

No. 63210/25.10.2019

Submitted for review in the OGMS of 02/03.12.2019

DETAILED REPORT

on the fulfilment of the investments and of the undertaken amounts and of the ones undergoing the procurement procedure in view of the fulfilment of the investment program approved for the current year

SUMMARY

By OGMS Resolution no. 10 of 26 September 2019 the administrative and executive management is requested to submit to the shareholders, by GSM, in the course of December 2019, a detailed report on the achievement of the investments, as well as on the amounts undertaken amounts and of the ones undergoing the procurement procedure in view of the fulfilment of the investment program approved for the current year.

At the same time if it is found that the investment commitments for the year 2019 have not been fulfilled until the date of the report, the Ministry of Economy requests the administrative and executive management of TRANSGAZ to submit for approval, within the same GSM, the distribution of dividends, according to the provisions of OGMS Resolution no.5 of 6 June 2019.

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.”*

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 investment commitments related to the year 2019, according to the requirements of OGMS resolution no.10 of 26 September 2019, are achieved, their cumulative value being of 4,468,308 thousand lei.

We emphasize that the total estimated value of the commitments undertaken by the signed contracts and by the contracts to be signed until 31 December 2019, not including the estimated value of the projects under procurement procedures, is 3,008,680 thousand lei, and the value budgeted by Transgaz for the achievement of the investments related to the year 2019 is of 2,441,000 thousand lei, even in this situation the conditions stipulated in the OGMS Resolution no.10/26 September 2019 are fulfilled.

We would like to mention that the estimated value of the projects under procurement procedures as at 31 December 2019 is lei 1,459,628 thousand.

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 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 until their completion, such as:

- BRUA Project total for which, in the current year, it is estimated that expenses will amount to **lei 936,230 thousand** of which the procurement of pipes, valves and

- electro insulating joints amounting to **lei 456,206 thousand**, and for the next year the expenses will amount to **lei 328,165 thousand** and the project will be completed;
- Upgrading TCS Onești and TCS Silistea amounting to **lei 295,714 thousand**, out of which an advance payment amounting to **91,318 thousand lei** was 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 pipes and curves for which the procedure was completed and which has the value of the contract of **Euro 29,636,567** representing **lei 140,773 thousand** (exchange rate 4.75 lei/euro);
 - o Execution of the Onești – Gherăești Lețcani pipeline (Lot 1 and Lot 2) amounting to lei 160,811 thousand procedure which is now in the tender stage and it will be completed until the end of 2019. The amount published onto SEAP is **lei 326,627 thousand**, which includes the value of the pipes made available by Transgaz;
 - o Procurement of compressor groups, contract signed in the course of 2019, amounting to **lei 139,507 thousand**, for which a down payment amounting to **lei 27,901 thousand** was paid;
 - o The construction of the compressor stations Onești and Gherăești amounting to **lei 259,882 thousand** works in the procurement stage.
 - 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 1,409,182 thousand** are needed;
 - Replacement of the metering station GMS Isaccea 1, contract signed in September 2019 for which funds amounting to **Euro 65,811 thousand** are needed.

The value of the achievements as at 30 September 2019 is **lei 801,248 thousand** which includes the procurement of pipes for the achievement of the investments projects amounting to lei **382,930 thousand**.

The table below contemplates the situation of the REB 2019, the achievements as at 30 September 2019, the estimation of the achievements as at 31.12.2019, the difference to be achieved from contracts signed or to be signed until 31.12.2019, the values published on SEAP for the procurement procedures in progress, as well as the investment commitments of TRANSGAZ, as follows:

INDICATORS							
	REB 2019	Preliminary Achievements 30.09.2019	Estimated achieved investments 31.12.2019	Difference to be achieved from signed contracts or contracts to be signed until 31.12.2019	Estimated value of commitments undertaken by signed contracts or contracts to be signed until 31.12.2019	Value published onto SEAP for ongoing procurement procedures until 31.12.2019	Total undertaken Investments
1	2	3	4	5	6= 4+5	7	8=6+7
EXPENSES FOR INVESTMENTS	2.441.000	801.248	1.374.570	1.634.109	3.008.680	1.459.628	4.468.308

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 Transgaz included in the NTS development plan for the period 2019-2028, the amount of lei 3,700,000 thousand.

On 22 October 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 payable budgetary obligations and of the amounts necessary for the increase of the share capital of EUROTRANSغاز for the purpose of implementing the investment objective in the Republic of Moldova, TRANSغاز has **available financial resources of lei 373,845 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, TRANSغاز 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 negotiated 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 undertaken investments at the end of 2019 is of lei **4,468,308** thousand and it is detailed in the table below including: the value of the investments estimated to be

achieved in the end of the year plus the rest to be executed from the contracts signed or estimated to be signed until 31.12.2019 and respectively the value published unto SEAP for the ongoing procurement procedures as at 31.12.2019.

INDICATORS	Amount (thousand lei)						
	REB 2019	Anticipated Achievements 30.09.2019	Estimated achievements 31.12.2019	Difference to be achieved from contracts signed or expected to be signed by 31.12.2019	Estimated value of engagements undertaken by contracts signed and to be signed by 31.12.2019	Value published on SEAP for procurement procedures in progress at the 31.12.2019	Total Investment Engagements
1	2	3	4	5	6= 4+5	7	8 = 6 + 7
EXPENSES FOR INVESTMENTS, from which:	2,441,000	801,248	1,374,570	1,634,109	3,008,680	1,459,628	4,468,308
							0
Undergoing investments, from which:	379,282	89,603	270,830	104,617	375,447	0	375,447
a) for assets owned by the company	369,600	85,931	267,124	102,476	369,600	0	369,600
b) for assets owned by the state:	9,682	3,672	3,706	2,141	5,847	0	5,847
SCADA(ANNEX 2-2018)	767	28	28	0	28	0	28
Gas transmission pipeline 16" Vaslui - Iasi (Vaslui – Mogosesti section)	3,868	2,200	2,200	1,150	3,350	0	3,350
Gas transmission pipeline 28" Ganesti - Idrifaia - Coroi	1,689	0	0	225	225	0	225
Gas transmission pipeline 10" Negru Voda - Techirghiol -stage II (section Pecineaga - Techirghiol)	34	0	34	0	34	0	34
Connection pipeline ø 28" SRM Sidex Galati	350	93	93	0	93	0	93
PIG reception station assembly (temporary) Dn 800 mm pe cond. 32 " BATANI-ONESTI BOGDANESTI section	185	1,304	1,304	0	1,304	0	1,304

INDICATORS	Amount (thousand lei)						
	REB 2019	Anticipated Achievements 30.09.2019	Estimated achievements 31.12.2019	Difference to be achieved from contracts signed or expected to be signed by 31.12.2019	Estimated value of engagements undertaken by contracts signed and to be signed by 31.12.2019	Value published on SEAP for procurement procedures in progress at the 31.12.2019	Total Investment Engagements
1	2	3	4	5	6= 4+5	7	8 = 6 + 7
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	42	0	42
PIPELINES SYSTEMATIZATION IN THE MOSU TECHNOLOGICAL NODE AREA	503	0	0	766	766		766
Upgrading gas supply of the city of Ploiesti	2,210	0	0	0	0	0	0
REHABILITATION OF PIPELINE Ø20" HUREZANI - HATEG, HUNEDOARA COUNTY: UNDERGROUND CROSSING DN 66	10	5	5	0	5	0	5
				0	0	0	0
c) for assets part of the private domain of the state:	0	0	0	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	0		0

INDICATORS	Amount (thousand lei)						
	REB 2019	Anticipated Achievements 30.09.2019	Estimated achievements 31.12.2019	Difference to be achieved from contracts signed or expected to be signed by 31.12.2019	Estimated value of engagements undertaken by contracts signed and to be signed by 31.12.2019	Value published on SEAP for procurement procedures in progress at the 31.12.2019	Total Investment Engagements
1	2	3	4	5	6= 4+5	7	8 = 6 + 7
New investments, out of which:	1,802,179	680,948	1,062,053	1,475,163	2,537,216	1,447,537	3,984,753
a) for the assets privately owned by the company:	32,846	6,604	10,779	13,283	24,062	3,070	27,132
IT and telecommunications related works	26,377	5,624	9,454	11,177	20,631	0	20,631
Heating networks and central units in offices and MRSs	1,140	21	25	0	25	0	25
Administrative offices and production units at Regional Offices	5,329	959	1,300	2,106	3,406	3,070	6,476
b) for assets part of the private domain of the state:	1,769,333	674,344	1,051,274	1,461,881	2,513,155	1,444,467	3,957,622
Gas transmission pipeline 20" Plataresti - Balaceanca	500	0	0	0	0	0	0
Works for the safeguarding the pipeline DN 700, Platou Izvor Sinaia - Filipești, section Talea - Breaza-stage II	460	0	0	0	0	0	0
INSTALLATION OF THE PIG RECEIPT/LAUNCHING STATIONS AT POSADA FOR PIPELINES Ø20" STALP 89 - POSADA AND Ø20" POSADA - MOSU	2,025	0	0	0	0	0	0

INDICATORS	Amount (thousand lei)						
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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
REHABILITATION PIPELILNE Ø20" HUREZANI - HATEG, GORJ AND HUNEDOARA COUNTIES: CONSTRUCTION WORKS (FENCES TO VALVES, COUPLINGS AND FITTINGS TO PRESSURE DISCHARGERS)	81	36	36	9	45	0	45
SAFEGUARDING THE AERIAL CROSSING OVER TARNAVA MICA RIVER BY GAS TRANSMISSION PIPELINE DN 700 BAHNEA – IDRIFAIA, Bahnea section				0	0		0
Gas transmission pipeline 24" Masloc - Recas-stage I-PART II (area across the forest)	9,600	6,387	9,716	0	9,716	0	9,716
Gas transmission pipeline 28 " Mosu - Buciumeni	500	0	0	0	0	0	0
Gas transmission pipeline 10" section POJORATA- Vatra Dornei	500	0	0	0	0	22,887	22,887
GAS TRANSMISSION PIPELINE Ø20" CRAIOVA - SEGARCEA - BAILESTI - CALAFAT, stage.I, section Craiova - Segarcea	33,578	19,773	30,000	3,615	33,615	0	33,615

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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
UNDERCROSSING OLT RIVER BY PIPELIE Ø 12" DRAGASANI - CARACAL (fitting for the gas supply of the city of Caracal)	2,325	162	1,800	19	1,819	0	1,819
RECONSTRUCTION CROSSING THE RIVER ARGES BY GAS PIPELINE DN 500 SCHITU GOLESTI - TIGVENI, section Valea Danului, stage I and stage II	1,340	772	1,000	329	1,329	0	1,329
DEVIATION OF THE GAS TRANSMISSION PIPELINE Ø14" TISAUTI - BUCECEA, Salcea section	305	0	0	0	0	0	0
APARARE MAL PE CONDUCTELE Ø 20" BOTORCA - ARAD SI COROI - MASLOC, zona Zeicani				0	0		0
GAS TRANSMISSION PIPELINE Ø 12" MINTIA - BRAD - STEI, stage I MINTIA - BRAD	20,296	12,820	15,500	6,927	22,427	0	22,427
SAFEGUARDING UNDERCROSSING BOGDANA CREEK BY PIPELINE DN 800 ONESTI- HAN DOMNESTI, SEGMENT Bogdana	267	260	260	0	260	0	260
Deviation of the connection pipeline 20 " Sarmasel - Baia Mare -Satu Mare , Sucutard section	3,247	0	0	0	0	3,247	3,247

INDICATORS	Amount (thousand lei)						
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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
INTERCONNECTION COMPRESSOR STATION JUPA TO THE NATIONAL TRANSMISSION SYSTEM	1,803	416	1,803	13	1,816	0	1,816
FENCES FOR VALVES ON THE VASLUI-IASI PIPELINE	10	10	10	0	10	0	10
PROTECTION OF THE GAS TRANSMISSION PIPELINE Ø10" TARGU OCNA-SLANIC MOLDOVA , Cerdac section, Bacau county	100	96	96	0	96	0	96
INTERCONNECTION GAS TRANSMISSION PIPELINE BETWEEN Ø10" TELINE-SIGHISOARA and Ø28" COROI-BARCUT	1,935	1,212	1,780	0	1,780	0	1,780
SAFEGUARDING THE PIPELINE Ø8" PM ALAMOR CONNECTION , IN ALAMOR SECTION	725	0	0	656	656	0	656
SAFEGUARDING THE PIPELINES Ø8" OCNA MURES-AIUD, Ø10" OCNA MURES-AIUD, MIRASLAU SECTION	655	0	100	534	634	0	634
SAFEGUARDING GAS TRANSMISSION PIPELINES DN 500 MANESTI-BRAZI THREAD I SI II IN STANCESTI SECTION	1,500	535	800	247	1,047	0	1,047

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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
GAS TRANSMISSION PIPELINE FOR THE INTERCONNECTION OF MRS BROSTENI CONNECTION TO THE NTS	805	0	0	616	616	0	616
RESIZING THE GAS SUPPLY CONNECTION MRS FORD CRAIOVA	831	0	0	668	668	0	668
SAFEGUARDING THE PIPELINE DN 350 LUNA-OCNA MURES PIPELINE II RAZBOIENI SECTION	1,500	0	0	0	0	7,351	7,351
SAFEGUARDING THE TGN PIPELINE 200 CORNETEL-AVRIG SECTION CORNATEL-SACADATE	2,111	0	0	1,813	1,813	0	1,813
SAFEGUARDING DN 500 MEDIESU AURIT-ABRAMUT, CULCIU MARE SECTION	2,196	0	0	0	0	0	0
RECONSTRUCTION UNDERGROUND PASSAGE STREI RIVER BY PIPELINES VEST 2 AND VEST 3 TOTIA SECTION	3,300	0	0	0	0	0	0
UNDERGROUND PASSAGE DAMBOVITA RIVER BY THE PIPELINE RING BUCURESTI, Balaceanca section	200	0	0	0	0	0	0

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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
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	150	565,721	565,871	0	565,871
Gas transmission pipeline 28 Onesti -Gheraiesti- Letcani	28,500	0	0	160,811	160,811	0	160,811
Onesti and Gheraiesti COMPRESSOR STATIONS	50,000	0	0	259,882	259,882	0	259,882
ARCHEOLOGICAL WORKS	0	0	0	0	0		0
Procurement of COMPRESSOR GROUPS	5,671	0	150	5,521	5,671	0	5,671
Gas transmission pipeline 28 Onesti -Gheraiesti- Letcani	30,000	0	0	139,507	139,507	0	139,507
NTS Development on the territory of Romania on the BULGARIA-ROMANIA -HUNGARY –AUSTRIA route (BRUA)out of which:	599,166	244,643	480,024	328,165	808,189	0	808,189
Pipeline construction works (Phase 1)	378,410	94,485	267,225	206,108	473,333	0	473,333

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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
Compressor stations construction works (Podisor, Bibesti,Jupa)	144,159	126,114	167,889	73,924	241,813	0	241,813
PIPELINE AUTOMATION AND SAFEGUARDING WORKS	32,800	17,744	33,244	9,137	42,381	0	42,381
Procurement of centrifugal compressor groups operated by gas turbines	29,821	0	0	33,914	33,914	0	33,914
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	223	266	234	500	0	500
ARCHEOLOGICAL SUPERVISION SERVICES	6,530	3,789	3,789	1,867	5,656	0	5,656
DIGGING WORKS FOR THE ARCHEOLOGICAL INTRUSIVE DIAGNOSIS	2,325	0	0	660	660	0	660
DIGGING WORKS FOR PREEMTIVE ARCHEOLOGICAL SURVEY	4,620	2,288	7,611	2,321	9,932	0	9,932

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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
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)	57,154	0	0	0	0	1,409,182	1,409,182
INTERCONNECTION OF NTS WITH THE INTERNATIONAL GAS TRANSMISSION PIPELINE T1 AND REVERSE FLOW ISACCEA	2,083	1,195	1,120	0	1,120	0	1,120
NEW NTS DEVELOPMENTS FOR THE PURPOSE OF TAKING OVER GAS FROM THE BLACK SEA SHORE (Vadu -T1)	19,290	0	18,000	20,229	38,229	0	38,229
UPGRADING GMS ISACCEA 1 AND NEGRU VODA 1	58,037	0	0	65,811	65,811	0	65,811
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)-	209,099	1,587	4,285	291,429	295,714	0	295,714

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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
PHASE 2 UPGRADE CGS ONESTI AND UPGRADE GCS SILISTEA							
INTERCONNECTION ROMANIA – SERBIA	26,725	0	0	0	0	0	0
Safety and supervision systems	5,059	0	0	25,275	25,275	0	25,275
Cyber risk system	14	14	14	0	14	0	14
Metering regulating stations	21,469	939	1,853	5,239	7,092	0	7,092
Cathodic protection stations	1,228	475	618	0	618	0	618
Electrical installations and networks	1,000	82	82	200	282	0	282
Works on the transmission pipelines used in locations of incident risk areas	1,582	0	0	0	0	1,800	1,800
Odorization facilities	500	0	0	0	0	0	0
PROCUREMENT OF PIPE MATERIAL PIPELINES AND CURVES	560,063	382,930	482,227	144,366	626,593	0	626,593
c) for the assets that are part of the private domain of the state:	0				0	0	0
					0	0	0

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1	2	3	4	5	6= 4+5	7	8 = 6 + 7
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
Investments on existing fixed assets (upgrading), out of which:	10,600	949	1,863	12,351	14,214	0	14,214
a) for assets that are private property of the company (procurement of land):	500	0	0	500	500	0	500
					0	0	0
b) for assets part of the private domain of the state:	10,100	949	1,863	11,851	13,714	0	13,714
Field adaptation of SCADA metering and automations of technological nodes	9,198	939	1,853	11,459	13,312	1,663	14,975
Upgrading TECHNOLOGICAL NODE MEDIESU AURIT-phase 1	500	0	0	0	0	0	0
Gas and smoke detection system in the turbo-compressor unit at TCS Sinca	392	0	0	392	392	0	392
Monitoring and operating facility for the natural gas import station MEDIESU AURIT	10	10	10	0	10	0	10

INDICATORS	Amount (thousand lei)						
	REB 2019	Anticipated Achievements 30.09.2019	Estimated achievements 31.12.2019	Difference to be achieved from contracts signed or expected to be signed by 31.12.2019	Estimated value of engagements undertaken by contracts signed and to be signed by 31.12.2019	Value published on SEAP for procurement procedures in progress at the 31.12.2019	Total Investment Engagements
1	2	3	4	5	6= 4+5	7	8 = 6 + 7
c) for the assets that are part of the private domain of the state:	0	0	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	0	0	0
NTS development as per the provisions of Law 123/2012	150,000	0	0	0	0	0	0
NTS access works	6,000	5,904	7,974	11,031	19,005	10,646	29,651
Design research division investments projection	24,636	2,000	3,500		3,500	1,445	4,945
Design research division feasibility study projection	6,022	0	0	0	0	0	0
Other investment expenses		13,129	13,129		13,129	0	13,129
Amenities (other procurements of fixed assets)	42,666	7,573	12,500	30,947	43,447	0	43,447
Payment of instalments related to investment loans, out of which:				0	0	0	0
a) - internal				0	0	0	0
b)- external				0	0	0	0

INDICATORS	Amount (thousand lei)						
	REB 2019	Anticipated Achievements 30.09.2019	Estimated achievements 31.12.2019	Difference to be achieved from contracts signed or expected to be signed by 31.12.2019	Estimated value of engagements undertaken by contracts signed and to be signed by 31.12.2019	Value published on SEAP for procurement procedures in progress at the 31.12.2019	Total Investment Engagements
1	2	3	4	5	6= 4+5	7	8 = 6 + 7
Works from previous years + transf.R.K.+ design plan		-437	-437	0	-437	0	-437
Capitalised interest	19,614	1,579	3,158		3,158	0	3,158

Detailed presentation of the status of investment projects

System controls acquisition data

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 28 thousand**.

All the investment related to this chapter are being designed.

Gas transmission pipeline DN400 Vaslui – Iași (Vaslui – Mogoșești section) – in the area of Bârnova forest and pressure tests – the building – assembly works are currently stopped because of non-obtaining the consent of the land owners. The works are estimated to be finalized in 2020.

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) – completed.

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. The remaining works will be executed by the Mediaș Subsidiary and for the deviation works resulted after the refusal of the land owners (procurement procedure ongoing), the contract will be concluded until the end of 2019 and funds worth **lei 766 thousand** are required.

Upgrading 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 in 2020.

Investments related to information technology and telecommunications - at present the value of the achievements is of **lei 5,624 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 subchapter, 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 Chap. C (Projects for the business environment) - the contract for the Upgrading and extension of ERP MAIS is ongoing, the project for the Collaborative Portal is being procured and the Webex Video Conference Solution project is finalized. For the rest of the projects in this subchapter, the documents for the initiation of the procurement were not submitted.
- At Chapter D (Modernization works) - the IT/TC data network modernization works at the Regional Office Constanța are being purchased.

Connections, networks, thermal installations at the administrative buildings and MRSs – currently there are achievements amounting to **lei 21 thousand** and it is estimated to reach by the end of the year 25 thousand. 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 procurement procedure in 2020.

Administrative offices and production facilities at the Regional Offices – currently achievements amounting to **lei 959 thousand** are registered and it is estimated to be at the end of the year in the amount of lei 1.300 thousand. 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 October. The works at the offices of the regional office of Pitești are in the procurement procedure stage.

The amount of the works in the procurement procedure is of lei 3,070 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. Transgaz supplied all the pipes necessary for the achievement of the construction mounting to be made available to the winning bidder. In the course of 2020 the procurement procedure will be organized.

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 procurement procedure will be organized in the first quarter of 2020.

Upgrading 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 gas transmission pipeline DN250 Câmpulung Moldovenesc – Vatra Dornei (tr. Pojorâta – Vatra Dornei) – the Pojorâta - Vatra Dornei section 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 FEED was posted onto SEAP and the bids will be submitted on 11.11.2019, with the completion deadline of Q II 2021.

The value of the works posted onto SEAP is lei 22,887 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 quarter I of 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 November after the problem of access in the field is solved. The works will be completed in 2020.

Restoration of the Argeş River crossing by the DN500 pipeline Schitu Goleşti - Tigveni, Valea Danului area, Stages 1 and 2 - the undercrossing works are ongoing, estimated to be completed in 2020.

The diversion of the gas transmission pipeline DN350 Tisăuţi - 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 - Ştei, 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 Oneşti - Han Domneşti pipeline, in Bogdana area - the execution works are completed and received.

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

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

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 the estimated value on SEAP is **lei 1.573 thousand**.

Valves fencing on DN 400 Mogoşeşti - Leţcani pipeline and fencing the valve group on Vaslui - Iaşi 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 and will be completed in 2019.

Securing DN200 MP Alămor connection pipeline, in the Alămor area - the initial procurement procedure was cancelled 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. The estimated value published on SEAP amounts to **lei 656 thousand**.

Securing DN200 Ocna Mureș - Aiud, DN250 Ocna Mureș - Aiud, Mirăslău area pipelines - the work are currently in progress; the commissioning deadline is QII 2020.

Works for securing DN 500 Mănești - Brazi the natural gas pipelines, FIR I and II, in the Stâncești area - the execution works are in progress, the completion is estimated for QI 2020.

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. The estimated value published on SEAP amounts to **lei 616 thousand**.

Resizing the natural gas supply connection MRS Ford Craiova - the procedure for the procurement of the execution works is currently in progress. The estimated value published on SEAP amounts to **lei 668 thousand**.

Securing DN 350 Luna - Aiud, DN 250 Luna - Ocna Mureș (pipeline I) and DN 250 Luna - Ocna Mureș (pipeline II) pipelines, Războieni area - the FEED has been completed, and the procurement procedure is in progress; the estimated value published on SEAP amounts to **lei 7,351 thousand**.

Securing DN 200 Cornățel - Avrig natural gas transmission pipeline, Cornățel - Săcădate area - the procedure for the procurement of the execution works is currently in progress. **The estimated value for the execution works is 1,813 thousand lei**

Securing DN 500 Medieșu Aurit - Abrămuț pipeline, Culciu Mare area - the design works are in progress. We estimate that the procurement procedure will be held in 2020, and the estimated procurement value is **lei 2,196 thousand**.

Reconstruction of the Strei River undercrossing by the West 2 and West 3 pipelines – the design works are in progress. We estimate that the procurement procedure will be held in 2020, and the estimated procurement value 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 was promoted, the estimated value of the execution works being lei 160,811 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 SEAP 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 259,882 thousand. The procedure will be completed on 31.12.2019.

- *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 was paid.**

Archaeological works - the contracted works are in progress; the contract value is of **lei 5,671 thousand.**

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

The situation of the equipment and materials purchased by TRANSGAZ

In December 2016, Transgaz launched on SEAP the tenders for the procurement of the following materials and equipment related to BRUA Phase I:

- pipe material and curves;
- compressor units;
- valves;
- electro insulating joints.

By the end of September 2019 in the Constanta Harbour approximately **393,454 m** of pipe material was downloaded, representing **83.53%** of the total necessary pipes.

From Constanta Harbour the pipe material is transported by truck directly to pipe warehouses or by barge to Orșova and then by truck to warehouses.

The status of the pipeline construction works

LOT 1 construction works pipeline (KM 0 – KM 180)

LOT 1 pipeline construction works are executed from KM 0 (in the area of Podișor, the county to Giurgiu) at KM 180 (in the area of Văleni, Zătreți commune, the county of Vâlcea).

The construction of the pipeline related to LOT 1 is achieved by the **Association INSPET SA (leader) – PETROCONST SA – ARGENTA SA – IRIGC IMPEX SRL – COMESAD RO SA**, based on Works Contract 601/28.11.2017. The value of the contract at the date of signature is of 118,503,553.03 lei (VAT excluded). On 30 September 2019, the updated contract value amounts to lei 141,755,245.42 (VAT excluded).

Currently, specific construction and mounting works are executed on different pipeline sections of Lot 1.

LOT 2 pipeline construction works (KM 180 – KM 320)

LOT 2 pipeline construction works are executed from KM 180 (in the area of the Văleni locality, the Zătreți commune, the county of Vâlcea) at KM 320 (in the area of the Pui locality, the county of Hunedoara).

The construction of the pipeline related to LOT 2 is achieved by the **Association HABAU PPS PIPELINE SYSTEMS SRL(LEADER) – INSPET SA – IPM PARTNERS ROMÂNIA SA –**

PETROCONST SA – MOLDOCOR SA – ARGENTA SA – ANTREPRIZĂ MONTAJ INSTALAȚII SA – ROMINSTA SA – COMESAD RO SA, based on Works Contract 602/28.11.2017. The value of the contract at the signature date is of 155,695,508.67 lei (VAT excluded).

On 30 September 2019, the updated contract value amounts to lei 187,747,817.54 (VAT excluded).

Currently, specific construction and mounting works are executed on different pipeline sections of Lot 2.

Lot 3 pipeline execution works (KM 320 – KM 479)

LOT 3 pipeline construction works are executed from KM 320 (in the area of the locality Pui, the county of Hunedoara) to KM 479 (in the area of the locality Recaș, the county of Timiș).

The construction of the pipeline related to LOT 3 is achieved by the **Association HABAU PPS PIPELINE SYSTEMS SRL (LEADER) – IPM PARTNERS ROMÂNIA SA - MOLDOCOR SA - ANTREPRIZĂ MONTAJ INSTALAȚII SA - ROMINSTA SA**, based on the works contract number **603/28.11.2017**. The value of the contract is lei 154,849,135.06 (VAT excluded). On 2 October 2019, the updated contract value was lei 176,586,719.79 (VAT excluded).

Currently specific construction and mounting works are executed, the Jupa-Recaș pipeline section (approx. 72km) being completed.

Lot 4 pipeline automation and security works

The pipeline automation and security works are executed on the entire section, from KM 0 (in the area of the locality Podișor, the county of Giurgiu) at KM 479 (in the area of the locality Recaș, the county of Timiș).

The conclusion of the contract on the execution of the pipeline automation and security works took place of 24 July 2018. The works are executed by the **Association SOCIETATEA S&T ROMÂNIA SRL – ADREM ENGINEERING SRL**, based on the works contract number 585/24.07.2018. The value of the contract is 42,381,616.86 lei (VAT excluded).

The works commencement order was issued on 30 August 2018.

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 at the date of signature amounted to 288,742,446.15 lei (VAT excluded). On 30 September 2019, the updated value of the contract was lei 315,472,154.11 (VAT excluded).

Compressor station PODIȘOR (TCS PODIȘOR)

Completion of the **CS Podișor** execution works is in progress, and the specific pre-commissioning and commissioning tests within the station were launched and will be finalized on **31 October 2019**.

The execution works will be completed on 31.10.2019

Compressor station BIBEȘTI (TCS BIBEȘTI)

Currently specific construction and mounting works are in progress at CS BIBEȘTI, following that the station is commissioned in June 2020.

Compressor station JUPA (TCS JUPA)

Execution works The CS Jupa execution works were completed, this station being commissioned on 30 September 2019.

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 175.700 thousand, of which lei 33,244 thousand in 2019.**

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 SEAP 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 1,409,182 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. The contract value amounts to lei **38,229 thousand**

Replacement of the gas metering station GMS Isaccea 1 - in October the execution works contract was concluded for a contract value amounting to lei **65.811 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. The contract value amounts to lei 295,714 thousand.

According to the contract, this year the advance was paid in the percentage of 30% of the value, respectively the amount of lei 91,318 thousand. The completion deadline is December 2020.

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. We estimate that the procurement procedure will be launched in QII 2020.

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, were contracted and are in progress, the contract value amounting to lei **2,086 thousand**. 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 25,275 thousand.

Cyber risk system - the solution for assessing IT vulnerability, respectively renewing the Nexpose license with support and update included was completed and accepted.

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. The works will be completed in 2019;
- **Upgrading MRS Nădrag** – the construction works of valve grounding works, concrete platforms, alleys and fences contracted with third parties were completed;
- **Upgrading MRS Chișineu Criș** – 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. The procurement procedure is in progress, with negotiation invitations sent;
- **MRS Clinceni** – the execution works are in progress;
- **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 execution works are 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 Galați** - the execution works are in progress;
- **Relocation and adaptation to the ground of the MRS Poroterom Orăștie technological installation on the location of MRS Baru** - the procurement procedure is ongoing;

- **Upgrading MRS Gănești** – the works are executed in-house by the Mediaș Subsidiary;
- **MRS Dej II** – the execution works were completed and received.

Cathodic protection stations:

- **Cathodic protection station Mârșa** – 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 Crăciunelul 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; the estimated value of the works amounts to lei 1,799 thousand.

- **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.

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 482,227 thousand and the required value for 2020, for the ongoing contracts, is lei 144,366 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, Recaș and Racova) – the execution Works are ongoing and the automation works related to TN Moisica are estimated to be completed in 2019;
- 4 technological nodes are in the procurement procedure (Drăgășani, Lăzărești Bogata III and Gherăiești);
- 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 Golești for mounting the pig station;

Upgrading TN Medieșu 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.

Gas and smoke detection system in the turbo-compressor hall at Șinca TCS – the execution works are in progress and they will be completed in 2020, depending on the possibility to stop the compressor station.

Monitoring and operating equipment for the natural gas import station Medieșu 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 Yıldız Oarja trading companies of the county of Argeș, CS ASPADIF Salva, Bistrița Năsăud county. Currently the value of the achievements is of **lei 5,904 thousand**. At the end of the year, an estimated value of **lei 7,974 thousand** is estimated.

Fittings (other procurements of tangible assets)

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

Until September 2019 the value of the achievements is **lei 7,573 thousand**, and the value estimated to be achieved according to the contracts concluded is **lei 12,500 thousand**.

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

By Resolution10 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 5 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" and for Lot 7 for the Ghidighici Administrative complex execution works. Project construction works are in progress. For Lot 6, an additional execution works contract was concluded with two amendments regarding the deadline. Since, even after a period of 3 months after the conclusion of the contract, the contractor did not comply with the conditions referring to the submitting of a letter of guarantee, the VMTG administrator decided to terminate the execution works contract. Thus, VMTG decided to resume the tendering procedure for Lot 6 of the project, publishing a notice on the company's website on 22.08.2019 and in the Official Journal of the Republic of Moldova.

For this project Transgaz provided for in the budget for 2019 the amount of **lei 369,600 thousand**, until the end of 2019 payments amounting to **lei 267,124 thousand** are estimated, the difference needed to complete the project to be paid in 2020.

The investment commitments for year 2019, according to OGMS Resolution 10/26 September 2019, have been achieved, their total value amounting to lei 4,468,308 thousand.

The total estimated value of the commitments undertaken by signed contracts and contracts to be signed by 31 December 2019, without including the estimated value of the projects under procurement, is of lei 3.008.680 thousand, and the budgeted value of Transgaz for the achievement of the 2019 investments is lei 2,441,000 thousand, and even in this situation the conditions established in OGMS Resolution 10/26 September 2019 being met.

The estimated value of the projects under procurement on 31 December 2019 amounts to lei 1,459,628 thousand.

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