

The National Agency for Energy Regulation of the Republic of Moldova

90, Columna Street, MD-2012 Chişinău, tel.: 852 901, fax: 852 900

<http://www.anre.md>, anre@anre.md

BOARD OF DIRECTORS

DECISION No. 177/ 2019

05 June 2019

Chişinău

on the provisional certification of the electricity transmission system operator

According to Art. 27 of the Law no.107 of May 27, 2016 on electricity, based on „Moldelectrica” S.E. request no. 46-39 / 1613 of October 16, 2018 and the documents submitted by letters no. 46-39 / 1980 of December 10, 2018 and 46-39 / 158 of February 05, 2019 and taking into account the information set out in the Motivation Note on certification of OST „Moldelectrica” S.E., the Board of Directors of the National Agency for Energy Regulation of the Republic of Moldova,

DECIDES:

1. To certify provisionally the electricity transmission system operator „Moldelectrica” S.E. IDNO 1002600004580, license holder AA Series no. 064574 of June 10, 2008 for the electricity transmission activity.
2. Within 5 working days of the date of issuance of this Decision, the Energy Community Secretariat will be informed about the provisional certification of „Moldelectrica” S.E. and will be sent the Motivation Note on certification of OST „Moldelectrica” S.E., (*Annex to this decision*).
3. This decision may be appealed to the issuing authority within 30 days.

Veaceslav UNTILA
General director

Eugen CARPOV
Director

Stefan CREANGA
Director

Motivation Note

on the certification of OST "Moldelectrica" S.E.

I. Legal background

According to art. 25 of the Law no. 107 of May 27, 2016 on electricity, which transposes Articles 1- 12, 14 -16, 18, 22 - 38, 40 - 43 as well as, the provisions of Annex I to Directive 2009 / 72 / EC of the European Parliament and of the Council of July 13, 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54 / EC (published in Official Journal of the European Union L 211 of August 14, 2009); Art.13, Art.13-17, Art.19 and 21 and the provisions of Annex I to Regulation (EC) 714/2009 of the European Parliament and of the Council of July 13, 2009 on conditions for access to the network for cross-border exchanges electricity and repealing Regulation (EC) No. 1228/2003 (published in Official Journal of the European Union L 211 of August 14, 2009); Directive 2005/89 / EC of the European Parliament and of the Council of January 18, 2006 on measures to safeguard security of electricity supply and infrastructure investment (published in the Official Journal of the European Union L 33 of February 4, 2006):

1. The electricity transmission shall be performed by the transmission system operator under the license for the electricity transmission, issued by the National Agency for Energy Regulation of the Republic of Moldova (hereinafter the Agency / ANRE) under the terms of the law.
2. The electricity transmission system operator "Moldelectrica" S.E. is organized as a specialized and independent electricity undertaking, having the status of a legal entity, to be certified according to art.27 of the Law on electricity.
3. The transmission system operator "Moldelectrica" S.E. performs its activity in accordance with the provisions of Law no. 107 of May 27, 2016 on electricity, according to the conditions stipulated in the license for electricity transmission and in compliance with regulatory normative acts approved by the Agency.
4. In carrying out its functions and obligations, the transmission system operator "Moldelectrica" S.E. is independent of any undertaking which produces, distributes or supplies electricity and cannot hold a license for the production, distribution or supply of electricity, except for the situation referred to in Article 40 (9) of the Law on electricity.
5. The independence of the transmission system operator shall be ensured through the implementation and the observance of the terms and conditions for the separation of the transmission system operator established by the Law.
6. The electricity transmission operator "Moldelectrica" S.E. holds only the license for the transmission of electricity.

Further Art. 26 par. (1) of the Law on Electricity, establishes that the electricity undertaking which owns and operates the electric transmission network as a transmission system operator (hereinafter TSO) in accordance with the conditions of electricity transmission license.

Paragraph (2) of art. 26 of the abovementioned Law, establishes as a matter of urgency the obligation of separation and independence of the TSO, namely:

(2) The transmission system operator shall be independent of electricity undertakings which carry out other activities not related to the electricity transmission. In order to ensure the independence of the transmission system operator, the same person or persons are not entitled:

- a) to directly or indirectly exercise control over an undertaking performing any of the functions of generation or supply and to exercise, directly or indirectly, control or exercise any right over the transmission system operator or in connection with an electricity transmission network;
- b) to directly or indirectly exercise control over the transmission system operator or in connection with an electricity transmission network and to exercise, directly or indirectly, control or exercise any right over an undertaking performing one of the production or supply activities;
- c) to appoint members of the supervisory board, board of directors or other bodies legally representing the undertaking in the case of the transmission system operator or in the case of the transmission system, and also to exercise, directly or indirectly control or exercise any right over an undertaking performing any of the functions of production or supply;
- d) be a member / members of the supervisory board, board of directors or other bodies representing the undertaking legally, both in the case of an undertaking performing one of the production or supply activities in the case of the transmission system operator or an electricity transmission network.

Paragraph (3) of art. 26 of the Law on Electricity expressly stipulates the rights which imply the requirements of direct or indirect control of the enterprises performing one of the production or supply activities, namely:

- a) the authority to exercise voting rights;
- b) the authority to appoint members of the supervisory board, board of directors or other bodies legally representing the undertaking;
- c) holding a majority share.

According to art. 26 paragraph (4) of the Law on Electricity, the obligation stipulated in par. (1) shall be deemed to be fulfilled, where two or more enterprises which own electricity transmission networks have established a joint venture which, in two or more countries of the Energy Community, it has the role of transmission system operator in relation to electricity transmission networks in question. No other enterprise may participate in the joint venture unless it has been designated as an independent system operator, or as an independent transmission operator following the fulfillment of the appropriate separation requirements and if it has been certified in compliance with the terms and conditions set out in the law hereto.

According to par. (5) of art. 26 of the Law on Electricity, if the person or persons referred to in paragraph (2) is a central specialized body of the public administration, two central specialized bodies of the separate public administration exercising control over the transmission system operator or on an electricity transmission network, on the one hand, and on an undertaking carrying out one of the production or supply activities, on the other hand, is not considered to be the same person or the same persons.

Under the Article 26 of the Law on Electricity, the term "undertaking performing one of the production or supply activities" includes the notion "undertaking performing one of the production or supply activities " within the meaning of Law 108 May 27, 2016 on natural gas, and the terms "transmission system operator" and "transmission system" also refer to the notions of "transmission system operator" and "transmission network" as defined in that law.

According to art. 27 par. (1) of the Law on Electricity,

(1) Prior to being designated as a transmission system operator by issuing a license for the transmission of electricity, the electricity enterprise shall be certified in compliance with the procedure set out by law.

To that purpose, according to art. 27 par. (2) of the above-mentioned Law, after fulfilling all the requirements regarding the separation and independence of the transmission system operator set out in Article 26 of the Law on Electricity, the electricity enterprise shall be obliged to notify the Agency in writing of this fact, request certification and provide all the relevant documents, data and information.

Paragraph (3) of the reference article states that, within a maximum of 4 months from the date of submission by the transmission system operator of the notification under Art. 27 paragraph (2) of the Electricity Law and provided all documents, data and information attesting to the compliance of the transmission system operator with the separation and independence requirements, the Agency adopts a decision on the provisional certification of the transmission system operator.

Paragraph (4) of art. 27 stipulates that if, within 4 months, the Agency does not adopt the decision on provisional certification or does not communicate in written form to the transmission system operator the refusal of certification, it shall be deemed to have been granted on the basis of the tacit approval principle. Upon expiry of the deadline, at the request of the transmission system operator, the Agency shall, within 5 working days, take a decision on the implicit approval regarding the provisional certification of the transmission system operator.

The Agency shall notify, within no more than 5 working days, in accordance with Art. 27 par. (5) of the Law in reference the Energy Community Secretariat about the decision on the provisional certification of the transmission system operator, explicitly or tacitly approved, and present all the relevant documents and information. Within four months after the notification receipt, the Energy Community Secretariat shall submit to the Agency its opinion on the compliance of the transmission system operator with the certification conditions. If the Energy Community Secretariat does not deliver a note before the deadline, it shall be deemed not to have objections to the Agency's decision on the provisional certification of the transmission system operator.

According to art. 27 par. 6. within no more than two months after receipt of the Energy Community Secretariat's opinion on the fulfillment by the transmission system operator of the certification conditions, the Agency shall adopt the decision on the certification of the transmission system operator, taking into account the opinion of the Secretariat Energy Community.

The Agency's decision on the certification of the transmission system operator and the opinion of the Energy Community Secretariat shall be published in accordance with Art. 27 par. (7) of the Law on Electricity in the Official Gazette of the Republic of Moldova, on the official websites of the Agency and of the Energy Community. If the Agency's decision on the

certification of the transmission system operator differs from the opinion of the Energy Community Secretariat, the Agency shall indicate and publish with it the reasons underlying its divergent decision and also accordingly informs the Energy Community Secretariat.

Under Article 27 (8) of the Law on Electricity, the Agency and the Energy Community Secretariat may, within the framework of the certification procedure, require the transmission system operator, producers and suppliers to provide any necessary information regarding the certification of the transmission system operator. The Energy Community Secretariat and the Agency are under the obligation not to disclose information that constitutes trade secret.

Paragraph (9) of art. 27, specifies that the transmission system operator shall be deemed to be certified only after the publication in the Official Gazette of the Republic of Moldova of the decision on certification adopted by the Agency upon completion of the procedure specified in this article.

Under Art. 27 par. (10) of the Law on Electricity, upon completion of the certification procedure, at the request of the transmission system operator or on its own, the Agency shall decide to issue of a new license for electricity transmission or to update of the license issued to the transmission system operator until the entry into force of the law hereto.

II. Certification process

1. Based on Art. 27 par. (2) of the Law on Electricity on October 16, 2018 "Moldelectrica" S.E. filed to ANRE the request for certification as an electricity transmission system operator. By letter of November 12, 2018, the Agency requested the submission of the relevant information for the certification procedure with a detailed description of the list of documents and the necessary information, based on the provisions of Art. 27 par. (8) of the Law on Electricity, according to which the Agency is entitled to require the transmission system operator any information required for certification.

On December 10, 2018, "Moldelectrica" S.E. provided the information requested by the Agency. As a result of their examination, essential omissions were found in the list of submitted documents. Based on the fact that the submitted information was found by the Agency as insufficient to confirm the independence of TSO, ANRE repeatedly requested on January 10, 2019 the submission of the necessary documents and information.

On February 05, 2019, TSO additionally presented a set of documents meant to confirm the independence and capacity of "Moldelectrica" S.E. to be designated and certified as an electricity transmission system operator.

Thus, according to art. 27 paragraph (3) of the Law on Electricity, the 4-month deadline for the Agency to adopt the decision on the provisional certification of the transmission system operator started on February 5, 2019, when all the documents and information relevant to the certification process were submitted.

2. The Agency has received from "Moldelectrica" S.E. the following documents:

- 1) Application no. 46-39 / 1613 of October 16, 2018 on "Moldelectrica" S.E. certification as an electricity transmission system operator - 1 file, (Annex 1),
- 2) Letter no. 46-39 / 1980 of December 10, 2018 - 1 file, (Annex 2),
- 3) Excerpt from the Register of Legal Entities no. 1927 from February 05, 2018 - 1 file, (Annex 3)
- 4) Personal contact data - 1 file, (Annex 4),

- 5) Description of the owned electricity transmission system - 4 files, (Annex 5),
- 6) List of personnel from the TSO governing bodies - 1 file, (Annex 6),
- 7) List of personnel directly or indirectly controlling the OST - 1 file, (Annex 7),
- 8) Delivery-receipt confirmation of the enterprise from May 02, 2001 - 3 files, (Annex 8),
- 9) Information on the list of production or supply companies controlled by the same entity exercising TSO supervision - 1 file, (Annex 9),
- 10) Information on lack of active enterprises supervised by TSO or TSO leadership - 1 file, (Annex no.10),
- 11) List of fixed assets as of September 30, 2018 - 16 files, (Annex 11),
- 12) Profit Analysis of "Moldelectrica" S.E. - 1 sheet, (Annex no.12),
- 13) Organizational Structure of "Moldelectrica" S.E. - 1 file, (Annex 13),
- 14) Staff classification scheme of "Moldelectrica" S.E. - 45 files, (Annex 14),
- 15) Financial statements for the year 2018 - 26 files, (Annex 15),
- 16) The "Moldelectrica" S.E. letter no. 46-39 / 158 of February 05, 2019 - 2 files, (Annex 16),
- 17) The Ministry of Economy and Infrastructure Order no. 278 of November 15, 2017 regarding the appointment of the board of directors of "Moldelectrica" S.E. - 2 files and the Ministry of Economy and Infrastructure Order no. 246 of May 16, 2018 on the amendment of the Order no. 278 of November 15, 2017 - 3 files (Annex 17),
- 18) Delivery-receipt confirmation of the enterprise from May 02, 2001 - 94 files, (Annex 8),
- 19) Excerpt from financial report 123 "Fixed Assets" - 367 files, (Annex 19),
- 20) Statute of "Moldelectrica" S.E. - 17 files, (Annex 20),
- 21) Regulation of the Board of Directors of "Moldelectrica" S.E. - 3 files (Annex No. 21)

3. During the receipt of the request and the documents submitted by "Moldelectrica" S.E., the Agency has drafted and submitted the following relevant correspondence.

- 1) Letter no. 05/1378 of November 11, 2018 addressed to the "Moldelectrica" S.E. regarding the request for documents relevant to the certification procedure - 2 files, (Annex no 22),
- 2) Letter no. 07/53 of January 10, 2019 intended for "Moldelectrica" S.E. on the repeated request of the documents and information relevant to the certification procedure - 1 file, (Annex 23)
- 3) Letter no. 07/390 of March 29, 2019 intended for the Ministry of Economy and Infrastructure regarding the referral of the Ministry on the member of the Board of Directors of "Moldelectrica" SE - Ms Rotari Irina, who holds the position of member of the Board of Directors at a power generating company - 1 file (Annex 24),
- 4) Letter no. 07/487 of April 13, 2019 regarding the request for the appointment of "Moldelectrica" S.E. representatives to complete the process of describing some technical aspects of the TSO - 1 file, (Annex 25).

4. In order to verify the independence of the TSO, the official website of the National Integrity Authority, the Statement of wealth and personal interests of the members of the "Moldelectrica" S.E. management bodies were accessed:

- 1) Statement of wealth and personal interests of the Chairman of the Board of Directors of "Moldelectrica" S.E. - Sergiu Stratila, - 1 file / 2 files, (Annex 26),
- 2) Statement of wealth and personal interests of the member of the Board of Directors of "Moldelectrica" S.E. - Iurie Eremia, 1 file / 2 files, (Annex 27),

- 3) Statement of wealth and personal interests of the member of the Board of Directors of "Moldelectrica" S.E. - Tatiana Pingari, 1 file / 2 files (Annex 28),
- 4) Statement of wealth and personal interests of the member of the Board of Directors of "Moldelectrica" S.E. - Dorin Gorea, 1 file/ 2 files (Annex 29),
- 5) Statement of wealth and personal interests of the member of the Board of Directors of "Moldelectrica" S.E. - Irina Rotari, 1 file / 2 files (Annex 30),
- 6) Statement of wealth and personal interests of the member of the Board of Directors of "Moldelectrica" S.E. - Elena Matveeva, 1 file / 2 files (Annex 31),
- 7) Statement of wealth and personal interests of the member of the Board of Directors of "Moldelectrica" S.E. – Alisa Martinov, 1 file / 2 files (Annex 32),
- 8) Statement of wealth and personal interests of the member of the Board of Directors of "Moldelectrica" S.E. – Ghennadi Dimov, 1 file / 2 files (Annex 33).

5. For further verification of "Moldelectrica" S.E. independence, the Agency sent to the producers and suppliers of electricity and natural gas from the Republic of Moldova the letter no. 07/484 of April 12, 2019 (Annex 34), requesting the presentation of the information on the management bodies of the company, their structure and their nominal lists. To this request the following materials were received:

- 1) Letter of "Costesti Hydroelectric Node" S.E. - no. 57 of April 17, 2019 and the documents confirming the appointment of the administrator of the enterprise and appointment of the Board of Directors, 4 files (Annex 35)
- 2) Letter of „ENERGOCOM” Joint-stock company no. 730 of April 18, 2019 on the management bodies of the company and confirmatory documents in this respect, 10 files, (Annex 36),
- 3) Letter of "CET-NORD" Joint-stock company no. 01-9748 of April 17, 2019 on the management bodies of the company and confirmatory documents, 15 files, (Annex no. 37)
- 4) Letter of "Moldovagaz" Joint-stock company no. 04 / 2-1166 of May 08, 2019 on the company control bodies - 4 files, (Annex 38),
- 5) Letter of „Furnizarea Energiei Electrice Nord” Joint-stock company no. 04-185 of April 18, 2019 on the control bodies of the company and the confirmatory documents on the establishment of the respective bodies - 10 files / 18 files (Annex no 39),
- 6) Letter of "Termoelectrica" Joint-stock company no. 79/277 of April 25, 2019 on the control bodies of the company and the confirmatory documents regarding the establishment of the respective bodies - 22 files (Annex no 40).

6. From the official website of the "Moldelectrica" S.E. the following information was used:

- 1) Annual Report of "Moldelectrica" S.E. for 2018;
- 2) Independent Auditor's Report for 2018;
- 3) History of enterprise.

III. "Moldelectrica" S.E.

1. On September 28, 1955 in the composition of the "Moldovan Power Station" was created the first high-voltage power plant in the Republic, the "Electricity Network Administration", located in Dubasari city and to which was transferred to management of LEA 110 kV Dubasari –

Chisinau, LEA 110 kV Dubasari – Tiraspol, as well as, the first Tiraspol power substation 110/35/6 kV built in 1955. The "Moldovan Power Station" has been the base of formation of the Moldovan Power Transport System.

From January 01, 1961 Moldovan Power Station was reorganized into the Rayon management energy “Moldavenergo” of the Economic Council of the Moldovan Soviet Socialist Republic, and since January 01, 1963 the increase of the energy capacities has created prerequisites for the formation of a new structure, the Directorate General for and Electrification of the Council of Ministers of the Moldovan Soviet Socialist Republic "Moldglavenergo" - a fact that meant the transition to the branch management principle in the field of electricity, the complete centralization of the electricity production and distribution in the republic.

As a result of the "Moldglavenergo" liquidation on August 29, 1988 there was created Energy and Electricity Production Association "Moldenergo", which on June 15, 1994 by Order of the President of the Republic of Moldova was transformed into State Enterprise "Moldenergo". The next step was the reorganization of "Moldenergo" S.E. in the State Enterprise "Moldtranelectro" on November 13, 1997.

2. The State Enterprise "Moldelectrica" was created by the Government Decision no. 1000 from October 02, 2000 on the establishment of state enterprises in the energy sector", the founder of which is the Ministry of Industry and Energy of the Republic of Moldova, currently the Ministry of Economy and Infrastructure.

"Moldelectrica" S.E. was created by separating the corresponding functional assets of "Moldtranelectro" S.E.. Thus, "Moldelectrica" S.E. was supported by the assets of the High Voltage Electricity Network, the Central Dispatch Center and the Training Center, respectively, carrying out the following activities:

- 1) transmission of electricity through high-voltage electrical networks;
- 2) Centralized Operational Management of the Power System at Central Dispatch Service level;
- 3) exploitation and development of the transmission system for electricity, telecommunications and information technology, in correlation with production and distribution systems;
- 4) ensuring the functioning of the national electricity transmission system in terms of quality, safety, economic efficiency and environmental protection;
- 5) operation of interconnections and international transit of electricity;
- 6) ensuring interconnections and optimum operating conditions in parallel with other countries' power systems;
- 7) running specialized programs to determine the parameters of optimal operation of the national power system;
- 8) performing electricity exchanges with external interconnection partners on the local electricity balancing market to avoid production-consumption imbalances;
- 9) training and improvement of the power sector personnel.

3. From November 1, 2000 within the "Moldelectrica" SE, four branches of the high voltage power grids were established: RETI Center Branch in Vatra, RETI South Branch in Comrat, RETI North Branch in Balti and North-Western RETI Branch in Donduseni. In addition, the 5th branch was also created as a Training Center.

Following the change in the enterprise structure in 2008-2009, it was divided into five departments:

- Central Dispatch Department;
- Electricity transmission department;
- Economic and Financial Department;
- Human resource Department;
- Administrative Department.

4. On April 01, 2009 the Training Center subsidiary was liquidated, and on its basis within the Enterprise was established the Structure Subdivision Training Center.

5. "Moldelectrica" SE is the holder of the power transmission license, AA series no. 064574 issued on April 20, 2001 (updated on June 10, 2008) and valid until April 20, 2026.

At present, the main activities of the enterprise are:

- central dispatching activity;
- transmission of electricity;
- training and improving the staff in the power sector.

6. Governing bodies and their competencies

1) The company's management is carried out in accordance with Law no. 246 of November 23, 2017 on the State Enterprise and the Municipal Enterprise, Statute of "Moldelectrica" S.E. of November 07, 2007 and the Regulation of the Board of Directors of "Moldelectrica" S.E. no. 34 of November 07, 2007.

The Agency finds that the Statute of the Enterprise and the Board of Directors of the "Moldelectrica" S.E. were elaborated and approved on the basis of the provisions of Law 146-XIII of June 16, 1994 on the state enterprise, which was repealed on December 22, 2017. Thus, the constitutive act and the Regulation of the Board of Directors apply in the part in which it does not contravene the Law no. 246 of November 23, 2017.

In accordance with Annex no. 3¹ to the Government Decision no. 690 of August 30, 2017 "On the organization and functioning of the Ministry of Economy and Infrastructure", the Ministry of Economy and Infrastructure exercises the founder functions of "Moldelectrica" S.E.

2) The governing bodies of the enterprise are as follows:

A. **Founder of the enterprise:** Ministry of Economy and Infrastructure;

The founder exercises the rights of manager of the enterprise through the Board of Directors and the Administrator (executive body). The Founder concludes with the Company's Administrator a contract for the transfer of state property in operational management and authorization to undertake the entrepreneurial activity.

The main attributions of the founder are:

a) approves the statute of the enterprise, the regulation of the Board of Directors and of the censors commission;

b) decides on the modification of the company's share capital, upon proposal of the Board of Directors;

c) appoints and revokes the president and the members of the Board of Directors, the members of the censors commission, determines the numerical composition of the Board of Directors and of the censors commission, determines the monthly remuneration of the administrator, the president, the members of the Board of Directors and the censors commission.

- d) expresses prior consent to the sale of the unused assets of the enterprise;
- e) expresses the consent to the lease or rent of the unused assets in the enterprise's activity, decides how to select the lessee and coordinates the lease / rent contracts and the commodity contracts;
- f) expresses agreement on the disposal of the assets in relation to the fixed assets;
- g) expresses the prior agreement for the pledging of the company's assets in order to obtain bank credits;
- h) expresses the prior agreement for the acquisition by the enterprise of goods whose market value represents over 25% of the value of its net assets, according to the latest annual financial statements, or exceeds 400,000 MDL;
- i) confirms the audit entity selected by the Board of Directors;
- j) appreciates the activity of the Board of Directors and the administrator on the basis of the annual report on the activity of the Board of Directors, the administrator and the economic and financial activity of the enterprise;
- k) approves the distribution of the enterprise's annual net profit;
- l) and other duties stipulated in the Statute.

B. The Board of Directors of the Enterprise, designated by Order of the Ministry of Economy and Infrastructure (hereinafter MEI) no. 278 of November 15, 2017 and amended by Order no. 246 of May 16, 2018, currently consists of 7 members, as follows:

President

- Sergiu Stratila, Head of the Internal Audit Service, MEI

Members

- Iurie Eremia, Director of the Consumer Protection Agency and Market Surveillance;
- Tatiana Pirgari, Principal Consultant in the Economic Policy and Business Division, MEI;
- Dorin Gorea, Counselor in the MEI Cabinet;
- Irina Rotari, Principal Consultant in the Energy Policy Division, MEI;
- Alisa Martinov, senior consultant in the Energy Policy Division, MEI;
- Elena Matveeva, Chief of General Debt Directorate, Ministry of Finance.

The Board of Directors is the collegiate management body of the enterprise with a maximum of 7 members and a minimum of 3, depending on the economic and financial indices, representing the interests of the deliberative state and operating in accordance with the legislation in force, the Statute and the Regulation of the Board of Directors.

The member of the Board of Directors shall be appointed by the founder for a term of 2 years and may be any natural person meeting the minimum requirements set by the latter.

Board members may be appointed for a new term. The Chairman of the Management Board is a member of the Management Board.

The selection criteria for the members of the Board of Directors are established by Law no. 246 of November 23, 2017 on the State Enterprise and the Municipal Enterprise.

The members of the Board of Directors exercise their duties in conjunction with their basic function and are liable to the enterprise for damages resulting from the implementation of decisions taken by them in violation of the legislation, the statute of the enterprise and the

Regulation of the Board of Directors. The member of the Board of Directors of the enterprise that voted against such a decision shall be exempt from damages if the disagreement has been recorded in the minutes of the hearing or he has presented a separate opinion in the minutes. The member of the Board of Directors shall be exempt from repairing the damage caused during the performance of his duties if he acted in accordance with the written instructions of the founder whose authenticity could not be called into question.

The resignation or revocation of the member of the Board of Directors does not exempt him from the obligation to make good the damage caused by his fault.

The main tasks of the Board of Directors are as follows:

- a) approves the plan of the enterprise and monitors its execution;
- b) establishes the enterprise performance indicators and the evaluation criteria, taking into account the specificity and scope of activity;
- c) presents proposals to the founder to improve the management and efficiency the activity of the enterprise;
- d) examines the annual report of the manager on the economic and financial activity of the enterprise;
- e) submits to the founder the yearly report on his activity;
- f) applies measures to ensure the integrity and efficient use of the assets of the enterprise, including making decisions on whether to sell or lease or lease the unused assets of the enterprise, on the opportunity to write off fixed assets, to pledge assets to obtain bank loans, to grant sponsorship;
- g) after receiving the prior agreement of the founder, approves the minimum selling price of the unused asset whose market value is over 25% of the net asset value of the enterprise;
- h) monitors litigation and informs the founder;
- i) examines the audit body's reports, the auditor's report and the management's letter issued by the audit entity, and approves the action plan to remove the identified breaches;
- j) approves the annual earnings and expense estimate, the enterprise staff and the salary fund;
- k) examines quarterly the manager's report on the economic and financial activity of the enterprise;
- l) submits to the founder proposals for awarding and sanctioning the administrator;
- m) submits to the founder proposals regarding the modification of the share capital, regarding the modification and completion of the company's statute;
- n) selects by contest the nomination of the administrator and proposes it to the founder for appointment;
- o) coordinates and submits to the founder for approval the proposal to allocate the annual net profit of the enterprise;
- p) approves decisions on the actual salary ceiling of the state enterprise administrator, subject to limitation, for the current year;
- q) selects the audit entity to perform the mandatory audit of the annual financial statements;
- r) approves the acquisition by the enterprise of goods and services whose market value constitutes more than 25% of the net asset value of the enterprise, according to the latest financial statement, or exceeds 400,000 MDL;
- s) approves internal regulations related to the business.

The Board of Directors has no right to intervene in the operational activity of the administrator, except in the cases provided for by the legislation, the Statute and the Regulation of the Board of Directors.

The powers of a member of the Board of Directors shall cease upon the expiry of the term for which it was constituted upon the revocation by the founder of the initiation of the insolvency / liquidation procedure of the enterprise, as well as upon its request.

Decisions of the Board of Directors shall be adopted by a majority of the members of the Board.

C. The administrator of the enterprise - Ghennadi Dimov.

The administrator is the unipersonal executive body of the enterprise.

The administrator's basic duties are as follows:

- a) manages the business and ensures the efficient operation of the enterprise;
- b) acts without power of attorney on behalf of the enterprise;
- c) represents the interests of the enterprise in relations with natural and legal persons, public authorities, with law enforcement bodies and grants such powers to other representatives of the enterprise;
- d) ensures the execution of the decisions of the founder and of the Board of Directors;
- e) ensures the audit of the annual financial statements and concludes the audit contract with the audit entity, selected by the Board of Directors;
- f) submit to the Board of Directors the information on the results of the controls carried out by the competent authorities, including the deficiencies identified, as well as the action plan to correct the deviations and to remedy the deficiencies identified;
- g) report quarterly to the Board of Directors on the results of the work;
- h) presents to the founder and to Board of Directors the annual report on the results of the economic and financial activity of the enterprise, the auditor's report;
- i) present to the Board of Directors the Draft Income and Expenditure Plan of the enterprise, the draft staff for the next year to the manager;
- j) submit to the Board of Directors proposals for the allocation of the company's annual net profit;
- k) concludes contracts, issues powers of attorney, opens accounts with banks, employs enterprise staff;
- l) ensures the development of the business plan and submits it for approval to the Board of Directors;
- m) ensures the integrity, efficient use and development of enterprise assets;
- n) submit quarterly information to the Board of Directors on disputed cases;
- o) requires the prior agreement of the founder and the Council's decision on the acquisition by the enterprise of goods and services whose market value is over 25% of the net asset value of the enterprise according to the latest financial statement or exceeds 400,000 lei;
- p) publishes the procurement plan and ensure compliance with the principle of transparency of procurement procedures for goods, works and services designed to cover both needs and the provision of technical-material basis and training of the production program of the enterprise;

q) ensures the transfer to the state budget of the breakdowns of the annual net profit established by the founder;

r) carries the responsibility for non-execution or non-compliance with the duties set out in the individual work contract of the manager.

Currently, the founder did not designate in the "Moldelectrica" S.E. a censor board.

3) In order to exclude any touching point and possible implications or indirect exercises of the control exercised by the persons exercising the principle of the institutional hierarchy, the control over the central specialized bodies was subject to extensive analysis of the primary and secondary legislation regulating the activity of the Government of the Republic of Moldova and the central specialized public administration as well as the legislation on privatization and management of public property. As a result of the study we found the following.

Article 26 (5) of the Law no. 107 of May 27, 2016 on electricity, stipulates that *"If the person or persons referred to in paragraph (2) art. 26 of Law no. 107 of May 27, 2016, is a central specialized body of public administration, both central bodies of public administration exercises control over separate transmission system operator or the electricity transmission network, on the one hand, and over an undertaking who performs one of the production or supply activities, on the other hand, is not considered to be the same person or of the same person.*

In art. 2 par. (1) of the Law no. 246 of November 23, 2017 regarding the state enterprise and the municipal enterprise stipulates that the position of founder of the state enterprise on behalf of the Government is exercised by the Public Property Agency, subordinated to the Government.

However, by Government Decision no. 806 of August 01, 2018 was amended the Government Decision no.690 of November 06, 2017 on the organization and functioning of the Ministry of Economy and Infrastructure, including the part of the list of state enterprises in which the MEI performs the founder functions so that, currently the Ministry is the sole founder of "Moldelectrica" S.E. and "CET-Nord" Joint-stock company, "Termoelectrica" Joint-stock company - license holders for the power generation business, "Northern Power Supply" Joint-stock company - license holder for power supply and "Moldovagaz" Joint-stock company - the license holder for natural gas supply, included the list of companies in which the Public Property Agency performs its position as founder according to Government Decision no. 902 of November 06, 2017 on the organization and operation of the Public Property Agency.

In this way, despite the exception set out in Article 26 (5) of the Law no. 107 of May 27, 2016 on electricity, the Government ensured the independence of the TSO by excluding the direct or indirect exercise of control by MEI as the founder of "Moldelectrica" S.E. and other undertakings which carry out activities for the production or supply of electricity or natural gas.

At the same time, according to the Action Plan for reforming the electricity sector, approved by Law no. 150 of July 20, 2018 for the ratification of the Loan Agreement between the Republic of Moldova and the European Bank for Reconstruction and Development on the implementation of the project "Interconnection of the electricity networks between the Republic of Moldova and Romania, Phase I" until December 31, 2020 is to be finalized the corporatization of the enterprise and, respectively, the change of its organizational-legal form from the state enterprise into the joint stock company.

Ministry of Economy and Infrastructure as the founder of "Moldelectrica" S.E. exercises its attributions in relation to TSO within the limits expressly provided by Law no. 246 of November 23, 2017 on the State Enterprise and the Municipal Enterprise.

In order to exclude possible implications from the Government (Prime Minister) in the TSO, the following aspects were analyzed.

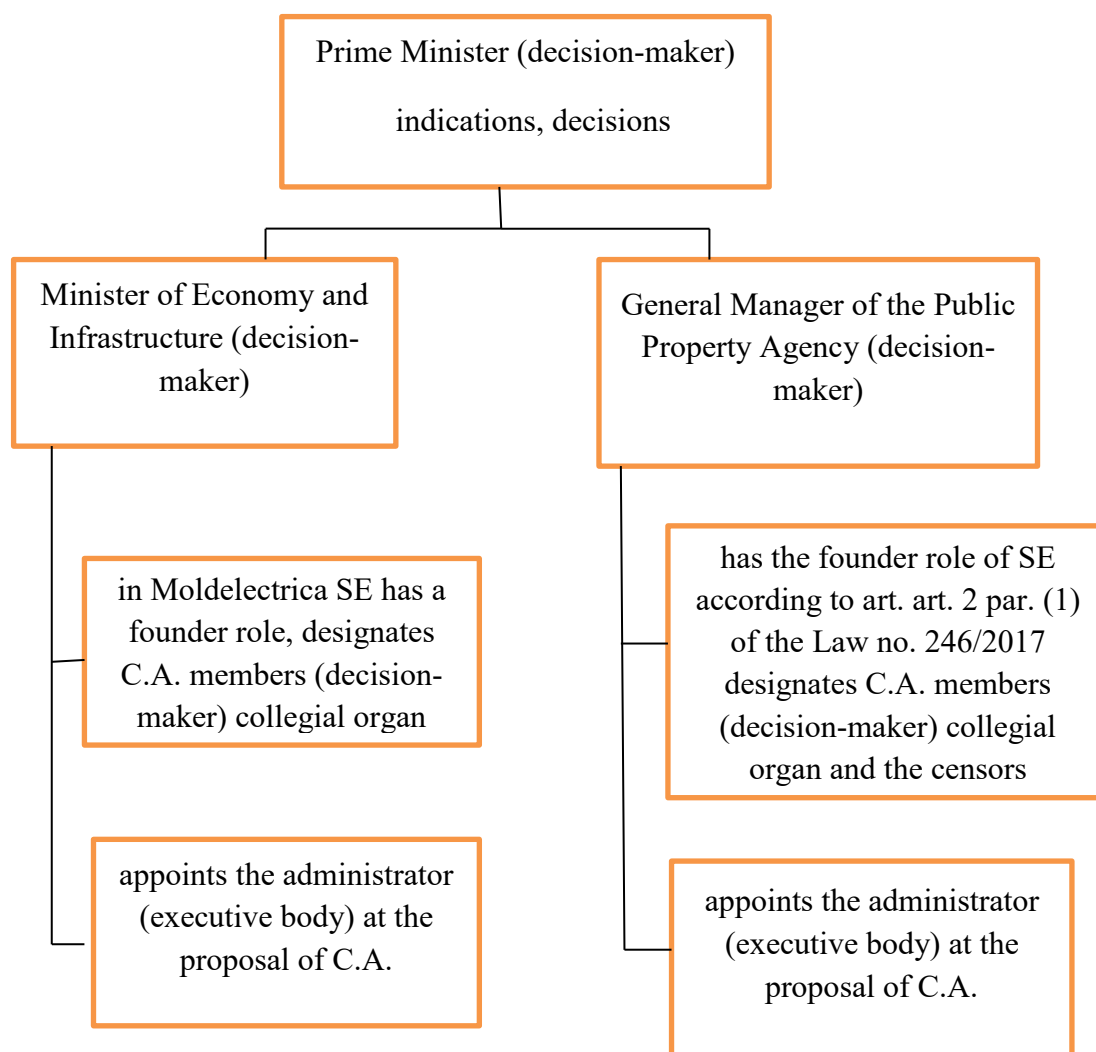
According to art. 22 of Law no. 136 of July 7, 2017 regarding the Government, the Prime Minister directs the Government and coordinates the activity of its members, taking into consideration his competencies. According to par. (2) let. h) of the mentioned article, one of the duties of the Prime Minister is to issue decisions on the organization of the activity of ministries and other central administrative authorities and organizational structures within their sphere of competence.

According to art. 22 of Law no. 98 of May 04, 2012 on the central specialized public administration, in its activity, each ministry or other central administrative authority is governed by the Constitution of the Republic of Moldova, the Law on Government and other legislative acts, the decrees of the President of the Republic of Moldova, ordinances, decisions and provisions of the Government, as well as, its organization and functioning regulations approved by the Government.

Art. 6 of the Law no. 121 of May 04, 2007 on the administration and privatization of public property, establishes strictly the powers of the Government in the administration of public property. One of the powers of the Government established by art. 6 par. (1) let. e) of Law no. 121 of May 04, 2007, it is the adoption of the decisions on exercising the function of supervising the activity of the respective enterprises.

According to art. 7 par. (2) let. c) of Law no. 246 of November 23, 2017 on the state enterprise and the municipal enterprise, the founder appoints and revokes the president and the members of the Board of Directors. Paragraph 3 of the same article stipulates that the founder of the state enterprise appoints and deprives the state enterprise administrator from his position, on the proposal of the board of directors. The founder of the state enterprise handles the duties of administering the patrimony and carrying out the entrepreneurial activity to the administrator on the basis of the individual labor contract.

Below is the organization chart which reflects the hierarchical decision-making structure, starting with the government's leadership to the state-owned enterprise.



Analyzing the structure of the decision-makers on the hierarchical line from the Prime Minister to the administrator of the state enterprise, it is found that the Board of Directors of SE is not directly subordinate to the Government. Moreover, the Administrative Council of SE is a collegial management board, established in accordance with Law no. 246 of November 23, 2017 on the state enterprise and the municipal enterprise and is made up of an odd number of members who issue resolutions in ordinary or extraordinary meetings with the majority vote of the members and the sessions of the Council are recorded in minutes which shall be signed by all the members of the board who attended the meeting. This procedure, explicitly stipulated by the Law, comes to ensure a high degree of transparency in the decision-making process of state enterprises, excluding any implications or interference of third parties, each member being responsible for the decisions taken.

Analyzing the list of members of the "Moldelectrica" S.E.'s Board of Directors for the purpose of assessing their independence, including potential conflicts of interest due to participations in undertakings active in the production or supply of electricity or natural gas and measures taken to ensure compliance with the requirements of Art. 26 par. (2) of the Law no. 107 of May 27, 2016, it was found that, in order to comply with the legal norms mentioned, the Ministry of Economy and Infrastructure has made changes in the structure of the "Moldelectrica" S.E.'s Board of Directors, through Order no. 246 of May 16, 2018 and substituted its president and two other members, so that persons called to be compatible with legal requirements.

Furthermore, Art. 21 par. (2) of the Law no. 174 of 21.09.2017 on energy, stipulates that central specialized authorities, other central public administration authorities, regulators, other public authorities, local public administration authorities, non-commercial organizations are not entitled to:

- a) interfere in the activity of the energy enterprises;
- b) distract the staff of the energy enterprises from performing their duties;
- c) be involved in the contractual relations between energy companies and consumers, system users, with the exceptions set out in the Energy Law and Sectoral Laws.

At the same time, Ms. Rotari Irina, Principal Consultant within the Energy Policy Division, MEI, was found to hold a member of the Board of Directors at "Termoelectrica" Joint-stock company, holder of license series AR no. 000653 dated June 10, 2008 issued for the activity of electricity production.

With reference to this topic, the Agency informed the Ministry of Economy and Infrastructure by letter no. 07/390 of March 29, 2019 on the need to take the measures required by the legislation in order to ensure compliance with the provisions of art. 26 par. (2) of the Law no. 107 of May 27, 2016.

As a result, at the Annual General Meeting of Shareholders of "Termoelectrica" Joint-stock company on May 29, 2019, it was decided to elect the new members of the Council of the Society, with the exclusion of Ms Rotari Irina, Principal Consultant in the Energy Policy Division, MEI.

7. Staffing

The organizational structure of the enterprise provides a staff of 1380 units. According to the situation on January 1, 2019, the number of the company's staff was 1364 people. Out of the total staff number, 9 employees have a general management role within the enterprise, 207 employees manage the subdivisions, 393 employees perform administrative tasks and 755 employees perform the operational activity. The company is 98% staffed. Of the total number of enterprise employees, 15% hold management positions. This structure allows the efficient administrative provision of the subdivisions of the enterprise and of the enterprise as a whole, as well as, the qualitative and timely fulfillment of the attributions and tasks imposed on the function.

Every second employee of the company is a certified specialist, each seventh is a manager, which confirms the high level of skills of the staff in general. 63% of the company's employees possess special higher and secondary education. Generally, the level of qualification of the staff corresponds to their tasks and competences.

Professional development of employees, studies

Unfinished secondary education – 55 people,
Secondary education (and vocational schools or courses) – 436 people,
Colleges – 293 people,
Unfinished higher education – 3 people,
Short-term higher education – 40 people,

Higher education – 535 people,
Total: 1364 people

The number of employees aged between 30 and 49 is 209 units higher than those aged 50-59.

The number of employees for the year 2018 compared to the previous year decreased by 11 people. During the year 2018, 140 people left the job and 129 people were employed. This was mainly due to the transfer of retirees on a fixed-term contract basis.

The production activity of the Training Center, in 2018, was based on the training plan of the "Moldelectrica" SE personnel and the advanced training plan, approved by the Order of the General Manager no. 411 of December 19, 2017, as well as, through agreements with other companies in the energy sector, external organizations and individuals. In 2018, 1,045 employees of "Moldelectrica" SE were trained.

8. Description of the electricity transmission networks

1) "Moldelectrica" S.E. carries out its activity of transmission of electricity throughout the territory of the Republic of Moldova, consisting of 4 specialized branches, which are not legal persons. The activity of transporting electricity through transport networks consisting of high and very high voltage power stations and lines. RET is the national and strategic electricity network with a nominal line voltage of 35 kV and higher.

Electric installations managed by "Moldelectrica" SE are:

- 183 electrical transformer stations (SE) 10 - 400 kV,
- 4704,41 km overhead electric lines (LEA) 35 - 400 kV,
- Transformer and autotransformer units with total installed power of 5071,8 MVA, as follows:

- 2×250 MVA
- 7×200 MVA
- 1×125 MVA
- 2×63 MVA
- 4×55 MVA
- 13×25 MVA
- 60×16 MVA
- 44×10 MVA
- 119×6,3 MVA
- 1×5,6 MVA
- 31×4 MVA
- 5×3,2 MVA
- 31×2,5 MVA
- 1×1,6 MVA
- 1×1 MVA
- 1×0,4 MVA

In order to comply with the quality of service conditions imposed by the Technical Norms of the Electricity Transmission Networks and Associated to the License for Electricity Transmission and Supply of System Services, "Moldelectrica" S.E. carries out a rigorous

maintenance program to maintain the technical state of the electrical installations at the "Moldelectrica" S.E.

The main purpose of the maintenance program is to increase the operational safety of the RET in order to avoid situations that may lead to unintentional accidental events for both the electricity and the population or the environment.

2) **Branch "North-West RETI"** assures the operative management of high voltage electrical networks, transport of electricity through 35-330 kV networks, exploitation and development of RETI in the northwest of the Republic of Moldova (Donduseni, Sorooca, Drochia, Edinet, Briceni, Ocnita).

At the branch's balance there are:

a) 43 substations with a total power of 560,7 MVA, of which:

- 6 substations 110/35/10 kV - 198 MVA;
- 17 substations 110/10 / kV - 222.0 MVA;
- 1 substation 110/6 kV - 12.6 MVA;
- 15 substations 35/10 kV - 103.8 MVA;
- 1 substation 35 / 10-6 kV - 10.3 MVA;
- 1 substation 35 / 6-0,4 kV- 4,4 MVA;
- 1 substation 35/6 kV - 4 MVA;
- 1 substation 10/6 kV - 5.6 MVA.

b) 821,598 km of track lines including:

- LEA 330 kV - 88 km;
- LEA 110 kV - 501,598 km;
- LEA 35 kV - 232 km.

3) **Branch "RETI Nord"** assures the operative management of high voltage electrical networks, transportation of electricity through 35-330 kV networks, exploitation and development of RETC in the northern part of the Republic of Moldova (Balti municipality, Glodeni, Falesti, Ungheni, Singerei, Floresti, Rezina, Soldanesti, Riscani).

At the branch's balance there are:

a) 59 substations with a total power of 1361.4 MVA, of which:

- 1 substation 330/110/10 kV- 600,0 MVA;
- 11 substations 110/35/10 kV- 291,6 MVA;
- 19 substations 110/10 kV- 292,5 MVA;
- 1 substation 110/10-6 kV- 16,3 MVA;
- 23 substations 35/10 kV- 132,7 MVA;
- 4 substations 35/10-6 kV- 28,3 MVA.

b) 821,598 km of track lines including:

- LEA 330 kV - 48,65 km;
- LEA 110 kV - 676,32 km;
- LEA 35 kV - 367,96 km.

4) The **branch "South RETI"** assures the operative management of the high voltage electrical networks, the transportation of electricity through the 110-400 kV networks, the exploitation and development of RETC in the southern part of the Republic of Moldova (Cimislia, Basarabeasca, Comrat, Leova, Cantemir, Taraclia, Ciadir-Lunga, Vulcanesti, Cahul).

Additionally, there is the 400 kV Vulcanesti LEA - "Moldovan Power Station" which partially passes through the territory of Ukraine but is managed and operated by the "Moldelectrica" SE.

At the branch's balance there are:

a) 34 substations with a total power of 1063,1 MVA, of which:

- 1 substation 400/110/35 kV- 500,0 MVA;
- 8 substations 110/35/10 kV- 240 MVA.
- 25 substations 110/10 kV – 323,1 MVA;

b) 989,57 km of track lines including:

- LEA 400 kV - 203 km;
- LEA 110 kV - 755,27 km;
- LEA 35 kV - 31,3 km.

5) The **branch "Center RETI"** assures the operative management of the high voltage electrical networks, the transportation of electricity through the 35-330 kV networks, the exploitation and the development of RETC in the central area of the Republic of Moldova (Straseni, Calarasi, Nisporeni, Telenesti, Orhei, Hincesti, Ialoveni, Stefan-Voda, Causeni, Anenii Noi).

Within the mentioned branch there are:

a) 47 substations with a total power of 1740,2 MVA, of which:

- 1 substation 330/110/35 kV – 525 MVA;
- 1 substation 330/110/10 kV- 400 MVA;
- 14 substations 110/35/10 kV- 378 MVA;
- 25 substations 110/10 kV- 345,7 MVA;
- 3 substations 110/10-6 kV- 54,9 MVA;
- 1 substation 110/6 kV- 26 MVA;
- 1 substation 35/10 kV- 8 MVA;
- 1 substation 35/6-0,4 kV- 2,6 MVA.

b) 1149,71 km of track lines including:

- LEA 330 kV - 240,69 km;
- LEA 110 kV - 888,51 km;
- LEA 35 kV - 20,51 km.

In addition to the figures presented in the process of elaboration are the following development projects:

- Back-to-Back Vulcanesti Station (2x300 MW) (to be commissioned in 2023);
- LEA 400 kV Vulcanesti-Chisinau with a length of approx. 158 km (planned start-up for 2023).

6) *Electrical interconnections with other countries' power systems*

Electrical interconnections with other countries' power systems include 7 LEA 330 kV and 11 LEA 110 kV with Ukraine, 4 LEA 110 kV and a 400 LEA kV with Romania.

The overhead electric power lines (LEA) of Ukraine's SEU interconnection:

Southern Power System (SE) South (Odessa):

- LEA 330 kV CERS Moldovan – Novoodeskaia

- LEA 330 kV CERS Moldovan – Usatovo
- LEA 330 kV CERS Moldovan- Podolskaia
- LEA 330 kV CERS Moldovan – Artiz
- LEA 330 kV Podolskaia - Ribnita 1
- LEA 330 kV Podolskaia - Ribnita 2
- LEA 110 kV CERS Moldovan- Beleaevka
- LEA 110 kV CERS Moldovan – Razdelinaia
- LEA 110 kV CERS Moldovan – Starokazacie
- LEA 110 kV Vasilievka- Kr. Ocn
- LEA 110 kV Vulcanesti - Bolgrad 1
- LEA 110 kV Vulcanesti - Bolgrad 2
- LEA 35 kV Etulia – Nagornaia

South-West Power System (Vinita city):

- LEA 330 kV Balti - CHE Dnestrovsk
- LEA 110 kV UZ Briceni - CHE Dnestrovsk
- LEA 110 kV Ocnita – Sahti
- LEA 110 kV Otaci – Nemia
- LEA 110 kV Larga – Nelipovti
- LEA 110 kV Poroghi – Soroca
- LEA 10 kV Mamaliga – Criva

The overhead electric lines (LEA) for interconnection with power system of Romania:

- LEA 400 kV Vulcanesti – Isaccea
- LEA 110 kV Costesti – Stinca
- LEA 110 kV Ungheni – Tutora
- LEA 110 kV Cioara – Husi
- LEA 110 kV Gotesti – Falciu

7) *Relations with Transnistrian electricity companies*

"Moldelectrica" S.E. carries out the operative management and dispatching of the transport system in the Transnistrian region, but does not own any electric transport networks in this region; the operation of the Transnistrian region's transport network is carried out by the SE „Dnestrenergo”.

8) *Transmission System Operator Tasks*

"Moldelectrica" S.E. is the only power company specializing in the provision of electricity transmission services and dispatching the power system of the Republic of Moldova.

As part of its activity, the Transmission System Operator provides two basic tasks, namely:

- transmission of electricity;

- implementation of a single operative-technological management of the energy system of the Republic of Moldova.

The transmission electricity is performed in accordance with the License Conditions, Law no. 107 of May 27, 2016 on Electricity, Electricity Market Rules and Technical Standards of Transmission Electric Networks.

To this end, "Moldelectrica" S.E. realizes:

- minimal service, modernization, rehabilitation and extension of transport networks;
- according to established parameters ensure reliable operation of the energy system of the Republic of Moldova and the quality of electricity;
- monitoring the real technical condition of electricity installations, including investigations of breaches affecting the reliability of the system;
- the management of electricity flows in electricity transmission networks;
- operation in parallel with the SEU of Ukraine.

In the framework of the unique operational and technological management of the power system of the Republic of Moldova "Moldelectrica" S.E. fulfills:

- Coordination of optimal load curves for power stations, electricity grids and consumers;
- calculation of electrical regimes;
- controlling the electrical frequency, ensuring the functioning of the system of automatic control of the frequency of electric current and power, of system automation and of emergency;
- training, maintaining, increasing the professional level of staff.

9) *Systems within the "Moldelectrica" S.E.*

a) Operational Dispatch Control System - EMS/SCADA refers to time-real-time information systems and all the elements needed to support the relevant operational activities and functions used to automate the transmission of electricity at the dispatch centers and control rooms. EMS / SCADA improves the information provided to operators from dispatcher centers, field team staff, management, and entities connected to transmission electric networks, such as distribution system operators, electricity producers, etc. The EMS / SCADA system provides the following major functions for "Moldelectrica" S.E.

- Real-time SCADA monitoring and control functions (remote control)
- advanced network applications (EMS), including network modeling,
- maintenance management, including field and resource management;
- management of works.

The EMS / SCADA system supports the automation, protection and control systems in the power stations. At the dispatcher centers, on-line data and information on the current state of the transmission networks purchased through the RTUs installed in the stations of the transmission network are available.

At the Dispatch Centers, on-line data and information on the current status of transmission networks purchased through RTUs installed in all stations in the transmission network are available. The electric transport network is operated and controlled via remote switches at the

dispatch centers. Also, the EMS / SCADA systems provide the operators of the dispatch centers with relevant information on power flows / flows in the grid, both during the normal operation of the grid and in emergency situations.

b) Metering systems and monitoring of the quality of electricity. To ensure the functionality of electricity metering systems and to monitor them, "Moldelectrica" S.E. performs the following basic tasks:

- Technical servicing of the components of the electricity metering system, both at the points of delineation with the adjacent SE of Romania, Ukraine as well as, with the State Enterprise „Dnestrenergo”, and at the boundary with the REDs (currently the electricity grid in the network the distribution is performed at the 10 kV connection cells;
- Control of the compliance of the electrical energy measurement systems with the requirements of the normative documents;
- Managing electricity metering systems for commercial and technical purposes:
 - reading the indications of the electric meters;
 - calculation and analysis of energy losses in the RET of "Moldelectrica" S.E.
- to end-users' objectives, the installations for which they are connected to the RET;
- to the objectives of the electricity producers in the SEE constitution of the Republic of Moldova;
- at the stations of the energy system of Ukraine and Romania, SE „Dnestrenergo” at the points of connection with "Moldelectrica" S.E.
 - the calculation and analysis of the admissible and de facto values of the technological consumption of electric energy conditioned by the transit of electricity through the "Moldelectrica" S.E network, in the electricity networks of CET-1, CET-2- 2 and CET-Nord during the stationary period of the power plants, as well as in the medium and low voltage lines, through which the end-users are connected to the RET.

c) Telecommunication system.

Now, the corporate data transmission and IP telephony network is based on VPN channels leased from operators and its own cable lines, made with copper or fiber optic conductors. The network organized by "Moldtelecom" Joint-stock company based on CDMA wireless technology serves for data transmission channels from recording devices and telecommunication systems such as "Granit-Micro". Ten telephone stations provide dispatcher and automatic dispatcher communication. An IP telephony backup system was organized to ensure dispatcher communication.

In 2016, the Stells Line complex, consisting of 20 servers and an assembly of GSM network communication airlocks, was put into operation to record operative calls to dispatchers from dispatch centers of different hierarchical levels. At present, this complex ensures the recording of calls from all types of terminals (IP, GSM, analog, etc.). At the same time, the PHOBOS complex is also in operation for the recording of the dispatch calls at the Central Dispatch through the Minicom DX-500 Dispatch Station.

140 telemetric units of the Granit-Micro type and 32 RTU units 560 are used for the integration of objects in the telemechanics and data transmission system in the SCADA system. Within the enterprise is used the information complex based on analog telemecan equipment, intended for the transmission of data through high frequency channels from the joint enterprises

located on the left bank of the Nistru river. We continue to renovate and install new digital transducers on a large scale to increase the accuracy of the results obtained.

All digital telecom equipment is supplied with power: Online UPS installations, 48 V built-in battery packs, inverters and diesel generators. Additional ELTEC accumulator battery systems with 220 V continuous voltage and CAT50-220 installations are used in the system to supply the machine with continuous voltage.

10) Audit

In order to implement the provisions of art. 89 par. (1) of the Law on Electricity no. 107 of May 27, 2016, "Moldelectrica" S.E. underwent auditing by an independent auditing company - ICS Baker Tilly and Partners, the financial statements for 2018 in accordance with the terms and conditions laid down in the legislation and published its results on its official website.

According to the Audit Report, the individual financial statements provide a true and fair view of all the significant aspects of "Moldelectrica" S.E.'s individual financial position for the reported year and its financial results and cash flows for the year ended December 31, 2018 in accordance with the National Accounting Standards.

CONCLUSION:

On the basis of the information and evidence presented in the procedure for requesting the certification of the electricity transmission system operator in the light of Articles 25-27 of Law no. 107 of May 27, 2019 on electricity has been ascertained:

- 1) "Moldelectrica" S.E. is the owner of Moldova's electricity transmission network,
- 2) The Ministry of Economy and Infrastructure is the founder of "Moldelectrica" S.E. and ensures independence in the decision-making for selection of a supervising body or of the Board of Directors of the enterprise and cannot accept instructions or recommendations from the Government or from central public administration authorities that control the suppliers and producers electricity and natural gas,
- 3) "Moldelectrica" S.E. is not part of a vertically integrated electricity undertaking.
- 4) "Moldelectrica" S.E. is licensed to carry out the electricity transmission activity.
- 5) "Moldelectrica" S.E. does not carry out other activities in the electricity or natural gas sectors and is independent from other electricity or natural gas undertakings,
- 6) The central specialized authorities, other central public administration authorities, regulators, other public authorities, local public administration authorities, non-commercial organizations do not have the right to interfere in the activity of the energy enterprises, to distract the staff of the energy enterprises from performing their duties, to be involved in the contractual relations between energy companies and consumers, and system users.
- 7) During the period 2000-2019, it carried out the activity of electricity transmission, providing electricity transmission services to power market participants in compliance with the provisions of the law and regulatory normative acts at tariffs approved by ANRE.

Considering the above, the National Agency for Energy Regulation has established that "Moldelectrica" S.E. fully meets the requirements for the designation and certification of the electricity transmission system operator.