil and Gas, 5th Annual Conference, 25-26 October 2017, Bucharest.

ANNEX 11 TRANSGAZ REPRESENTATIVE OFFICE AT BRUSSELS

Synthetically, the work of TRANSGAZ Brussels was carried out on the following coordinates:

- **Representation of TRANSGAZ at official events / activities organized in Brussels:**

JANUARY 2017

Date	Activity	Organizer	TGN Participation	Remarks
------	----------	-----------	-------------------	---------

January 23 this year	Presentation TYNDP 2017	ENTSO-G	Oana Niculescu, Eugen Mihalache Roxana Caliminte	Activity Report no. 3625/27.01.2017
----------------------	-------------------------	---------	--	-------------------------------------

FEBRUARY 2017

Date	Activity	Organizer	TGN Participation	Remarks
February 15-16	Gas Regional WG Meeting	COM/DG-ENER	O. Ilies	The Head of Transgaz Representative Office at Brussels was not nominated for participation, acc. To Art.5/BoA Resolution 3 of 30.01.2017
February 21-23	Workshop/ TGN Delegation Visit at Fluxys	Fluxys Belgium	Ion Sterian President C.A. Ciprian Alic, Marius Stroia, Florian Vârdol	The Head of the Transgaz Representative Office in Brussels was not included in the visit schedule

MARCH 2017

Date	Activity	Organizer	TGN Participation	Remarks
March 28	3rd EU Energy Summit	-Business Bridge Europe	Andrei Dumitru	Activity report no.14.987/31.03.2017
March 29	Brexit and the Energy Union- Are we prepared?	Interfax (GB)	Eugen-Costinel Mihalache	Activity report no.14.821/31.03.2017

APRIL 2017

Date	Activity	Organizer	TGN Participation	Remarks
April 6	AGA ENTSOG	ENTSOG	Gabriela Mareş	The staff of Transgaz Representative Office at Brussels did not participate, although it was nominated by Decision 325
April 24	Consultation CESEC Romania- COM/DG ENER+INEA	COM/DG-ENER	Paul Popescu, Marius Lupean, Alexandra Militaru, Wilhelm Untch	The staff of Transgaz Representative Office at Brussels was not included in the activity schedule
April 26	Gas Regional WG Meeting PCI List 3	COM/DG-ENER	Ovidiu Ilies Andrei Dumitru	The Head of the Transgaz Representative Office at Brussels was not nominated to participate, according to Decision 380 of 21 April 2017 and related Mandate

MAI 2017

Date	Activity	Organizer	TGN Participation	Remarks
May 16	Workshop- Network Codes	ENTSO-G	N. Rau, W. Untch, R. Ittu, A.Apostolescu	The staff of the TGN Representative Office was not nominated for participation
May 30	Meeting of the Regional Groups	COM/DG ENER	No info available	The staff of the TGN Representative Office was not nominated for participation
May 30	Romanian Energ Day	CRE+PE	A.Dumitru	The Head of the Representative Office was not nominated for participation
31.05	Workshop - SoS Regulation	GIE	A.Dumitru	The Head of the Representative Office was not nominated for participation

IUNIE 2017

Date	Activity	Organizer	TGN Participation	Remarks
21-22 June	Transgaz delegation work visit	Transgaz	Ion Sterian-DG Petru Ion Văduva-President C.A. Ciprian Alic, Florian Vărdol, Gabriela Mareş, Bogdan Nicolae	The Head of the Representative Office was included in the visit schedule for logistics support/protocol
14.09	GIE Workshop -Security Day	GIE	A.Dumitru, S.Negrea	Activity report no. 43257/15.09.2017

SEPTEMBER 2017

Date	Activity	Organizer	TGN Participation	Remarks
14.09	GIE Security Day	GIE	Andrei Dumitru Ştefan Negrea	Activity report no. 43257/15.09.2017

OCTOBER 2017

Date	Activity	Organizer	TGN Participation	Remarks
02.10	New ways of working and LNG Storage follow up meeting	GIE	Andrei Dumitru Ştefan Negrea	Activity report no. 47037/06.10.2017
11.10	Does gas have a role in the transition to clean energy?	Politico	Andrei Dumitru Ştefan Negrea	Activity report no. 49477/19.10.2017
12.10	GIE Market Area	GIE	Andrei Dumitru Ştefan Negrea	Activity report no. 49475/19.10.2017

12.10	GIE Innovation and Communication Area	GIE	Andrei Dumitru Ștefan Negrea	Activity report no. 49473/19.10.2017
12.10	GIE System Operation Area	GIE	Ștefan Negrea	Activity report no. nr.49478/19.10.2017
17.10	GIE Security Day	GIE	Ștefan Negrea	Activity report no. nr.51973/01.11.2017
27.10	Annual Eurogas Conference	Eurogas	Ștefan Negrea	Activity report no. nr.51979/01.11.2017

NOVEMBER 2017

Date	Activity	Organizer	TGN Participation	Remarks
07.11	Clean Energy Financing	PE	Andrei Dumitru Ștefan Negrea	Activity report no..55337/17.11.2017
21.11	GIE Innovation and Communication Area	GIE	Andrei Dumitru Ștefan Negrea	Activity report no. 58506/6.12.2017
21.11	GIE Market Area	GIE	Andrei Dumitru Ștefan Negrea	Activity report no. 58508/6.12.2017
23.11	Engie Energy Debate	ENGIE	Andrei Dumitru	Activity report no. 57193/27.11.2017

DECEMBER 2017

Date	Activity	Organizer	TGN Participation	Remarks
04.12	CESEC Meeting and WG Meeting for the Balkan and Vertical Corridor	DG ENER	Alexandru Simionescu Alexandru Șai Irina Dragoman Andrei Dumitru Ștefan Negrea	Activity report no. 59693/11.12.2017

▪ **Events / actions / activities of potential interest regarding information / documentation and networking, organized in Brussels and reported to the EU Funds and International Relations Division:**

- 21 March 2017: ETS and renewables: a win-win strategy? Organizer: EDF
- 22 March 2017: Global launch of the Energy Architecture Performance Index Report 2017, Organizer: COM
- 23 March 2017: North Seas Energy Forum, Organizer: Northern Seas Energy Cooperation
- 28 March 2017: 3rd EU Energy Summit, Organizer: Business Bridge Europe- participation of counsellor A.Dumitru
- 28 March 2017: An EU Policy benefiting Citizens, Consumers and Businesses, Organizer: EU ENERGY SUMMIT
- 22-23 May 2017: European Business Summit 2017
- 30-31 May 2017: Romanian ENERGY DAY 2017, org. CRE- participation of counsellor A.Dumitru

- 19-25 June 2017: Proposal for rental of spaces / slots for networking within EUSEW 2017 (Sustainable Energy Week) – regarding company image promotion
 - 14 June 2017: 2017 CEF Energy Virtual Info Day, Organizer: COM
 - 19-25 June 2017: EU Sustainable Energy Week 2017, Organizer: COM
 - 22 May 2017: Conference Europe's Changing Energy Markets: Transition to New Realities, organized by 'Politico'
 - 21 June 2017: Governance of the Energy Union — Energy and climate plans in the making, Organizer: Sustainable Energy Week
 - 22 June 2017: Conference The role of Ukraine as a strategic EU Energy Partner, Organizer: COM
- **Contributions to Reports for the Transgaz Management / Board of Administration:**
- preparation and submission of Monthly Activity Reports;
 - preparation and submission of the Report on the activity carried out by Transgaz Representative Office in Brussels in Q1 / 2017 - The document was presented at the Board of Administration meeting of April 27, 2017 (see Board of Administration Decision no.13);
 - presentation of Report no. 2733/19.01.2017 on the activity of the Transgaz Representative Office in Brussels in 2016 (acc. to Board of Administration Decision no.3/30.01.2017) - at the meeting of the Board of Administration on 30 January of the current year;
 - completing the EU Funds and International Relations Division Monthly Information Reports, as well as the Report on the DG mandate execution / Q1 / 2017 at the chapters reserved for the Transgaz Representative Office in Brussels;
 - preparation and submission of the Activity Reports of the Transgaz Representative Office in Brussels in Q4/2017
- **Documentation and information activity:**
- sending regularly to the EU Funds and International Relations Division the Daily EU Energy Brief produced by Fleishman Europe and S&P Global (European Gas Daily);
 - sending documents, studies or information obtained from European energy institutions such as the Energy GD, the European Commission, the European Parliament, GIE (Gas Infrastructure Europe);
 - "free trial" transmission of energy studies and analyses drafted by Interfax company (GB);
 - transmission of relevant materials on the Brexit, produced by the Bruegel Foundation;
 - transmission of press releases received from the Naftogaz Representative Office in Brussels.
- **Organizational aspects:**
- The Head of the Representative Office provided support / assistance to all Transgaz delegations in Brussels for participation in various approved actions / events and also organized and ensured, with regard to logistics/protocol, all the activities carried out at the premises of the Representative Office in optimal conditions.