

No.48662/16.08.2019

Submitted for review in the OGMS of 26.09.2019

REPORT

on the degree of fulfilment of the Investment program related to the current year

SUMMARY

The OGMS Resolution no. 5 of 6 June 2019 approved the distribution of the net profit for the financial year 2018, **by applying a 50% quota** on the profit distribution as dividends. According to this decision *„The approval is subject to the achievement of the investment plan for the current year. In case TRANSGAZ fails to achieve the investment plan for the year 2019 by the end of the year, the company has the obligation to convene a General Meeting of the Shareholders for the purpose of redistributing and paying as dividends, by the end of the year 2019, the profit distributed and unused for investments, up to the amount representing 90% of the profit for the year 2018. Also, the administrative and executive management of the Company is requested to send to the shareholders, up to 30 September 2019, a report on the current status of the investment plan.”*

By the Revenue and Expense Budget for the year 2019 and the estimations for the years 2020-2021, approved by Resolution no. 3 of the OGMS from 16 May 2019 total investment expenses for the year 2019 of **lei 2,441,000 thousand** were approved.

The total investment expenses approved include the amounts for the development and upgrading of the NTS, for the purchase of shares in specialized operators in Europe, the amounts necessary for covering the instalments of the loans contracted by the company for financing the investment works that could not be covered by its own sources, as well as the amounts necessary for the payment of the guarantees for the temporary removal from the agricultural use of certain plots of land.

The expenses for investments have been determined based on:

- The upgrading and development plan (PMDI) for the year 2019 and of the estimations for the interval 2020-2021;
- The design program for the Investment works for the year 2019;
- The 10 years National Gas Transmission System development plan;
- The supply program for 2019;

The upgrading and investment development plan for the year 2019 was drafted taking into account the fact that S.N.T.G.N. TRANSGAZ S.A. Medias as sole operator of the National Gas Transmission System, given its activity, has as main purposes:

- ensuring the gas supply for consumers in safety conditions, limiting the impact on the environment;
- upgrading and retrofitting the National Transmission System;
- development of the National Transmission System on new consumption directions, for the purpose of ensuring the natural gas transmission to newly established natural gas distribution systems and the supply to consumers directly connected to the NTS;
- correlation with the objectives stated in the Company's Management Plan.

The Company has concluded agreements for the execution and supply of goods necessary for the achievement of some important projects that are in the implementation stage, a stage that will continue in the following years and for which the Company has to secure a funding regardless of the fact that the execution is carried out in the current or the following years, such as:

- BRUA Project for which, in the current year, it is estimated that expenses will amount to **lei 550,873 thousand** and the procurement of supplies to **lei 304,710 thousand**, and for the next year the expenses will amount to **lei 199,231 thousand** and the project will be completed;
- Upgrading TCS Onești and TCS Silistea amounting to **Euro 64,300 thousand**, representing **lei 302,210 thousand** (at an exchange rate 4.7 lei/euro), out of which a down payment of 30% amounting to **91,318 thousand lei** will be paid;
- Development of the transmission capacity of the NTS for the purpose of ensuring the natural gas flow from Romania – to the Republic of Moldova – project which involves the following:
 - o Procurement of valves and electro insulating joints - contract concluded for the amount of **lei 7,582 thousand**;
 - o Procurement of pipe material and curves for which the procedure is undergoing and which has the value of **Euro 34,875 thousand** representing **lei 163,913 thousand** (exchange rate 4.7 lei/euro);
 - o Execution of the Onești – Gherăești Lețcani pipeline (Lot 1 and Lot 2) amounting to **lei 326,627 thousand**;
 - o Procurement of compressor groups amounting to **lei 139,507 thousand**, for which a 20% down payment amounting to **lei 27,901 thousand** is provisioned;
- The interconnection pipeline Vadu – T1 in execution for which funds of **lei 38,228 thousand** are needed.

- The gas transmission pipeline Black Sea Shore – Podisor, under procurement, for which funds amounting to **lei 1,373,352 thousand** are needed;
- Replacement of the metering station in GMS Isaccea 1, under procurement for which funds amounting to **Euro 12,287 thousand** are needed, representing **lei 58,037 thousand** (at an exchange rate of 4.72 lei/euro).

The value of the achievements as at 30 June 2019 is **lei 372,672 thousand** to which the procurement of pipe material for the achievement of the investments projects is added amounting to lei **231,714 thousand**, representing an achievement of **25%** of total approved investment expenses.

Given the deadlines and engagements undertaken by TRANSGAZ, we estimate, for the end of the year, a level of achievement of the investment plan amounting to **lei 1,372,473 thousand**, representing **56% of the entire approved plan**.

The situation of the REB, of the achievements as at 30 June 2019, the estimation of the achievements as at 31.12.2019, the difference to be achieved by 31.12.2019 and of the engagements undertaken by TRANSGAZ that require funding is presented in the table below:

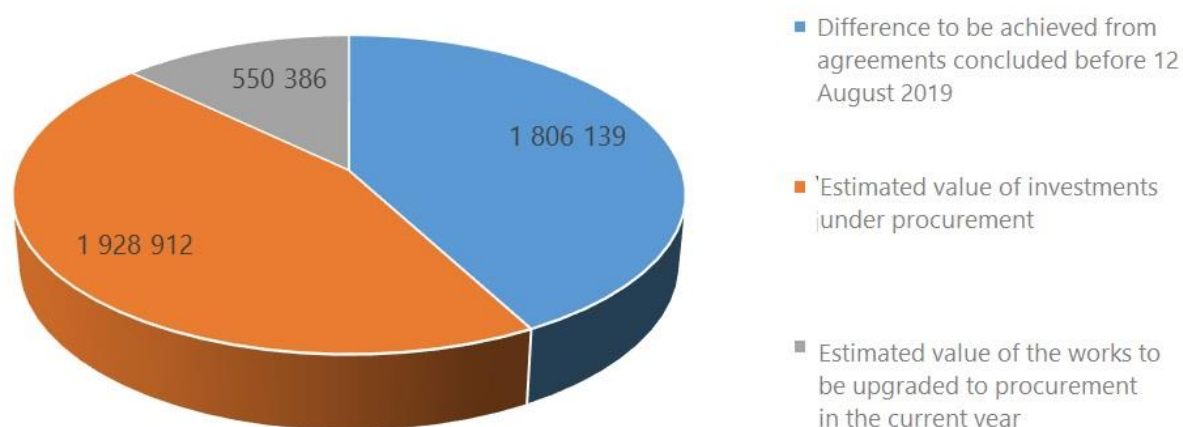
thousand lei

INDICATORS	Value							
	REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference to be achieved from contracts concluded before 12 August 2019	Investments under procurement	Investments that are to be upgraded to procurement in the current year
EXPENSES FOR INVESTMENTS	2,441,000	604,385	1,372,473	1,657,508	4,285,437	1,806,139	1,928,912	550,386

We would also like to mention that, in order to develop the transmission network across the territory of Romania, as per the provisions of Law 123/2012 the Company included in the NTS development plan for the interval 2019-2028, the amount of lei 3,700,000 thousand.

We would like to emphasize the fact that on 12 August 2019, the Company is engaged in contracts amounting to lei 1,806,139 thousand, as well as works under procurement with an estimated value of lei 1,928,912 thousand. Also, during the current year, procurement procedures will be started, with an estimated value of lei 550,386 thousand.

Transgaz engagements requiring funding (thousands lei)



On 30 June 2019 the company has cash and cash equivalent of **lei 879,420 thousand**.

On 12 August 2019, following the distribution of the dividends for the year 2018 amounting to **lei 255,021 thousand**, the payment of the debts related to the investments for the projects developed by TRANSZAG, of the budgetary obligations payable at 30 June 2019 and of the amounts necessary for the increase of the share capital of EUROTRANSGAZ for the purpose of implementing the investment objective in the Republic of Moldova, TRANSGAZ has **available financial resources of lei 380,000 thousand**.

According to the provisions of the public procurement law and the provisions of GO no. 26 of 21 August 2013 on strengthening financial discipline at the level of economic operators where the state or administrative-territorial units are majority or sole shareholders or hold directly or indirectly a majority share, TRANSGAZ has the obligation to draft the yearly sectorial procurement program provided that the funding is ensured and, even more, in case there is no funding available for the approved investments, the engagements undertaken are reconsidered and measures need to be taken in order to take all legal actions so that reception of the works, goods and services is done at the level of the recalculated funding sources.

The substantiation of the funding sources for the investment plan was achieved by distributing to financing sources of 50% of the net profit of the company for the year 2018. These sources have been used for achieving the investment objectives or are going to be

used by the end of the year 2019 or the following years, the contractual engagements for TRANSGAZ' major investments programs of being concluded by procurement procedures.

The failure to provide the funding for the agreements concluded, following the distribution of additional dividends, forces the company to reconsider the respective engagements and to take all legal actions in order to reduce the degree of achievement of the investments. The delay in achieving the objectives for which TRANSGAZ has sold transmission capacity or of the objectives which represent engagements concluded with the European Commission, can have a major negative impact on TRANSGAZ.

The projects developed by Transgaz are complex and their achievement runs for intervals larger than one year, the part that is not achieved in 2019 is achieved in the following years and hence the funding source which is not exhausted in the current year has to be provided in the following years.

The capacity of the Company to provide the funding source in compliance with the financial quota of the financing agreements concluded can be affected by the following negative factors:

- failure to reflect in the regulated revenue the monopoly tax as per the methods for setting up tariffs approved by ANRE Order no 41/2019
- the decrease in the revenue from the international natural gas transmission activity following the interconnection of the Transit I pipeline to the NTS and of the decrease in the gas flows on the T2 Transit pipeline.

Additional distribution of the net profit as dividends can be increased, without a major impact on the indicators of the company, once the strategic investment objectives are commissioned and the leverage of the company is decreased.

Detailed content of the report

The investment activity is mainly directed towards the upgrading and development of the NTS with the purpose of improving efficiency, increasing the capacity and developing new consumption areas.

Through the revenue and expense budget for the year 2019 and the estimations for the years 2020-2021, approved by resolution no. 3 of OGMS from 16 May 2019, for the year 2019 investments expenses amounting to **lei 2,441,000 thousand** have been approved. The value of the achievements at 30 June 2019 is **lei 372,672 thousand** to which we can add the procurement of pipe material for the achievement of investment projects of **lei 231,714**

thousand, representing **an achievement of 25%** of the total expenses approved for investment.

The situation of the achievements as at 30 June 2019 and, respectively, the estimation of the achievements by the end of the year 2019 for the objectives included in REB, are as follows:

	INDICATORS	Amount – thousand lei							
		REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference achieved from contracts concluded up to 12 August 2019	Investments under procurement	Investments upgraded to procurement in the current year
	EXPENSES FOR INVESTMENTS, from which:	2,441,000	604,385	1,372,473	1,657,508	4,285,437	1,806,139	1,928,912	550,386
1	Undergoing investments, from which:	379,282	25,280	239,711	139,989	354,817	349,252	0	5,564
	a) for assets owned by the company	369,600	22,645	234,548	135,052	346 955	346 955		
	b) for assets owned by the state:	9,682	2,635	5,163	4,937	7,862	2,298	0	5,564
	SCADA (ANNEX 2-2018)	767	2	33	734	765			765
	Vaslui - Iasi (tr. Vaslui - Mogosesti) 16" gas transmission pipeline	3,868	1,605	3,868	0	2 263	2 263		
	Ganesti - Idrifaia – Coroi 28" gas transmission pipeline	1,689	0	200	1,489	1 689			1 689
	Negru Voda - Techirghiol -et II (Pecineaga – Techirghiol section) 12" gas transmission pipeline	34	0	34	0	34	34		
	SRM Sidex Galati, ø 28" connection pipeline	350	0	0	0				
	PIG reception station assembling (temporary) Dn 800 mm on pipeline 32 " BATANI-ONESTI, BOGDANESTI section	185	981	981	0				

	INDICATORS	Amount – thousand lei							
		REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference achieved from contracts concluded up to 12 August 2019	Investments under procurement	Investments upgraded to procurement in the current year
	SAFEGUARDING THE AERIAL CROSSING OVER IAZU CREEK ON THE DN 500 PIPELINE ROTBAV-SINCA, DN 600 AND DN 700 BARCUT – SINCA, Toderita section	65	42	42	0				
	PIPELINES SYSTEMATIZATION IN THE MOSU TECHNOLOGICAL NODE AREA	503	0	0	503	900			900
	Upgrading gas supply of the city of Ploiesti	2,210	0	0	2,210	2 210			2 210
	REHABILITATION OF PIPELINE Ø20" HUREZANI - HATEG, HUNEDOARA COUNTY: UNDERGROUND CROSSING DN 66	10	5	5	0				
	c) for assets part of the private domain of the state:	0	0	0	0	0	0	0	0
	d) for the leased, rented or in commercial lease assets, excluding the ones that are public of private domain of the state:	0	0	0	0	0	0	0	0

	INDICATORS	Amount – thousand lei							
		REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference achieved from contracts concluded up to 12 August 2019	Investments under procurement	Investments upgraded to procurement in the current year
2	New investments, out of which:	1,802,179	545,206	1,069,543	1,327,548	3,723,573	1,437,615	1,894,136	391,822
	a) for the assets privately owned by the company:	32,846	4,406	11,886	20,960	28,440	0	0	28,440
	IT and telecommunications related works	26,377	3,584	9,454	16,923	22 793			22 793
	Heating networks and central units in offices and MRSs	1,140	15	25	1,115	1 125			1 125
	Administrative offices and production units at Regional Offices	5,329	807	2,407	2,922	4 522			4 522
	b) for assets from the public domain of the state:	1,769,333	540,800	1,057,657	1,306,588	3,695,133	1,437,615	1,894,136	363,382
	Gas transmission pipeline 20" Plataresti - Balaceanca	500	0	0	500	17 980			17 980
	Works for the safeguarding the pipeline DN 700, Platou Izvor Sinaia - Filipești, section Talea - Breaza-et II	460	0	0	460	460			460
	INSTALLATION OF THE PIG RECEIPT/LAUNCHING STATIONS AT POSADA FOR PIPELINES Ø20" STALP 89 - POSADA AND Ø20" POSADA - MOSU	2,025	0	0	2,025	2 025			2 025
	REHABILITATION PIPELILNE Ø20" HUREZANI - HATEG, GORJ AND HUNEDOARA COUNTIES: CONSTRUCTION WORKS (FENCES TO	81	0	22	0	22	22		

	INDICATORS	Amount – thousand lei							
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	VALVES, COUPLINGS AND FITTINGS TO PRESSURE DISCHARGERS)								
	Gas transmission pipeline 24" Masloc - Recas-stage I-PART II (area across the forest)	9,600	0	9,600	0	9 600	9 600		
	Gas transmission pipeline 28 " Mosu - Buciumeni	500	0	0	500	38 600			38 600
	Gas transmission pipeline 10" section POJORATA- Vatra Dornei	500	0	0	500	27 831			27 831
	GAS TRANSMISSION PIPELINE Ø20" CRAIOVA - SEGARCEA - BAILESTI - CALAFAT, stage.I, section Craiova - Segarcea	33,578	7,989	25,000	8,578	25 589	25 589		
	UNDERCROSSING OLT RIVER BY PIPELIE Ø 12" DRAGASANI - CARACAL (fitting for the gas supply of the city of Caracal)	2,325	161	2,325	0	2 164	2 164		
	RECONSTRUCTION CROSSING THE RIVER ARGES BY GAS PIPELINE DN 500 SCHITU GOLESTI - TIGVENI, section Valea Danului, stage I and stage II	1,340	613	1,340	0	727	727		
	DEVIATION OF THE GAS	305	0	0	305	305			305

	INDICATORS	Amount – thousand lei							
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	TRANSMISSION PIPELINE Ø14" TISAUTI - BUCECEA, Salcea section								
	GAS TRANSMISSION PIPELINE Ø 12" MINTIA - BRAD - STEI, stage I MINTIA - BRAD	20,296	11,661	17,260	5,245	10 844	10 844		
	SAFEGUARDING UNDERCROSSING BOGDANA CREEK BY PIPELINE DN 800 ONESTI- HAN DOMNESTI, SEGMENT Bogdana	267	260	260	0				
	Deviation of the connection pipeline 20 " Sarmasel - Baia Mare -Satu Mare , Sucutard section	3,247	0	0	3,247	3 247		3 247	
	INTERCONNECTION COMPRESSOR STATION JUPA TO THE NATIONAL TRANSMISSION SYSTEM	1,803	0	1,803	0	1 803	1 803		
	FENCES FOR VALVES ON THE VASLUI-IASI PIPELINE	10	0	10	0	10	10		
	PROTECTION OF THE GAS TRANSMISSION PIPELINE Ø10" TARGU OCNA-SLANIC MOLDOVA , Cerdac section, Bacau county	100	94	100	0	6	6		
	INTERCONNECTION GAS TRANSMISSION PIPELINE BETWEEN Ø10" TELINE-SIGHISOARA and Ø28" COROI-BARCUT	1,935	8	1,935	0	1 927	1 927		

	INDICATORS	Amount – thousand lei							
		REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference achieved from contracts concluded up to 12 August 2019	Investments under procurement	Investments upgraded to procurement in the current year
	SAFEGUARDING THE PIPELINE Ø8" PM ALAMOR CONNECTION , IN ALAMOR SECTION	725	0	0	725	725		725	
	SAFEGUARDING THE PIPELINES Ø8" OCNA MURES-AIUD,Ø10"OCNA MURES-AIUD, MIRASLAU SECTION	655	0	0	655	655		655	
	SAFEGUARDING GAS TRANSMISSION PIPELINES DN 500 MANESTI-BRAZI THREAD I SI II IN STANCESTI SECTION	1,500	0	1,500	0	1 500	1 500		
	I GAS TRANSMISSION PIPELINE FOR THE NTERCONNECTION OF MRS BROSTENI CONNECTION TO THE NTS	805	0	0	805	805		805	
	RESIZING THE GAS SUPPLY CONNECTION MRS FORD CRAIOVA	831	0	0	831	831		831	
	SAFEGUARDING THE PIPELINE DN 350 LUNA-OCNA MURES PIPELINE II RAZBOIENI SECTION	1,500	0	0	1,500	6 249		6 249	
	SAFEGUARDING THE TGN PIPELINE 200 CORNETEL-AVRIG SECTION CORNATEL-SACADATE	2,111	0	0	2,111	2 111		2 111	
	SAFEGUARDING DN 500 MEDIESU AURIT-ABRAMUT, CULCIU MARE SECTION	2,196	0	0	2,196	2 196			2 196

	INDICATORS	Amount – thousand lei							
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	RECONSTRUCTION UNDERGROUND PASSAGE STREI RIVER BY PIPELINES VEST 2 AND VEST 3 TOTIA SECTION	3,300	0	0	3,300	3 300			3 300
	UNDERGROUND PASSAGE DAMBOVITA RIVER BY THE PIPELINE RING BUCURESTI, Balaceanca section	200	0	0	200	200			200
	Development of the transmission capacity of the NTS for the purpose of assuring gas flow from ROMANIA to the REPUBLIC OF MOLDOVA out of which :	114,171	0	28,051	195,627	692,342	365,715	326,627	0
	Gas transmission pipeline 28 Onesti - Gheraiesti- Letcani	28,500	0	0	28,500	326 627		326 627	
	Onesti and Gheraiesti COMPRESSOR STATIONS	50,000	0	0	50,000	220 537	220 537		
	ARCHEOLOGICAL WORKS	5,671	0	150	5,521	5 671	5 671		
	Procurement of COMPRESSOR GROUPS	30,000	0	27,901	111,606	139 507	139 507		
	NTS Development on the territory of Romania on the BULGARIA-ROMANIA -HUNGARY –AUSTRIA route (BRUA)out of which :	599,166	286,024	550,873	199,231	464,080	464,080	0	0
	Pipeline construction works (Phase 1)	378,410	180,499	304,018	74,392	197 911	197 911		
	Compressor stations construction	144,159	102,223	216,637	72,478	186 892	186 892		

	INDICATORS	Amount – thousand lei							
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	works (Podisor, Bibesti, Jupa)								
	PIPELINE AUTOMATION AND SAFEGUARDING WORKS	32,800	0	19,312	13,488	32 800	32 800		
	Procurement of centrifugal compressor groups operated by gas turbines	29,821	0	0	29,821	29 821	29 821		
	SERVICES FOR THE IDENTIFICATION AND MAPPING OF THE AREAS SENSITIVE FROM THE POINT OF VIEW OF THE BIODIVERSITY IN THE STAGES OF PRE-CONSTRUCTION, EXECUTION AND POST-CONSTRUCTION OF TRANSGAZ' PROJECTS	500	110	110	390	390	390		
	ARCHEOLOGICAL SUPERVISION SERVICES	6,530	1,739	3,185	3,345	4 791	4 791		
	DIGGING WORKS FOR THE ARCHEOLOGICAL INTRUSIVE DIAGNOSIS	2,325	0	0	2,325	2 325	2 325		
	DIGGING WORKS FOR PREEMTIVE ARCHEOLOGICAL SURVEY	4,620	1,453	7,611	2,991	9 149	9 149		
	DEVELOPMENT ON THE TERRITORY OF ROMANIA OF THE SOUTHERN TRANSMISSION CORRIDOR FOR TAKING OVER NATURAL GAS FROM THE BLACK SEA SHORE (Black Sea	57,154	0	0	57,154	1 373 352		1 373 352	

	INDICATORS	Amount – thousand lei							
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	Shore- Podisor)								
	INTERCONNECTION OF NTS WITH THE INTERNATIONAL GAS TRANSMISSION PIPELINE T1 AND REVERSE FLOW ISACCEA	2,083	1,195	2,083	0	888	888		
	NEW NTS DEVELOPMENTS FOR THE PURPOSE OF TAKING OVER GAS FROM THE BLACK SEA SHORE (Vadu - T1)	19,290	0	16,200	22,028	38 228	38 228		
	UPGRADING GMS ISACCEA 1 AND NEGRU VODA 1	58,037	0	0	58,037	58 037		58 037	
	CONSOLIDATION OF THE TRANSMISSION SYSTEM IN ROMANIA, BETWEEN ONESTI-ISACCEA AND REVERSE FLOW AT ISACCEA-PHASE 2 (INTERCONNECTION OF THE NATIONAL TRANSMISSION SYSTEM WITH THE INTERNATIONAL SYSTEM AND REVERSE FLOW AT ISACCEA)- PHASE 2 UPGRADE CGS ONESTI AND UPGRADE GCS SILISTEA	209,099	0	91,318	210,892	302 210	302 210		

	INDICATORS	Amount – thousand lei							
		REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference achieved from contracts concluded up to 12 August 2019	Investments under procurement	Investments upgraded to procurement in the current year
	INTERCONNECTION ROMANIA – SERBIA	26,725	0	0	247,000	247 000			247 000
	Safety and supervision systems	5,059	0	835	4,224	4 224		4 224	
	Cyber risk system	14	0	14	0	14			14
	Metering regulating stations	21,469	966	1,480	19,989	20 503			20 503
	Cathodic protection stations	1,228	1	625	603	1 227		1 227	
	Electrical installations and networks	1,000	82	82	918	918			918
	Works on the transmission pipelines used in locations of incident risk areas	1,582	32	231	1,351	1 550			1 550
	Odorization facilities	500	0	0	500	500			500
	PROCUREMENT OF PIPE MATERIAL PIPELINES AND CURVES	560,063	231,714	304,710	255,353	328 349	212 303	116 046	
	c) for the assets that are part of the private domain of the state:	0							
	d) for the leased, rented or in commercial lease assets , excluding the ones that are public or private domain of the state:	0							

	INDICATORS	Amount – thousand lei							
		REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference achieved from contracts concluded up to 12 August 2019	Investments under procurement	Investments upgraded to procurement in the current year
3	Investments on existing fixed assets (upgrading), out of which:	10,600	563	2,164	8,436	12,037	5,361	3,676	3,000
	a) for assets that are private property of the company (procurement of land):	500	0	0	500				
	b) for assets that are part of the public domain of the state:	10,100	563	2,164	7,936	12,037	5,361	3,676	3,000
	Field adaptation of SCADA metering and automations of technological nodes	9,198	563	1,762	7,436	8 635	4 959	3 676	
	Upgrading TECHNOLOGICAL NODE MEDIESU AURIT-phase 1	500	0	0	500	3 000			3 000
	Gas and smoke detection system in the turbo-compressor unit at TCS Sinca	392	0	392	0	392	392		
	Monitoring and operating facility for the natural gas import station MEDIESU AURIT	10	0	10	0	10	10		
	c) for the assets that are part of the private domain of the state:	0	0	0	0	0	0	0	0

	INDICATORS	Amount – thousand lei							
		REB 2019	Achievements 30.06.2019	Estimated achievements 31.12.2019	Difference to be achieved at 31.12.2019	Transgaz engagements that require funding, out of which	Difference achieved from contracts concluded up to 12 August 2019	Investments under procurement	Investments upgraded to procurement in the current year
	d) for the leased, rented or in commercial lease assets , excluding the ones that are public or private domain of the state:	0	0	0	0	0	0	0	0
					0				
4	NTS development as per the provisions of Law 123/2012	150,000	0	0	150,000	150 000			150 000
5	NTS access works	6,000	1,296	5,566	434	4 704	4 704		
6	Design research division investments projection	24,636	12,780	24,636					
7	Design research division feasibility study projection	6,022		6,022					
8	Other investment expenses		13,129	13,129					
9	Amenities (other procurements of fixed assets)	42,666	2,360	11,566	31,100	40 306	9 206	31 100	
10	Payment of instalments related to investment loans, out of which:				0				
	a) - internal				0				
	b)- external				0				
11	Works from previous years + transf.R.K.+ design plan		2,192	3,000	0				
12	Capitalised interest	19,614	1,579	3,158					

1. Upgrading and retrofitting of the NTS

This subchapter includes upgrading works to the technological installations related to the NTS and SCADA. The value of the funds allocated via REB are **lei 767 thousand**, as per the date of this report the achieved amount is **lei 2 thousand**, by the end of the year, the estimated value of the fulfilments will be **lei 33 thousand**.

We mention that works amounting to **lei 734 thousand** are in the procurement procedure stage.

System controls acquisition data

-SCADA valve fences – for the valve group from Lutița and R53 Sarmisegetusa the procurement procedure has been resumed twice because of the fact that no tender has been filed and for this reason the FEED is being updated

- Technological nodes fences - TN Feliceni is in the procurement procedure stage for the designed works, estimated to be finalized this year

- Integration MRS in the SCADA system –the procurement procedure will be initiated.

Gas transmission pipeline DN400 Vaslui – Iași (Vaslui – Mogoșești segment) – in the area of Bârnova forest and pressure tests – the building – assembly works are ongoing and they are estimated to be finalized this year.

Gas transmission pipeline DN700 Gănești – Idrifaia – Coroi – execution works for the technological installation from TN Coroi and the infrastructure and exterior design works necessary for the installation on foundation of the PIG launch/receipt chamber, of the line valves, of ball valves, of the above ground bypass, as well as of the metering panel, are estimated to be achieved this year.

Gas transmission pipeline DN250 Negru Vodă - Techirghiol - phase II (procurement of natural gas for filling the pipeline) – the procurement procedure is currently ongoing for the amount of natural gas needed in order to fill the pipeline, will be finalized this year.

Connection pipeline DN700 MRS SIDEX Galați – the execution works are finished and received

Installation of the temporary PIG receiving station DN800 mm on the DN800 pipeline Bățani - Onești, Bogdănești section – the execution works are finished and received.

Ensuring the security of the aerial crossing of the Iazul river on the DN 500 Rotbav – Șinca pipeline, DN 600 and DN700 Bărcuț – Șinca, in the area of Toderița – the execution works and the reception are completed.

Systematization of the pipelines in the area of the Technological Node Moșu – the initial contract concluded with IPM Ploiești was terminated due to the insolvency of the company. For the remaining works to be executed, the FEED will be updated and a new procurement procedure will be organized for which funds worth **lei 900 thousand** are required.

Modernization of the natural gas supply of Ploiești municipality - because the manufacturer of IPM Ploiești is insolvent, the contract was terminated. For the remaining works to be executed, the technical project will be updated following a new procurement procedure for which funds worth **lei 2,210 thousand** are required.

Investments related to information technology and telecommunications - at present the value of the achievements is of **lei 3,584 thousand** and **lei 9,454 thousand** worth investments are estimated to be achieved at the end of the year, please find below the current stage per objectives:

- at chapter A (IT Infrastructure Projects) - projects are in progress: Modernization of Regional Offices network assets (Stage II), *Extension of storage and backup solution, Computer security equipment and Print / scan / copy solution, and Mail archive and Solution Internet traffic content filtering* are in the process of being purchased. For the rest of the projects from this chapter, the documents necessary to start the procurement are being prepared.
- At chapter B. (Products) - The procurement of *Computers* is completed and contracts for *Laptops, Active Network Equipment, IP Terminals, Graphic Stations, partly Radio Stations and True-UP* are ongoing. *SAP licenses, Domain Controller Server and BPMN Modelling Licenses and Video Projectors* are in the process of being purchased and the procurement procedure is in progress for the rest of the products.
- At Chapter (Modernization works) - the IT/TC data network modernization works at the Regional Office Constanța are being purchased.

The value of the works for which the procurement procedure is ongoing is of lei 16,923 thousand.

Connections, networks, thermal installations at the administrative buildings and MRSs - the works for the natural gas installation from TN Jugureanu are completed. The other objectives within the appendix are in the design, being estimated to be promoted for purchase in the fourth quarter of the current year.

The amount of the works in the procurement procedure is of lei 1,115 thousand.

Administrative offices and production facilities at the Regional Offices – the contracts for the execution of the modernization works for the building of TRANSGAZ offices in Mediaș str. Carpați 6 and for the Cluj Sector building are in progress, and their completion is expected this year. The execution works from Hurezani are completed and received. For the modernization works of the Regional Office Bacău, the procedures for obtaining the Building Permit are in progress, and the works for the parking lots of TRANSGAZ Headquarters are being designed. The works for the restoration of the work capacity were contracted for the execution of the cover from the Constanța rehabilitation center. Execution works of the building of MRS Timișoara I were contracted in June with completion deadline in September.

The amount of the works in the procurement procedure is of lei 2,500 thousand.

The gas transmission pipeline DN500 Plătărești – Bălăceanca – the procedure for obtaining the Building Permits was resumed. The situation of the project regarding the natural gas pipeline DN 500 Plătărești - Bălăceanca is as follows:

- the identification of the owners has been completed; the documentations drawn up in order to certify the location and the owners of land (the tables with affected land areas and owners to be targeted by the mayors and the topographic plans necessary to obtain the OCPI visa, to be also endorsed by the City halls), were sent to Cernica - Ilfov and Fundeni - Călărași city halls as requested by these forums; the tables and plans, once endorsed, will be sent to DRFT for the conclusion of the conventions;
- the procedure for obtaining environmental permits from APM Ilfov (IF) and APM Calarasi (CL) is ongoing;
- the procedure for re-obtaining the sub-clearance authorization CF line from CNCFR - Bucharest Regional is ongoing;
- all the other notices / agreements requested by the new town planning certificates were obtained, in both counties, Calarasi and Ilfov;
- the revised DTAC documentation is 99% completed, to be supplemented only with the aforementioned notices and authorizations. The FEED, including the specifications, remains unchanged, except for the revised plans at the request of the endorsers, working at the moment to update the value of the project. In the course of 2019, the procurement procedure will be organized, with funds amounting to **lei 17,980 thousand**.

Works on the security of the pipelines DN700 Platou Izvor Sinaia – Filipești, Talea – Breaza area (stage II) – the initial procurement procedure was cancelled because of the expiry of the Construction permit and upon its updating problems are encountered with obtaining the

consents of the land owners affected by the execution works the FEED will be restored according to the new route.

The FEED is being updated a new procurement procedure will be organized for which funds in the amount of **lei 460 thousand are required.**

Rehabilitation of the DN500 Hurezani – Hațeg pipeline, the county of Gorj and Hunedoara: Construction works (fences where the valves are located, at the connections and at the pressure dischargers) – the works were completed and the reception was achieved.

The gas transmission pipeline DN600 Mașloc – Recaș, stage I (part II – the forestry fund area) – the execution works were contracted in February to be completed in 8 months and it will be completed this year.

The gas transmission pipeline DN700 Moșu – Buciumeni – the design works are located on the territory of two counties. For the county of Ilfov the building permit was not obtained and for the county of Dâmbovița the permit 58/04.09.2015 was obtained but its validity term expired.

The procedure for obtaining the town planning certificates and permits was resumed, at the same time the legal regulation of the lands was resumed.

The amount of the works for which the procurement procedure will be initiated is of lei 38,600 thousand.

The gas transmission pipeline DN250 Câmpulung Moldovenesc – Vatra Dornei (tr. Pojorâta – Vatra Dornei) – the section Pojorâta - Vatra Dornei, it represents the II stage of the construction of the pipeline Ø10" Câmpulung Moldovenesc – Vatra Dornei 35 km long. This section, 25.8 km long, crosses the land belonging to the Forestry Division Iași. The approval of the Forestry Guard was obtained because the affected areas are larger than 10 ha, the necessary actions for obtaining a Government Decision were initiated for the removal of the areas necessary for the construction from the forestry fund.

By the GD 465/2019 the investment project "Natural gas transmission pipeline DN 250 Pojorâta-Vatra Dornei" was declared as a project of national importance in the field of natural gas.

Also, based on Law 185/2016, the Ministry of Energy issued the building permit. The updated FEED is finalized, it will be endorsed in TRANSGAZ Mediaș Technical Economic Committee in the end of August and the public procurement procedure will be initiated immediately, with the completion deadline of Q II 2021.

The value of the works for which the procurement procedure is to be started in the current year is lei 27,831 thousand.

The gas transmission pipeline DN500 Craiova - Segarcea - Băilești - Calafat, stage I, section Craiova - Segarcea - the execution works are in progress and they will be completed in 2020.

Undercrossing of the Olt River by the DN500 Drăgășani - Caracal pipeline (gas supply connection of the Caracal municipality) the execution works are currently suspended due to the technical problems encountered by the manufacturer when the Olt river is crossed and they will be resumed in September after the access in the field is solved. The works will be completed this year.

Restoration of the Argeș River crossing by the DN500 pipeline Schitu Golești - Tigveni, Valea Danului area, Stages 1 and 2 - the undercrossing works are ongoing, estimated to be completed in the current year.

The diversion of the gas transmission pipeline DN350 Tisăuți - Bucecea, Salcea area - the technical documentation is being developed, this being blocked because there are problems in obtaining the Construction permit. SGA Suceava. ABA Siret - Bacău requests for the issue of the Water Management Notice the presentation of the notarial agreement of the Salcia City Hall, for the lands affected by the work owned by the town hall. It refuses to support the unblocking of the solution.

Gas transmission pipeline DN300 Mintia - Brad - Ștei, stage I, Mintia - Brad - the execution works are in progress, these are estimated to be completed in Q1 2020.

Ensuring the security of the undercrossing of Bogdana stream by DN 800 Onești - Han Domnești pipeline, in Bogdana area - the execution works are completed and received.

The gas transmission pipeline DN 500 Sărmășel - Baia Mare - Satu Mare, Sucutard area - is currently in the process of the procurement procedure of the execution works, the estimated value being lei 3,247 thousand.

Interconnection of the Jupa compressor station to the SNT - the technological installation works are completed and the civil construction works are being finalized.

The procurement procedure for the automation and power supply works was cancelled in June, and no admissible tenders were submitted. Currently, the procurement procedure has been resumed under the same conditions.

Valves fencing on DN 400 Mogoșești - Lețcani pipeline and fencing the valve group on Vaslui - Iași pipeline - execution works are completed and received.

Protection of the natural gas transmission pipeline DN250 Targu Ocna - Slănic Moldova, Cerdac area, Bacău county - the execution works have been finalized and received.

The gas transmission pipeline for the interconnection between DN250 Țeline - Sighișoara and DN700 Coroi - Bărcuț - the execution works are in progress with completion this year.

The safety of the pipe DN200 connection PM Alămor, in the Alămor area - the initial procurement procedure was canceled due to the change of the procurement value in accordance with the value of the works carried out in-house. The documentation has been remade and submitted for the start of a new procurement procedure.

Ensuring the security of the DN200 Ocna Mureș - Aiud, DN250 Ocna Mureș - Aiud, Mirăslău area pipelines - the procedure for the procurement of the execution works is currently ongoing.

Works for ensuring the safety of the natural gas pipelines DN 500 Mănești - Brazi FIR I and II, in the Stâncești area - the execution works are in progress, the completion is estimated this year.

The natural gas pipeline for interconnection of the MRS Broșteni connection to the SNT - the procedure for the procurement of the design works is currently in progress.

Resizing the natural gas supply connection MRS Ford Craiova - the procedure for the procurement of the execution works is currently in progress.

Ensuring the security of the pipelines DN 350 Luna - Aiud, DN 250 Luna - Ocna Mureș (pipeline I) and DN 250 Luna - Ocna Mureș (pipeline II), Războieni area - for the FEED the approval of the Technical Economic Committee and the Building Permit is being obtained.

The estimated value for starting and executing the works is lei 6,249 thousand.

Ensuring the security of the natural gas transmission pipeline DN 200 Cornățel - Avrig, Cornățel - Săcădate area - the procedure for the procurement of the execution works is currently in progress.

The estimated value for the execution works is 2,111 thousand lei

Ensuring the safety of the DN 500 pipeline Medieșu Aurit - Abrămuț, Culciu Mare area - the procurement procedure will be organized in 2019, requiring funds worth **lei 2,196 thousand**.

Reconstruction of the Strei river undercrossing by the West 2 and West 3 pipelines, the Totia area - the procurement of the design services is ongoing.

The estimated value for the execution works is lei 3,300 thousand.

Undercrossing the Dâmbovița river by the Inel pipeline in Bucharest, Bălăceanca area - under construction and obtaining the Construction Permit.

Development of the transmission capacity of the NTS in order to ensure the flow of natural gas in the direction Romania - Republic of Moldova- Gas transmission pipelines DN 700 Onești - Gherăiești - Lețcani - the procurement procedure started in 2018 was rejected by ANAP on two occasions in August and September 2018, and in November 2018 it was approved and launched on SICAP. The procurement procedure was cancelled according to the Cancellation Report of 22.07.2019, following the submission of non-compliant offers.

In August, a new procurement procedure is to be promoted, the estimated value of the execution works being lei 326,627 thousand;

- *Onești and Gherăiești compressor stations, automation and pipeline security* - the procurement procedure started in 2018 for the execution of the compressor stations and works of automation and pipeline security, was launched on SICAP on 26.07.2018 and was cancelled on 30.05.2019 as a result submission of non-compliant offers.

The procurement procedure was resumed, the estimated value of the execution works being lei 220,537 thousand.

- *Procurement of the compressor groups* - in June 2019, the contract for the supply of groups with a completion deadline of 10 months, amounting to **lei 139,507 thousand** was concluded. According to the contract this year the advance of **20% of the amount representing lei 27,901 thousand will be paid.**

Archaeological works - the contracted works are in progress.

Development of the NTS on the territory of Romania on the Bulgaria - Romania - Hungary – Austria route, Phase 1 (BRUA Phase 1) – Development of the NTS on the territory of Romania in the Bulgaria - Romania - Hungary - Austria corridor, Phase 1 (BRUA Phase 1) - The project consists in the construction of a new gas transmission pipeline that will connect

the Podisor Technological Node with the Horia Gas Metering Station in the direction of Podisor - Corbu - Hurezani - Hațeg - Recaș - Horia.

The phase 1 of the BRUA project consists in the achievement of the following objectives:

- Gas transmission pipeline Podișor – Recaș approximately **479 km** long;
- TCS Podișor, TCS Bibești and TCS Jupa, each station being equipped with two compressor units (one in operation and one backup), with the possibility to ensure bidirectional gas flow.

CURRENT DEVELOPMENT STATUS OF THE BRUA PROJECT

For the works related to the pipeline funds amounting to **lei 378,410 thousand** were provided in the REB in June the achieved value being of lei **180,499 thousand** and in the end of the year achievements are estimated of **lei 304,018 thousand**.

The situation of the equipment and materials purchased by TRANSGAZ

Until now in the Constanta Harbour approximately **378,500 m** of pipe material was downloaded, representing **85%** of the total necessary pipes.

At the same time over **3,700 curves** were delivered and all of the **235 valves** (ball vales of different sizes, balanced plug valves and regulation valves).

Situation of the construction works related to the pipeline:

Construction works pipeline LOT 1 (Km 0 – Km 180)

LOT 1 pipeline construction works are performed from Km 0 (in the area of Podișor, Giurgiu County) to Km 180 (in the area of Văleni City, Zătreni Commune, Vâlcea County). Currently, on the LOT 1 pipeline, specific works are being done to prepare the working corridor, laying the pipeline on the route and pipeline assembly.

The construction works related to **LOT 1** are illustrated below:

MAIN ACTIVITIES	MU	TOTAL LOT 1
Laying the pipeline on the route	m	100,180
Removal of the vegetal layer	lm	103,840
Digging the ditch	lm	49,597
Welds performed	piece	7,199
Pipeline placed in the ditch	lm	47,686
Covering the ditch	lm	33,308

Construction works pipeline LOT 2 (Km 180 – Km 320)

The LOT 2 linear pipeline construction works are performed from km 180 (in the area of Văleni City, Zătreani Commune, Vâlcea County) to 320 km (in the area of Pui, Hunedoara County). At the end of the second quarter of 2019, the execution works continued. Currently, on the LOT 2 line, specific work is being done to prepare the working corridor, laying the pipeline on the route and pipeline assembly.

The construction works related to **LOT 2** are illustrated below:

MAIN ACTIVITIES	MU	TOTAL LOT 2
Laying the pipeline on the route	m	19,794
Removal of the vegetal layer	m	22,795
Digging the ditch	m	7,225
Welds performed	piece	1,322
Pipeline placed in the ditch	m	6,901
Covering the ditch	m	5,722

Construction works pipeline LOT 3 (km 320 – km 479)

The LOT 3 pipeline construction works are performed from km 320 (in the area of Pui, Hunedoara County) to 479 km (in the area of Recaș, Timiș County). At present, on the LOT 3 pipeline specific works are being prepared for the preparation of the working corridor, laying the pipeline on the route and pipeline assembly.

The construction works including the pressure tests on the following sections were completed:

- Section 99 (km 472–477);
- Section 100 (km 477–479).
- Section 98 (km 467 – 472)
- Section 97 (km 461 – 467)

The construction works related to **LOT 3** are illustrated below:

MAIN ACTIVITIES	MU	TOTAL LOT 3
Laying the pipeline on the route	m	80,469
Removal of the vegetal layer	m	77,846
Digging the ditch	m	62,127
Welds performed	piece	6,468
Pipeline placed in the ditch	m	59,507
Covering the ditch	m	53,812

The situation of the construction works of the compressor stations

The works commencement order was sent on 16 April 2018.

The works related to the compressor stations are carried out by **Association INSPET SA (LEADER) – PETROCONST SA–MOLDOCOR SA–HABAU PPS PIPELINE SYSTEMS SRL–IRIGC IMPEX SRL –SUTECH SRL–TIAB SA–ROCONSULT TECH SRL, based on the works contract** no 333/23.03.2018.

The total value of the contract is **lei 313,293 thousand** (VAT excluded), split as follows:

- **lei 104,032 thousand** for the construction works related to TCS Podișor;
- **lei 105,504 thousand** for the construction works related to TCS Bibești;
- **lei 102,425 thousand** for the construction works related to TCS Jupa;
- **lei 1,331 thousand** for the maintenance services related to the 3 compressor stations.

In the REB for 2019 **lei 144,159 thousand** were allocated. The situation of the achievements in June – **lei 102,223 thousand**, and the amount estimated to be achieved until the completion of the works is of **lei 216,637 thousand** representing a budget effort of **lei 72,478 thousand over the approved amount**, the additional amount is mainly determined by the update in the expenses of workmanship once the GEO 114/2018 entered into force.

Compressor station PODIȘOR (TCS PODIȘOR)

Within the compressor station the following works were performed:

- land preparation works inside the station;
- civil engineering works (superstructure, including finishes), interior electrical installations and heating installations in the compressor hall, administrative building, workshop and warehouse building, electric building, fuel gas building, oil and diesel household building, PSI building;
- sanitary installations, water supply and sewerage at the administrative building and the workshop building;
- execution of technological pipes (main gas pipes, technological instrumental air pipes, nitrogen technological pipes, depressurization technological pipes, oil technological pipes, diesel technological pipes, technological water pipes, industrial water and fire water, drinking water pipes, including supports for pipes);
- Installation of main equipment (station inlet separator, separator filters, pig stations, oil coolers, etc.);
- installation of tanks (technological leakage tank, fire water tank, industrial water tank, clean oil tank, diesel fuel fire pump tank, dry air tank wet air tank, nitrogen tank, etc.);
- hot water thermal network, domestic and rainwater sewerage network, industrial sewerage network, hydrant water network;

- power related works in the compressor stations (grounding, underground cable paths and fireplaces, poles outside the station for lighting, etc.).
- works for the electric power supply of the Compressor Stations
- works for the improvement of the access road and fencing the station;
- electrical works inside buildings (cable and cable routes, electrical equipment installation)
- Automation works (cable routes and cable assembly).

The execution works will be completed on 31.10.2019

Compressor station BIBEȘTI (TCS BIBEȘTI)

The execution works related to the TCS Bibești were influenced by the need to carry out in advance the works of intrusive archaeological diagnosis.

The works at TCS Bibești have been started since 6 July 2018, they are being carried out in stages, as on certain surfaces related to the compressor station the works of intrusive archaeological diagnosis have been completed, followed by preventive research and archaeological discharge.

Within the compressor station the following main works were achieved:

- works of land arrangement inside the station (transporting the removed land, levelling and compaction in the area where the land was archaeologically discharged, execution of mounting platforms separating filters and separating gas inlet at the station);
- extension of the site organization as a result of the archaeological discharge;
- placement of equipment on foundations (compressor units, gas coolers, gas exhaust pans, pig station);
- installation of leaking gas filter B, diesel fuel tank, waste oil tank for civil construction works (infrastructure and superstructure) in compressor hall, administrative building, workshop and warehouse building, electric building, fuel gas building, oil and diesel household building;
- civil construction works (infrastructure) at the PSI building;
- energy works in the station (infrastructure) - excavating and pouring concrete into fireplaces, pulling cables through PVC and Copex pipes, digging networks between facilities
- execution of technological pipelines (pre-machining of the main gas pipelines).

Compressor station JUPA (TCS JUPA)

Within the compressor station the following works were carried out:

- works for the arrangement of the land inside the station;

- civil engineering works (superstructure, including finishes), interior electrical installations and heating installations in the compressor hall, administrative building, workshop and warehouse building, electric building, fuel gas building, oil and diesel household building, PSI building;
- sanitary installations, water supply and sewerage at the administrative building and the workshop building;
- execution of technological pipes (main gas pipes, technological instrumental air pipes, nitrogen technological pipes, depressurization technological pipes, oil technological pipes, diesel technological pipes, technological water pipes, industrial water and fire water, drinking water pipes, including supports for pipes);
- Installation of main equipment (station inlet separator, separator filters, pig stations, oil coolers, etc.);
- installation of tanks (technological leakage tank, fire water tank, industrial water tank, clean oil tank, diesel fuel fire pump tank, dry air tank wet air tank, nitrogen tank, etc.);
- hot water thermal network, domestic and rainwater sewerage network, industrial sewerage network, hydrant water network;
- power related works in the compressor stations (grounding, underground cable paths and fireplaces, poles outside the station for lighting, etc.).
- works for the electric power supply of the Compressor Stations
- works for the improvement of the access road and fencing the station;
- electrical works inside buildings (cable and cable routes, electrical equipment installation)
- automation works (cable routes and cable assembly).

The construction works will be completed in 30.09.2019

Works for the automation and security of the pipeline of LOT 4

Automation and pipeline security works are performed on the entire route, from km 0 (in the area of Podișor, Giurgiu County) to km 479 (in the area of Recaș, Timiș County).

The execution details were prepared and the main equipment (automation cabinet, HMI, electrical communication board, video switch, application server (type C1, C2, C3 and C4), data storage equipment, firewall equipment, were ordered and purchased). communication router type I and type II, router FO and GSM router, management switch type I and type II, Access Point, fibre optic interface, GPS servers, data centre switch CDI, switch (TCs), redundant voltage sources, virtualization software, voice IP terminals, KVM extender system, laptop for engineering, printers), the works are in progress

Procurement of the gas turbine actuated centrifugal compressor groups – in 2018 all of the 6 compressor units were received including the related equipment (gas coolers, control system of the unit) payment being made as of **2018** in the amount of **lei 144,409 thousand**.

Services for identification and mapping of biodiversity sensitive areas in the pre-construction, execution and post-construction stages of TRANSGAZ projects - the contracted services are in progress under the contractual conditions.

Archaeological surveillance services – the contracted services are ongoing.

Development on the territory of Romania of the Southern transmission corridor for taking over natural gas from the Black Sea Shore (Black Sea Shore - Podisor) - the procurement procedure of the execution works was started on 12.11.2018 being rejected on two occasions by ANAP, it was launched on SICAP in December 2018, the deadline for submitting tenders was repeatedly delayed, the final deadline being 31.10.2019. The archaeological works were contracted and are ongoing.

The estimated amount of the execution works of the pipeline is of lei 1,373,352 thousand.

NTS interconnection with the international gas transmission pipeline T1 and reverse flow at Isaccea (NTS - T1 interconnection) - the construction works, related to the integrated monitoring system, as well as the works of electrical and automation equipment, are being finalized, and their completion is estimated this year.

Project on new NTS developments for taking over natural gas from the Black Sea Shore (Vadu - T1) - in August 2019 the construction-mounting works were contracted with a completion deadline of 8 months.

Replacement of the gas metering station GMS Isaccea 1 - the technical documentation was submitted on SICAP on 11.12.2018 with the deadline for submission of tenders 31.01.2019, but at the financial evaluation it was found that the estimated value was exceeded by 21.58%, which is why the procedure was cancelled on 12.06.2019. The procurement procedure was resumed being posted on SICAP on 05.07.2019.

The estimated value of the execution works is lei 58,037 thousand.

Enhancement of the Romanian transmission system, between Onești - Isaccea and reverse flow at Isaccea - phase 2 (interconnection of the national transmission system with the international system and reverse flow at Isaccea) - phase 2 upgrading GCS Onești and upgrading GCS Siliștea - the design works were contracted, with a deadline of completion in 17 months.

According to the contract, this year the advance will be paid in the percentage of 30% of the value, respectively the amount of lei 91,318 thousand.

Interconnection of the National Gas Transmission System of Romania with the Similar Natural Gas Transmission System of Serbia (including power supply, cathodic protection and fibre optics), project included in the NTS Development Plan 2018 - 2027 approved by ANRE. The FEED is completed. In order to obtain the latest permits and the building permit, it is necessary to declare the project as a project of national importance, thus benefiting from the provisions of Law 185/2016. The procedures for issuing the Government Decision for declaring this project as a project of national importance have been started.

The estimated value of the execution works is lei 247,000 thousand.

Security and surveillance systems - the work of installing, configuring and programming an access and monitoring system for the facilities in which the employees work, have been contracted and are in progress, and the works of installation and programming of the security and surveillance systems and restoration of the fences to the programmed NTS facilities are in the procurement procedure.

The estimated value of the procurement is of lei 4,224 thousand.

Cyber risk system - provides the solution for assessing IT vulnerability, respectively renewing the Nexpose license with support and update included. In August 2019, the documents required to initiate the procurement procedure were submitted, with an estimated completion date this year.

Construction and above ground installation works for the metering regulating stations:

- **MRS Işalnița** – the works contract concluded with IRIGC Bucharest has expired and was terminated and only the demolition works were achieved and received. The FEED will be redone and a new procurement procedure will be initiated;
- **Replacement of the technological installations at MRS Timișoara I** – the execution works are stopped and they will be completed later this year, after the completion of the restoration work of the MRS building. There was a partial reception, the objective was connected to the NTS and the commissioning of lines 3 and 4 for the supply of natural gas was carried out;
- **Upgrading MRS Nădrag** – the construction works of valve grounding works, concrete platforms, alleys and fences contracted with third parties will be completed this year, and the works at the technological installations will be executed and finalized in-house by the Mediaș Subsidiary;

- **Upgrading MRS Chişineu Criş** – the procurement procedure for the construction - mounting works was cancelled two times because of the non-submission of any tender by the deadline for submission of tenders, this is why the design engineer was asked to review the FEED;
- **MRS Clinceni** – the initial procedure for the procurement of the construction - mounting works was cancelled due to the submission of non-compliant tenders, a new procurement procedure was initiated;
- **Adaptation to the land and gas supply connection to MRS Fălticeni** – the initial procedure for the procurement of the construction – mounting works was cancelled, a new procedure was resumed under the same conditions;
- **Connection of the orifice plate electronic systems of commercial metering to the process gas chromatographs** - the design works have been completed;
- **Upgrading, relocation of MRS Bistrita and connection to the NTS** - the initial procedure for the procurement of the construction - mounting works was cancelled, as no admissible tender was submitted, being necessary to start a new procedure under the same conditions, which is currently in progress;
- **Adaptation to the land, upgrading and replacement of technological installations within the MRS Miercurea Ciuc** - the FEED is completed and the building permit obtained, after that the approval of Transgaz' Technical Economic Committee will be obtained.
- **Filtering/separation equipment at MRS SIDEX Galaţi** - ongoing procedure for the procurement of the design works;
- **Relocation and adaptation to the ground of the MRS Poroterom Orăştie technological installation on the location of MRS Baru** - the procurement procedure is ongoing;
- **Upgrading MRS Găneşti** – executed in-house by the Mediaş Subsidiary;
- **MRS Dej II** – the execution works were completed and received.

The amount of the works achieved for the regulation metering stations is of **lei 966 thousand**, until the end of the year the estimated achievements are **lei 1,480 thousand**.

The amount of the works which are in the design and procurement procedure stage is of **lei 19,989 thousand**.

Cathodic protection stations:

- **Cathodic protection station Mârşa** – being designed;
- **Cathodic protection station Sibiu 2** – being designed;
- **Cathodic protection station in the area of MP Ilimbav** – being designed;
- **Cathodic protection station Vădeni, the county of Gorj** – being constructed and it will be completed this year;

- **Cathodic protection station Bogatu Român** – being constructed and it will be completed this year;
- **Cathodic protection station Coroi - Mașloc, the area of Crăciunelul de Jos - CPS Crăciunelu 2** – being constructed and it will be completed this year;
- **Installation of the power supply equipment at CPS Gearmata Vii** – being designed.

Works to the natural gas transmission pipelines in operation located in areas of incident risk

- **Works for ensuring the security of the gas transmission pipeline DN200 Cornățel – Avrig, Avrig area**– the procurement of the works was not started, at present discussions are being held with the owner of the draw built without TRANSGAZ' consent, in order to demolish it;
- **Works for ensuring the security of the gas supply connection to MRS Răcăciuni, area of the tourist stop Dumbrava** – because the buildings in the protection zone of the pipeline were made without TRANSGAZ' consent, notifications were sent to the owners of the buildings in view of their demolition, in case of a contract, actions in court will be opened. In this context, the achievement of this investment objective is waived;
- **Works for ensuring the security of the natural gas supply connection of MRS Brăila, the Farm area** - the execution works are completed and received.
- **Works for ensuring the safety of the natural gas transmission pipeline DN500 Hațeg - Babii Deal - Paroseni, Dealul Babii area, Hunedoara county** - the initial procedure for the procurement of the construction - mounting works was cancelled twice due to the lack of bidders. At the end of March, the design engineer was asked to review the FEED and in May a new procurement procedure was initiated;
- **Ensuring the safety of the DN250 Frasin-Spătărești pipeline, the Spătărești area** - because in the Fălticeni District Court a file was submitted on the subject of diverting the Frasin - Spătărești pipeline at the expense of the persons who illegally built in the safety area of the pipeline, the construction - mounting works have been suspended until the final settlement of the file.

The amount of the works in the procurement procedure is lei 1,351 thousand.

Construction works and above ground installations for odorization installations - funds are provided for the adaptation to the field of 36 new odorization installations that have been procured and which will replace the old and physically and morally used ones, the installation and adaptation to land being realized in-house. So far in 2019, a total of 25 projects of

adaptation to the field of odorization facilities have been completed and a number of 12 projects are in progress.

Procurement of the pipelines, pipes and curves

At this position the materials needed to execute the works on the projects BRUA, Moldova, reverse flow Isaccea and Negru Voda are included and the value approved in the REB is **lei 560,063 thousand**.

The estimated value to be achieved for the current year is lei 304,710 thousand and the required value for 2020, for the ongoing contracts, is lei 255,353 thousand.

Adaptation to the land of the SCADA metering lines and automation of the technological nodes

Upgrading and automation of the technological nodes – the status of the 10 technological nodes included in annex 1 is as follows:

- 3 technological nodes (Moisica, Recaş and Racova) – the execution Works are ongoing and the automation works related to TN Moisica are estimated to be completed;
- 4 technological nodes are in the procurement procedure (Drăgăşani, Lăzăreşti Bogata III and Gherăieşti);
- 3 technological nodes are in the design stage out of which 2 nodes (Feliceni and Băcia) for the power supply equipment and automation and TN Schitu Goleşti for mounting the pig station;

The amount of the execution works estimated to be carried out in the current year is lei 1,762 thousand, and the value of the works under procurement is lei 3,676 thousand.

Upgrading TN Medieşu Aurit – stage 1 – the FEED was completed but the procurement procedure and the execution works will be initiated after the completion of the discussions with the Ukrainian party on the proposed technical solutions.

The value of the execution works estimated at **lei 2,500 thousand**.

Gas and smoke detection system in the turbo-compressor hall at Şinca TCS – the execution works are in progress and they will be completed this year.

Monitoring and operating equipment for the natural gas import station Medieşu Aurit - the execution works have been completed.

NTS development According to Law 123/2012 (Updated), Art.130, al. e¹ and e² – approval of the National Development Plan 2019 -2028, required the inclusion in the investment programs of the financing sources necessary for the expansion of the NTS.

According to Law 123/2012 art.151, these investments are made under conditions of economic efficiency, being necessary to carry out technical-economic studies drawn up following the requests received from the future beneficiaries. Depending on the outcome of these studies Transgaz may include financing the works in its own investment programs, or the applicant may participate in part or in full in financing the objectives with funds from local budgets or the state budget. **We would like to mention that for the year 2019 funds of lei 150,000 thousand** are allocated. Feasibility studies are being developed.

NTS access works – The works for CS VANBET II Bank and Aricești Industrial Park Prahova county were completed and received, the works of connection to the NTS of the following localities are ongoing: Ovidiu, Constanța county, Mihăileni and Mădăraș, Harghita county, as well as for CS Yildiz Oarja trading companies of the county of Argeș, CS ASPADIF Salva, Bistrița Năsăud county. Currently the value of the achievements is of **lei 1,296 thousand**, of which achievements of **lei 649 thousand** related to the connection tariff and from TRANSGAZ funds, achievements in the amount of lei 647 thousand. At the end of the year, an estimated value of **lei 5,566 thousand** is estimated.

Fittings (other procurements of tangible assets)

The amount approved in the REB in 2019 is of **lei 42,666 thousand**.

Until June 2019 the value of the achievements is **lei 2,360 thousand**, and the value estimated to be achieved according to the contracts concluded is **lei 11,566 thousand**.

Procurement procedures are ongoing with an estimated amount of lei 31,100 thousand.

The achievement of the necessary investment for the development of the Ungheni-Chișinău gas transmission pipeline

By the Resolution no. 10 adopted in the meeting of 12.12.2017, the Extraordinary General Meeting of the Shareholders of Transgaz S.A. (EGMS) approved the establishment, on the territory of the Republic of Moldova, of a commercial company, taking into account the conditions arising from the Moldovan legislation. Based on the decision of the EGMS, on 18.12.2017, Eurotransgaz S.R.L. was established in Chisinau, having as sole associate S.N.T.G.N. Transgaz S.A. from Romania. In fulfilling its scope of business, Eurotransgaz S.R.L. participated in the investment competition related to Vestmoldtransgaz State Enterprise.

On 26 February 2018, the *Commission for the conduct of privatization contests in the Republic of Moldova* announced the result of the contest according to which Eurotransgaz SRL became the winner of this competition. Subsequently, on 28 March 2018, Eurotransgaz SRL signed the contract for taking over Vestmoldtransgaz.

The privatization contract involves the procurement of the natural gas transmission operator Vestmoldtransgaz from the Republic of Moldova, as well as the obligation to make the investments necessary to develop the Ungheni-Chisinau gas pipeline of up to **EUR 93 million**.

On 14.01.2019, in Bucharest, the contract was signed with the winner of the procurement procedure: "Works on the execution of the pipeline for the interconnection of the Gas Transmission System of Romania with the Gas Transmission System of the Republic of Moldova - Phase II - Iași - Ungheni - Chisinau direction (7 lots) "- LOT 7 - ACI CLUJ SA- IMSAT SERVICE S.A. - ABCONY SERV S.R.L. Association.

In April this year the contracts with the winners of the procurement procedure for Lot 1; Lot 2; Lot 3; Lot 4; Lot 6 were signed regarding the "Works on the execution of the pipeline for the interconnection of the Gas Transmission System of Romania with the Gas Transmission System of the Republic of Moldova - Phase II - the Iasi - Ungheni - Chisinau direction". Currently the construction works for the project are ongoing.

Transgaz provided for in the budget for 2019 the amount of **lei 369,600 thousand**, until the end of 2019 payments amounting to **lei 234,548 thousand** are estimated, the difference needed to complete the project to be paid in 2020.

**Chairman of the
Board of Administration
Remus Gabriel Lăpușan**