



**SOCIETATEA NAȚIONALĂ DE TRANSPORT  
GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**

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No. 4002/26.01.2018

Submitted for approval in the OGMS of 5/6.03.2018

**REPORT**

**on the approval of form of addendum to the contract of mandate  
signed with the non-executive members of the Transgaz Board of Administration**

**SUMMARY**

By Resolution 1/27.04.2017 of the Ordinary General Meeting of the Shareholders of TRANSGAZ the mandate of the administrators Mr Ion Sterian, Mr Petru Ion Văduva and Mr Bogdan George Iliescu was renewed, and by Resolution 13/28.12.2017 of the Ordinary General Meeting of the Shareholders of TRANSGAZ Mr Nicolae Minea and Mr Remus Gabriel Lăpușan were appointed administrators.

According to GEO 109/2011, as further amended, the mandatory receives a remuneration consisting of a fixed monthly allowance and a variable component.

The fixed monthly gross allowance due to the non-executive members of the Board of Administration cannot exceed twice the average value over the last 12 month of the monthly gross salary in the domain of the Mandator's activity, communicated by the National Institute of Statistics prior to the appointment of the Mandatory, and for the member of the Board of Administration also in the position of Director - General, executive administrator, the fixed monthly gross allowance cannot exceed 6 (six) times the average value over the last 12 month of the monthly gross salary in the domain of the company, communicated by the National Institute of Statistics prior to the appointment of the Mandatory.

In addition to the fixed monthly gross allowance the Mandatory is entitled to receive a variable annual component of the remuneration set based on the financial and non-financial performance indicators approved by Resolution 12/19.12.2017 of the Ordinary General Meeting of the Shareholders of TRANSGAZ.

## **PROPOSAL**

In accordance with the provisions of Chapter IV, Article 15 (3) (d) of the updated Articles of Incorporation, we submit for approval to the Ordinary General Meeting of Shareholders the form of addendum to the contract of mandate with the administrators, which includes the fixed allowance and the variable remuneration, as well as the objectives, the financial and non-financial performance indicators and the empowerment of a shareholder's representative to sign signing the Addendum to the Contract of Mandate of the administrators on behalf of the Company.

## **DETAILED CONTENT**

According to the Contract of Mandate, the Mandatory receives a remuneration consisting of a fixed monthly remuneration and a variable component.

Over the duration of application of GEO 109/2011, as further amended, in the form in force at the date of approval of the contract of mandate, the fixed monthly gross allowance due to all non-executive members of the Board of Administration cannot exceed the average value over the last 12 month of the monthly gross salary in the domain of the Mandator's activity, communicated by the National Institute of Statistics prior to the appointment of the Mandatory, and for the member of the Board of Administration also in the position of Director - General, executive administrator, the fixed monthly gross allowance cannot exceed 6 (six) times the average value over the last 12 month of the monthly gross salary in the domain of the company, communicated by the National Institute of Statistics prior to the appointment of the Mandatory.

If the legal framework setting a certain maximum amount of fixed monthly allowance is amended and/or abrogated, the parties shall negotiate a new amount applicable to the fixed monthly gross allowance in accordance with the level of remuneration applicable for similar positions in companies in Romania and other European countries in the same field of activity, and shall conclude an addendum to the contract of mandate within 30 days.

The fixed remuneration will be paid to the Mandatory on the last working day of the month for which it is due.

In addition to the fixed monthly gross allowance the Mandatory is entitled to receive a variable annual component of the remuneration set based on the financial and non-financial performance indicators approved by Resolution 12/19.12.2017 of the Ordinary General Meeting of the Shareholders of TRANSGAZ.

Enclosure: Template of Addendum to the Contract of Mandate and financial and non-financial key performance indicators approved by Resolution 12/19.12.2017 of the Ordinary General Meeting of the Shareholders.

**CHAIRMAN OF THE MEETING  
NICOLAE MINEA**

**Addendum no. \_\_\_\_ to  
Contract of Mandate no. \_\_\_\_ dated \_\_\_\_**

**Considering:**

- Company Law 31/1990 republished, as further amended and supplemented, hereinafter referred to as Law 31/1990;
- Government Emergency Ordinance 109/2011 on the corporate governance of the public enterprises, as further amended and supplemented, hereinafter referred to as GEO 109/2011;
- Government Resolution 722/2016 on the approval of the methodological rules for the application of some provisions of GEO 109/2011, hereinafter referred to as GR 722/2016;
- Government Ordinance 26/2013 on strengthening financial discipline at the level of some economic operators where the state or administrative-territorial units are unique or majority shareholders or hold directly or indirectly a majority share, as further amended and supplemented;
- Art. 1913 and the subsequent articles, and Art. 2009 and the subsequent articles of Law 287/2009 on the Civil Code, as further amended and supplemented,

**and:**

By Resolution 12/19.12.2017 of the Ordinary General Meeting of the Shareholders of Transgaz S.A., according to GEO 109/2011 on the corporate governance of the public enterprises, as further amended and supplemented, the key financial and non-financial performance indicators were approved;

By Resolution no. \_\_\_\_ / \_\_\_\_ of the Ordinary General Meeting of the Shareholders of Transgaz S.A., according to GEO 109/2011 on the corporate governance of the public enterprises, as further amended and supplemented, the changing of the fixed remuneration and the setting of the variable component were approved.

General Meeting of the Shareholders of Transgaz S.A no. \_\_\_\_ dated \_\_\_\_ decided that the Addendum to Contract of Mandate no. \_\_\_\_ / \_\_\_\_, hereinafter referred to as the Contract of Mandate shall be signed by the representative of the shareholders \_\_\_\_;

The National Gas Transmission Company Transgaz S.A., headquartered in Mediaș, 1 C. I. Motaș Square, Sibiu County, tel./fax. 0269 803333 / 0269 803334, e-mail: cabinet@transgaz.ro, registered with the Trade Registry Office attached to Sibiu Court under number J32/301/2000, tax number RO/13068733, duly represented by \_\_\_\_, identified with \_\_\_\_, hereinafter referred to as the Company or the Mandator, as applicable,

**and**

Mr \_\_\_\_, Romanian citizen, date of birth \_\_\_\_, place of residence \_\_\_\_, identity card \_\_\_\_, issued by \_\_ on \_\_, PIN \_\_, tel./fax. \_\_\_\_, e-mail: \_\_\_\_, as \_\_\_\_, hereinafter referred to as Mandatory,

Individually referred to as the Party and collectively the Parties,

according to Art. 2 (11) of GEO 109/2011 and to Art. \_\_\_\_ of Contract of Mandate no. \_\_\_\_ / \_\_\_\_, hereinafter referred to as the contract of Mandate, have agreed to conclude the Addendum, hereinafter referred to the Addendum,

## **Art. 1. Scope of Addendum**

1.1. The Parties agree to amend Art. 6 of the Contract of Mandate as follows:

- a) the value of the monthly fixed allowance of the remuneration amounts to RON \_\_\_\_, as the monthly gross amount, applicable between 1 January 2018 and 29 April 2021;
- b) the maximum value of the variable component of the remuneration amounts to RON \_\_\_\_, as the gross amount, applicable for the period comprised between the mandate renewal date/date of appointment as administrator and 29 April 2021.

1.2. The key performance indicators are established in Annex 1 to the Addendum.

1.3. The modality of calculation of the variable component of the remuneration:

Annual variable remuneration due = variable remuneration set by Addendum to the Contract of Mandate \* degree of total fulfilment of key performance indicators (ICP).

The degree of total fulfilment of key performance indicators (GTICP) is the weighted average with the weighted coefficient of each ICP of the degree of fulfilment of each ICP (GIICP).

$$GTICP = \sum(GIICP * \text{weighted coefficient})$$

The degree of fulfilment of each ICP (GIICP) may be higher than 100% and lower than 0%, but at the calculation of the degree of total fulfilment of ICP (GTICP) it will be considered as follows:

- GIICP > 100% means GIICP = 100%;
- GIICP < 0% means GIICP = 0%.

The variable component of the remuneration due to the Board of Administration members shall be in direct proportion with the GTICP for the relevant financial year.

If GTICP ≥ 80%, the variable component of the remuneration shall be paid according to the modality of calculation presented;

- GTICP ≥ 50% and GTICP < 80%, the variable component of the remuneration shall not be paid;
- GTICP < 50%, the administrators may be revoked.

ICP shall be annually evaluated based on the annual financial statements audited and on the other verification instruments.

1.4. The payment of the variable component shall be made annually, after the approval by the General Meeting of the Shareholders of the Annual Financial Statements prepared according to IFRS and of the annual report of the Nomination and Remuneration Advisory Committee.

**Art. 2. Final provisions**

**2.1.** The other provisions of the Contract shall remain unchanged.

The Contract was concluded today, \_\_\_\_, in 3 (three) counterparts, 2 (two) for the Mandator and 1 (one) for the Mandatory.

**Mandator**  
**S.N.T.G.N. TRANSGAZ S.A.**

**Mandatory**

by \_\_\_\_  
empowered by Ordinary General Meeting  
of the Shareholders resolution no. \_ of \_

\_\_\_\_\_

# Key performance indicators for the calculation of the variable annual component of the remuneration

Tag no	Group of indicators according to GD no. 722/ 2016 Annex no.2b	PERFORMANCE INDICATORS	PERFORMANCE TARGET
A	FINANCIAL KEY PERFORMANCE INDICATORS		
1	Cash flow	Outstanding payments	Maintaining outstanding payments at the zero level.
2	Costs	Operating costs (except for depreciation, balancing, the construction activity and provisions for the impairment of assets and for risks and expenses)	Maintaining the level of the operating expenses (except for depreciation, balancing, the construction activity and provisions for the impairment of assets and for risks and expenses) at the level undertaken in the Management Plan.
3	Debt	The rate of the immediate liquidity "The acid test"	The rate of the immediate liquidity (the acid test) to record annual values of over 1.
4		Net leverage	Maintaining a net leverage rate under the limits set for obtaining bank financing, namely: 3 –2017; 3-2018; 5,5 –2019; 5,5 -2020; 4-2021
5	Revenue	EBITDA	Achievement of the EBITDA target undertaken in the Management Plan
B	NON-FINANCIAL KEY PERFORMANCE INDICATORS		
1	Operational	Monitoring the investment and implementing strategy	The achievement of the FID projects (Final Investment Decision) from the 10 year network development Plan
2		Increasing energy efficiency	Maintaining the share of the technological consumption in the total circulated gas under 1%.
3	Oriented towards public services	Performance indicators of the gas transmission service	Achieving the targets provided for in the Performance standard for the gas transmission service (ANRE Order 161/26.11.2015 valid as at 1 October 2016)
4	Corporate governance	Implementation of internal/management control system	Implementation of SGG Order 400/2015 on the approval of the internal/management control code of the public entities, as further supplemented.
5		Client satisfaction	Meeting the targets set in the Management Plan. (according to PP 165 Client Satisfaction Assessment, a 6-8 score means that the services provided appropriately satisfied the requirements of the clients)
6		Establishing risk management policies and risk monitoring	Achievement of measures set by the Management Plan
7		Timely setting and reporting of the Company's performance indicators	Compliance with the legal reporting deadlines
8		Increase of institutional integrity by including measures to prevent corruption as part of the management plans	Compliance with the measures set by the approved Integrity Plan

Table 1 – Performance criteria and targets for the calculation of the annual variable component of remuneration

**Target values of the key performance indicators set in the 2017-2021  
Management Plan of the National gas Transmission Company Transgaz SA**

**III.1 Key financial performance indicators**

Tag no	Indicator	Target	Achieved 2016	2017	2018	2019	2020	2021	Verification instrument
1	Outstanding payments	<i>Maintaining outstanding payments at the zero level.</i>	0	0	0	0	0	0	ANAF accounting reporting Form F30- Information data Financial reports
2	OPEX (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges) (RON thousand)	<i>Maintaining OPEX level at the level undertaken in the Management Plan.</i>	811.576	952.321	879.437	901.149	931.757	968.346	Audited annual financial statements
3	Current ratio –Acid test	<i>Quick ratio (acid test) to have annual values above 1.</i>	4,82	1	1	1	1	1	Audited statement of financial position
4	Net leverage ratio	<i>Maintaining net leverage ratio bellow the limit set for obtaining bank financing: 3 –2017; 3-2018; 5,5 –2019; 5,5 -2020; 4-2021</i>	0	3	3	5,5	5,5	4	Audited annual financial statements
5	EBITDA (RON thousand)	Achievement of the Management Plan EBITDA target	902.296	565.892	464.454	641.253	731.367	1.015.013	Audited annual financial statements

## III.2 Key non-financial performance indicators

NO	Indicator	Target	2017	2018	2019	2020	2021	Verification instrument
Operational								
6	Investment and implementation monitoring strategy	Achievement of FID projects in the TYNDP I = achieved (+initiated actions)/proposed actions	Measures proposed in the TYNDP approved by ANRE					Reporting sent to ANRE annually on the 15th of March  TYNDP approved by ANRE Report on the achieved actions + chart (annex 2.1)
7	Increase of energy efficiency	Maintaining the share of technological consumption in the total gas circulated below 1%.	1	1	1	1	1	Report on the annual achievement of the technological consumption  Management Plan (Annex 2.2)
Public services oriented								
8	Performance indicators of the gas transmission service	Achievement of targets set in the Gas Transmission System Service Performance Standard (ANRE Order 161/26.11.2015 applicable as of 1 October 2016)	$IP_0^1 \geq 90\%, IP_1^1 \geq 95\%, IP_1^2 \geq 95\%, IP_1^3 \geq 95\%, IP_1^4 \geq 95\%, IP_1^5 \geq 95\%, IP_2^1 \geq 95\%, IP_2^2 \geq 95\%, IP_3^1 \geq 95\%, IP_3^2 \geq 95\%, IP_3^3 \geq 95\%, IP_3^4 \geq 95\%, IP_4^1 \geq 95\%, IP_5^1 \geq 98\%, IP_5^2 \geq 98\%, IP_6^1 \geq 98\%, IP_6^2 \geq 98\%, IP_7^1 \geq 80\%, IP_8^1 \geq 98\%, IP_8^2 \geq 98\%, IP_9^1 \geq 90\%$					Report acc. to ANRE Order 161/26.11.2015
Corporate governance								
9	Implementation of internal/management control system	Implementation of SGG Order 400/2015 on the approval of the internal/management control code of the public entities, as further supplemented. I = implemented standards/ standards established by Order 400/2015*100 Achievement of measures under the SCIM Implementation Plan I = achieved measures/proposed measures *100	94%	94%	94%	94%	100%	Annual SCIM self-assessment report (annex 2.3)  Annual SCIM self-assessment report (prepared acc to the Order)
9.1	Client satisfaction	Meeting the targets set in the Plan of Administration (according to PP 165 Client Satisfaction Assessment, a 6-8 score means that the services provided appropriately satisfied the requirements of the clients) (annex 2.4)	7,7	7,8	7,9	8	8	Annual client satisfaction assessment report



9.2	Establishing risk management policies and risk monitoring	Meeting the targets set in the Plan of Administration on the implementation of Standard 8 of SGG Order 400/2015 on the approval of the public entities internal/management control code, as further supplemented.	100%	100%	100%	100%	100%	Annual risk management report (prepared acc. to the Order)
10	Timely reporting of the Company's performance indicators	Compliance with the legal reporting deadlines $I = \text{actual reporting deadlines/foreseen reporting deadlines} * 100$	100%	100%	100%	100%	100%	Annual reporting calendar (annex 2.5)
11	Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans	Compliance with the measures set by the Integrity Plan approved $I = \text{achieved measures/proposed measures} * 100$	100%	100%	100%	100%	100%	Integrity Plan approved (annex 2.6) Annual fulfilment report

Key performance indicators for the calculation of the variable component of remuneration	Chairman BA	Members BA
	<b>NON-EXECUTIVE</b>	
<b>D1 – Financial KPI</b>	<b>20%</b>	<b>20%</b>
D1.1 Outstanding payments	4%	4%
D1.2 Operating expenses	4%	4%
D.1.3 Current liquidity rate (acid test)	4%	4%
D.1.4 Net leverage	4%	4%
D.1.5 EBITDA	4%	4%
<b>D2 – Non-financial KPI</b>	<b>80%</b>	<b>80%</b>
D.2.1 Operational	20%	20%
D2.1.1 Investment	15%	15%
D.2.1.2 Increasing energy efficiency	5%	5%
D.2.2 Oriented towards public services	10%	10%
D.2.2.1 Standard for gas transmission	10%	10%
D2.3 Corporate governance	50%	50%
D.2.3.1 SCIM	10%	10%
D.2.3.2 Client satisfaction	10%	10%
D.2.3.3 Risk management	5%	5%
D.2.3.4 Timely reporting of the indicators	10%	10%
D.2.3.6 Increasing integrity	15%	15%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

Table 2– Shares of the key performance indicators for the calculation of the variable remuneration

#### **IV. The modality of calculation of the variable component of the remuneration**

**The Annual variable remuneration due = variable remuneration set by Addendum to the Contract of Mandate \* degree of total fulfilment of key performance indicators (ICP).**

The degree of total fulfilment of key performance indicators (GT<sub>ICP</sub>) is the weighted average with the weighted coefficient of each ICP of the degree of fulfilment of each ICP (GI<sub>ICP</sub>).

$$GT_{ICP} = \sum (GI_{ICP} * \text{weighted coefficient})$$

The degree of fulfilment of each ICP (GI<sub>ICP</sub>) may be higher than 100% and lower than 0%, but at the calculation of the degree of total fulfilment of ICP (GT<sub>ICP</sub>) it will be considered as follows:

- GI<sub>ICP</sub> > 100% means GI<sub>ICP</sub> = 100%;
- GI<sub>ICP</sub> < 0% means GI<sub>ICP</sub> = 0%.

**The variable component of the remuneration due to the Board of Administration members shall be in direct proportion with the GT<sub>ICP</sub> for the relevant financial year.**

**If GT<sub>ICP</sub> ≥ 80%, the variable component of the remuneration shall be paid according to the presented modality of calculation;**

- GT<sub>ICP</sub> ≥ 50% and GT<sub>ICP</sub> < 80%, the variable component of the remuneration shall not be paid;
- GT<sub>ICP</sub> < 50%, the administrators may be revoked.

**ICP shall be annually evaluated based on the annual financial statements audited and on the other verification instruments.**

#### **V. Description of key performance indicators**

##### **B. Key performance indicators for the calculation of the variable component of remuneration**

###### **B.1 Key financial performance indicators**

###### **B.1.1 Outstanding payments**

**Indicator: Outstanding payments**

**Target value:** Maintaining outstanding payments at the zero level

**Description:** In the context of the implementation of one of the most extensive and important gas transmission infrastructure development plans, it is intended to provide the necessary financial sources for compliance with the payment terms stipulated in the contracts

**Modality of verification:** ANAF financial reporting Form F30-Informative Data

**Indicator formula:** Outstanding payments value in Form F 30.

**Modality of calculation:** GI<sub>ICP</sub> may be 0% or 100% as follows:

- 100% - If at the end of the financial year there are outstanding payments exceeding 30 days according to the declaration submitted at ANAF (Form 30);
- 0% - it at the end of the financial year there is any outstanding payment exceeding 30 days.

**B.1.2 OPEX** (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges)

**Indicator:** OPEX (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges)

**Target value: Maintaining OPEX level** (less depreciation and amortization, balancing, the construction activity and provisions for asset depreciation and for risks and charges) **at the level undertaken in the Plan of Administration.**

**Description:** Reducing OPEX has an impact on reducing gas transmission tariffs.

**Modality of verification:** Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income and Notes to the financial statements

**Indicator formula:**

Employee related expense  
+Technological consumption, materials and consumables used  
+Cost of royalty  
+Maintenance and transport  
+Taxes and other duties  
+Other operating costs  
-Loss/(gain) from receivables  
-Loss/(gain) from the impairment of stocks

**Modality of calculation:**  $GI_{ICP}$  is between 0%-100%.

$I_T$  – target ICP value

$I_R$  – ICP actual value

$$GI_{ICP} = I_T/I_R * 100$$

If  $GI_{ICP} < 100\%$  ICP may be considered x% fulfilled only in the conditions in which at the end of the financial year the company records a net profit.

If  $GI_{ICP} < 100\%$  and at the end of the financial year the company did not record a net profit, then  $GI_{ICP} = 0\%$

**B.1.3 Quick ratio (acid test)**

**Indicator: Quick ratio (acid test)**

**Target value:** Quick ratio (acid test) to have annual values above 1.

**Description:** Measures the ability of the company to pay short-term debts by using highly liquid assets in the balance sheet

**Modality of verification:** Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income.

**Indicator formula:** (current assets - stocks) / current liabilities

**Modality of calculation:**  $GI_{ICP}$  is directly proportional with the ratio of the actual value of this indicator and the target value.

$$GI_{ICP} = I_R/I_T * 100$$

If  $I_R < 0,9$  then  $GI_{ICP} = 0\%$

## B.1.4 Net leverage ratio

**Indicator:** Net leverage ratio

**Target value:** Maintaining net leverage ratio below the limit set for obtaining bank financing: 3 –2017; 3-2018; 5,5 –2019; 5,5 -2020; 4-2021

**Description:** In the context of the implementation of one of the largest and most important development programs of the gas transport infrastructure, the leverage of the company must be kept within limits that do not affect the financial balance of the company.

**Modality of verification:** Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law – Statement of comprehensive income

**Indicator formula:** (short-term borrowings + long-term borrowings-cash and cash equivalent)/EBITDA

**Modality of calculation:**  $GI_{ICP}$  is directly proportional with the ratio of the target value of this indicator and the actual value.

$$GI_{ICP} = I_T/I_R * 100$$

If  $I_R > I_T$  then  $GI_{ICP} = 0\%$

If  $I_R < I_T$  then  $GI_{ICP} = 100\%$

## B.1.3 EBITDA

**Indicator:** EBITDA

**Target value:** Achievement of Plan of administration EBITDA target

**Description:** Ensuring internal financial source for supporting strategic investment projects.

**Modality of verification:** Annual financial statements prepared according to the IFRS adopted by the European Union, for the relevant year, audited according to the law - Statement of comprehensive income and Notes to the financial statements

**Indicator formula:** revenue before the balancing and construction activity according IFRIC12 - (OPEX before the balancing and construction activity according to IFRIC12 – depreciation).

**Modality of calculation:**  $GI_{ICP}$  is directly proportional with the ratio of the actual value of this indicator and the target value

$$GI_{ICP} = I_R/I_T * 100$$

## B.2 Key non-financial performance indicators

### B.2.1 Operational

#### B.2.1.1 Monitoring investment and implementation strategy

**Indicator:** Investment strategy

**Target value:** Implementation of FID projects under the NTS TYNDP

**Description:** Monitoring major projects

**Modality of verification:** TYNDP approved by ANRE

**Modality of calculation:**  $GI_{ICP}$  is calculated by the formula: (number of actions achieved /number of planned actions)\*100

### **B.2.1.2 Increase of energy efficiency**

**Indicator:** Technological consumption

**Target value:** Maintaining the share of technological consumption in the total gas circulated below 1%

**Description:** Monitoring technological consumption and maintaining within the level established by the Plan of Administration

**Modality of verification:** Gas balance/Annual report on the achievement of the technological consumption

**Indicator formula:** Quantity of gas representing technological consumption/total gas quantity circulated\*100

**Modality of calculation:**  $G_{ICP}$  is directly proportional with the ratio of the target value of the ICP and the actual value ICP

$$G_{ICP} = I_T/I_R * 100$$

If  $I_R \geq 1,2$  then  $G_{ICP} = 0\%$

### **B.2.2 Client oriented**

#### **B.2.2.1 Performance indicators of the gas transmission service**

**Indicator:** Performance indicators of the gas transmission service

**Target value:** Achievement of targets set in the Gas Transmission System Service Performance Standard (ANRE Order 161/26.11.2015 applicable as of 1 October 2016)\*

**Description:** See Annex 2.7

**Modality of verification:** Annual report prepared by Transgaz according to ANRE Order 161/26.11.2015

**Indicator formula:** See Annex 2.7

**Modality of calculation:**  $G_{ICP}$  may be only 100% or 0%

If the target value of any indicator foreseen in ANRE Order 161/26.11.2015 is not in accordance with the minimum and maximum values of the performance standard for the gas transmission system service, then  $G_{ICP} = 0\%$ .

### **B.2.3 Corporate governance**

#### **B.2.3.1 Implementation of internal/management control system**

**Indicator:** Implementation of internal/management control system

**Target value:** Achievement of measures under the SCIM Development Plan

**Description:** Implementation of SGG Order 400/2015 on the approval of the internal/management control code of the public entities, as further supplemented

**Modality of verification:** SCIM Development Plan in Annex 2.3

**Modality of calculation:**  $G_{ICP}$  is calculated by the formula:  $I$  = number of measures achieved until the deadline /number of measures proposed \*100.  $G_{ICP}$  is 100% or 0%.

### **B.2.3.2 B.2.3.2 Client satisfaction**

**Indicator:** Client satisfaction

**Target value:** Meeting the targets set in the Plan of Administration

**Description:** According to PP 165 Client Satisfaction Assessment, a 6-8 score means that the services provided appropriately satisfied the requirements of the clients

**Modality of verification:** Annual client satisfaction assessment report

**Indicator formula:** According to PP-165 (Annex 2.4)

**Modality of calculation:**  $G_{ICP}$  is directly proportional with the ratio of the actual value of this indicator and the target value.

$$G_{ICP} = I_R/I_T * 100$$

If  $G_{ICP} \leq 6$ , then  $G_{ICP} = 0\%$ .

### **B.2.3.3 Establishing risk management policies and risk monitoring**

**Indicator:** Establishing risk management policies and risk monitoring

**Target value:** Meeting the targets set in the Plan of Administration

**Description:** Implementation of Standard 8 of SGG Order 400/2015 on the approval of the public entities internal/management control code, as further supplemented.

**Modality of verification:** Annual risk management report (prepared acc. to the Order)

**Modality of calculation:**  $G_{ICP}$  is calculated by the formula: number of measures achieved until the deadline /number of measures proposed \*100.  $G_{ICP}$  may be only 100% or 0%.

### **B.2.3.4 Timely reporting and establishing of the Company's key performance indicators**

**Indicator:** Timely reporting and establishing of the Company's key performance indicators

**Target value:** Compliance with the legal reporting deadlines

**Description:** Monitoring the reporting calendar for compliance with the deadlines (Annex 2.5).

**Modality of verification:** The addresses for the transmission of the reports as compared to the calendar set

**Modality of calculation:**  $G_{ICP}$  is calculated by the formula: number of reports until the deadline/total number of reports\*100.  $G_{ICP}$  may be only 100% or 0%.

### **B.2.3.5 Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans**

**Indicator:** Increase of institutional integrity by including measures to prevent corruption as part of the managerial plans

**Target value:** Compliance with the measures set by the Integrity Plan approved

**Description:** Achievement of measures in the Integrity Plan (Annex 2.6)

**Modality of verification:** Integrity Plan approved

**Modality of calculation:**  $G_{ICP}$  is calculated by the formula: number of measures achieved until the deadline /number of measures proposed\*100.  $G_{ICP}$  may be only 100% or 0%.

\* Gas transmission service performance indicators – according to ANRE Order 161/26.11.2015 applicable as of 1 October 2016

Indicator formula of calculation	Definition of terms in the formula	Target
<b>IPO Recording of requests/complaints regarding the gas transmission service</b>		
$IP_0^1 = \frac{N_{T0} + N_{T2}}{N_{inreg} - N_{clasate}} \times 100\%$	a) $N_{T0}$ – no. of recordings the registration no. of which was sent acc. to Art. 7 (3) (a); b) $N_{T2}$ – no. of recordings the registration no. of which was sent within a period of time shorter than the one established at Art. 7 (3) (b); c) $N_{inreg}$ – total no. of requests/complaints registered acc. to Art. 7 (1); d) $N_{clasate}$ – total no. of requests/complaints classified acc. to Art. 7 (6).	$IP_0^1 \geq 90\%$
<b>IP1 Compliance with the gas delivery-acceptance conditions</b>		
$IP_1^1 = \frac{N_{Rparametrii10}}{N_{TRparametrii} - N_{RCLparametrii}} \times 100\%$	a) $N_{Rparametrii10}$ – no. of requests/complaints regarding non-compliance with the technological parameters agreed, requests/complaints answered/solved within less than 10 days from registration; b) $N_{TRparametrii}$ – total no. of received requests/complaints regarding non-compliance with the technological parameters agreed; c) $N_{RCLparametrii}$ – total no. of classified requests/complaints regarding non-compliance with the technological parameters agreed.	$IP_1^1 \geq 95\%$
$IP_1^2 = \frac{N_{verificareP24}}{N_{TverificareP}} \times 100\%$	a) $N_{verificareP24}$ – no. of agreed technological parameter value verifications made by the TSO within less than 24 hours from registration of requests/complaints; b) $N_{TverificareP}$ – total no. of requests/complaints regarding non-compliance with the technological parameters.	$IP_1^2 \geq 95\%$
$IP_1^3 = \frac{N_{Rcalitate15}}{N_{TRcalitate} - N_{RCLcalitate}} \times 100\%$	a) $N_{Rcalitate15}$ – no. of requests/complaints regarding gas quality, requests/complaints answered/solved within less than 15 days from registration; b) $N_{TRcalitate}$ – total no. of received requests/complaints regarding gas quality; c) $N_{RCLcalitate}$ – total no. of classified requests/complaints regarding gas quality.	$IP_1^3 \geq 95\%$
$IP_1^4 = \frac{N_{Rmasurare15}}{N_{TRmasurare} - N_{RCLmasurare}} \times 100\%$	a) $N_{Rmasurare15}$ – no. of requests/complaints regarding gas	$IP_1^4 \geq 95\%$



Indicator formula of calculation	Definition of terms in the formula	Target
	<p>metering answered/solved within less than 15 days from registration;</p> <p>b) <math>N_{TRm\acute{a}surare}</math> – total no. of received requests/complaints regarding gas metering;</p> <p>c) <math>N_{RCLm\acute{a}surare}</math> – total no. of classified requests/complaints regarding gas metering.</p>	
$IP_1^5 = \frac{N_{Vm\acute{a}surare2}}{N_{TRm\acute{a}surare} - N_{RCLm\acute{a}surare}} \times 100\%$	<p>a) <math>N_{Vm\acute{a}surare2}</math> – no. of verified gas metering systems/devices at the place of operation, within less than 2 working days from request/complaint registration;</p> <p>b) <math>N_{TRm\acute{a}surare}</math> – total no. of received requests/complaints regarding gas metering;</p> <p>c) <math>N_{RCLm\acute{a}surare}</math> – total no. of classified requests/complaints regarding gas metering</p>	$IP_1^5 \geq 95\%$
<b>IP2 Transmission system access</b>		
$IP_2^1 = \frac{N_{acces}}{N_{TCacces}} \times 100\%$	<p>a) <math>N_{acces}</math> – no. of transmission system access approvals or denials issued within a shorter period of time than foreseen by the applicable gas law;</p> <p>b) <math>N_{TCacces}</math> – total no. of received requests for transmission system access.</p>	$IP_2^1 \geq 95\%$
$IP_2^2 = \frac{N_{Racces15}}{N_{TRacces} - N_{RCLacces}} \times 100\%$	<p>a) <math>N_{Racces15}</math> – total no. of requests/complaints regarding transmission system access, answered/solved within less than 15 days from registration;</p> <p>b) <math>N_{TRacces}</math> – total no. of received requests/complaints regarding transmission system access;</p> <p>c) <math>N_{RCLacces}</math> – total no. of classified requests/complaints regarding transmission system access.</p>	$IP_2^2 \geq 95\%$
<b>IP3 Connection to the transmission system</b>		
$IP_3^1 = \frac{N_{racordare}}{N_{TCracordare}} \times 100\%$	<p>a) <math>N_{racordare}</math> – no. of technical transmission system connection approvals and refusals, issued within a shorter period of time than foreseen by the applicable gas law;</p> <p>b) <math>N_{TCracordare}</math> – total no. of received transmission system connection.</p>	$IP_3^1 \geq 95\%$
$IP_3^2 = \frac{N_{Rracordare15}}{N_{TRracordare} - N_{RCLracordare}} \times 100\%$	<p>a) <math>N_{Rracordare15}</math> – no. of requests/complaints regarding transmission system connection, requests/complaints answered/solved by the TSO within less than 15 days from registration;</p> <p>b) <math>N_{TRracordare}</math> – total no. of received requests/complaints regarding transmission system connection;</p>	$IP_3^2 \geq 95\%$

Indicator formula of calculation	Definition of terms in the formula	Target
	c) $N_{RCLracordare}$ - total no. of classified requests/complaints regarding transmission system connection.	
$IP_3^3 = \frac{N_{IR}}{N_{TIR}} \times 100 \%$	a) $N_{IR}$ - no. of commissioned connection installations within a shorter period of time than foreseen in the connection contract; b) $N_{TIR}$ - total no. of commissioned connection installations.	$IP_3^3 \geq 95\%$
$IP_3^4 = \frac{N_{Rperpif15}}{N_{TRperpif} - N_{RCLperpif}} \times 100\%$	a) $N_{Rperpif15}$ - no. of requests/complaints regarding the designing, execution, acceptance and/or commissioning of the connection installation, requests/complaints answered/solved by the TSO within less than 15 days from registration; b) $N_{TRperpif}$ - total no. of received requests/complaints regarding the designing, execution, acceptance and/or commissioning of the connection installation; c) $N_{RCLperpif}$ - total no. of classified requests/complaints regarding the designing, execution, acceptance and/or commissioning of the connection installation.	$IP_3^4 \geq 95\%$
<b>IP4 Habilitation of land/assets affected by execution of works regarding the transmission system</b>		
$IP_4^1 = \frac{N_{Rrefacere15}}{N_{TRrefacere} - N_{RCLrefacere}} \times 100\%$	a) $N_{Rrefacere15}$ - no. of requests/complaints answered/solved within less than 15 days from registration; b) $N_{TRrefacere}$ - total no. of received requests/complaints regarding the habilitation of lands and/or assets affected by the execution of works regarding transmission system facilities; c) $N_{RCLrefacere}$ - total no. of classified requests/complaints regarding the habilitation of lands and/or assets affected by the execution of works regarding transmission system facilities.	$IP_4^1 \geq 95\%$
<b>IP5 Notification of unforeseen limitations and/or interruptions and resuming of gas transmission service</b>		
$IP_5^1 = \frac{N_{U6}}{N_{Uafectati}} \times 100 \%$	a) $N_{U6}$ - no. of transmission system users affected by the unplanned interruption, notified as soon as possible, but not later than 6 hours from occurrence of interruption; b) $N_{Uafectati}$ - total no. of transmission system users affected by the unplanned interruption.	$IP_5^1 \geq 98\%$
$IP_5^2 = \frac{N_{U24}}{N_{Uafectati}} \times 100\%$	a) $N_{U24}$ - no. of transmission system users affected for a period longer than 24 hours, notified accordingly;	$IP_5^2 \geq 98\%$

Indicator formula of calculation	Definition of terms in the formula	Target
	b) $N_{Uafectati}$ - total no. of transmission system users affected by the unplanned interruption.	
<b>IP6 Notification of planned limitations and/or interruptions and resuming of gas transmission service</b>		
$IP_6^1 = \frac{N_{U5}}{N_{Uafectati}} \times 100\%$	a) $N_{U5}$ - no. of transmission system users affected by the unplanned interruption, notified within more than 5 working days before the limitation/interruption; b) $N_{Uafectati}$ - total no. of transmission system users affected.	$IP_6^1 \geq 98\%$
$IP_6^2 = \frac{N_{Ureluare}}{N_{Uafectati}} \times 100\%$	a) $N_{Ureluare}$ - no. of transmission system users affected for which the provision of the gas transmission system was resumed at the time mentioned in the notification; b) $N_{Uafectati}$ - total no. of transmission system users affected by the unplanned interruption.	$IP_6^2 \geq 98\%$
<b>IP7 Solving requests/complaints regarding the gas transmission service, different from those treated individually in this standard</b>		
$IP_7^1 = \frac{N_{SSR30}}{N_{TSSR} - N_{SSRclasate}} \times 100\%$	a) $N_{SSR30}$ - no. of requests/complaints, different from those treated individually in this standard, answered/solved within less than 30 days from registration; b) $N_{TSSR}$ - total no. of received requests/complaints, different from those treated individually in this standard; c) $N_{SSRclasate}$ - total no. of classified requests/complaints, different from those treated individually in this standard.	$IP_7^1 \geq 80\%$
<b>IP8 Free toll phone</b>		
$IP_8^1 = \frac{N_{Atimp60}}{N_{Atotal}} \times 100\%$	a) $N_{Atimp60}$ - no. of emergency calls with a waiting time below 60 seconds; b) $N_{Atotal}$ - total no. of received emergency calls.	$IP_8^1 \geq 98\%$
$IP_8^2 = \frac{N_{ASC6}}{N_{ASCtotal}} \times 100\%$	a) $N_{ASC6}$ - no. of emergency calls regarding gas leaks, with the deployment of the emergency team within less than 6 hours from receipt of call; b) $N_{ASCtotal}$ - total no. of received emergency calls regarding gas leaks.	$IP_8^2 \geq 98\%$
<b>IP9 Meeting payment obligations regarding compensations due acc. to the performance standard for the gas transmission service</b>		
$IP_9^1 = \frac{N_{comp30}}{N_{TCcomp}} \times 100\%$	a) $N_{comp30}$ - no. of compensations paid within less than 30 days from request registration; b) $N_{TCcomp}$ - total no. of received requests regarding compensation payment.	$IP_9^1 \geq 90\%$