

E-DISTRIBUTIE MUNTENIA

STANDALONE FINANCIAL STATEMENTS

**On and for the financial exercise ended on
December 31, 2019**

**Prepared pursuant to the Order of the Minister of
Public Finances no. 1802/2014 with further
amendments**

April 2020

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County: BUCHAREST	TYPE OF OWNERSHIP: 24-Companies with foreign and private capital (state capital below 50%)
Legal person: E-DISTRIBUTIE MUNTENIA	MAIN ACTIVITY
Address: 30 Mircea Voda Blvd., sector 3, Bucharest	(NACE code 3513): Distribution of electricity
Phone: 037211.56.94	NACE code group: 35
Trade Register number J40/1859/12.03.2002	Sole Fiscal Registration Number: 14507322

BALANCE SHEET As on 31.12.2019					
Name of issue		Row no.	Note No.	Current balance on	
				01.01.2019	31.12.2019
	B			1	2
A	FIXED ASSETS				
	I. INTANGIBLE ASSETS				
	1. Settlement expenses (acct. 201-2801)	01			
	2. Development expenses (acct. 201 - 2803-2903)	02			
	3. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets (acct.205 + 208 - 2805 - 2808- 2905 - 2908)	03		34,486,995	30,133,791
	4. Goodwill (acct. 2071-2807-2907)	04			
	5. Intangible assets for the exploration and evaluation of mineral resources (acct. 206 - 2806 - 2907	05			
	6. Advance payments (acct. 4094-1904)	06			
	TOTAL: (row 01 to 06)	07	1	34,486,995	30,133,791
	II. TANGIBLE ASSETS				
	1. Land and buildings (acct. 211 + 212 - 2811 - 2812 - 2912 - 2911)	08		1,977,540,802	2,071,722,215
	2. Technical and machinery installations (acct. 213 + 223 - 2813 – 2913)	09		1,025,313,365	1,125,189,415
	3. Other installations, machinery, and furniture (acct. 214 + 224 - 2814 – 2914)	10		3,833,572	3,899,583
	4. Real estate investment (acct.215-2815-2915)	11		-	-
	5. Tangible assets in progress (acct. 235-2935)	12		245,649,489	247,427,744
	6. Real estate investments in progress (acct.235 – 2935)	13		-	-
	7. Tangible assets for the exploration and evaluation of mineral resources (acct.216-2816-2916)	14		-	-
	8. Productive biological assets (acct. 217 + 227 -2817 -2917)	15		-	-
	9. Advances (acct. 4093-1903)	16		596,392	
	TOTAL: (row 08 to 16)	17	1	3,252,933,620	3,448,238,957
	III. FINANCIAL ASSETS	18		-	-
	1. Shares in subsidiaries (acct. 261-2961)	19		-	-
	2. Loans to group’s entities (acct. 2671 + 2672 -2964)	20		-	-
	3. Shares held by associated entities and jointly controlled entities (acct.262 + 263 – 2962)	21		-	-
	4. Loans to associates and jointly controlled entities (acct.2673 + 2674-2965)	22		-	-
	5. Other fixed assets (acct.265 – 2963)	23		-	-
	6. Other loans (2675 + 2676 + 2677 + 2678 + 2679 -2966-2968)	24	1	-	-
	TOTAL (row 18 to 23)				
	FIXED ASSETS – TOTAL (row 06 + 16 + 17+ 24)	25		3,287,420,615	3,478,372,748
	CURRENT ASSETS				

	I. INVENTORIES				
	1. Raw materials and consumables (acct. 301+321+302+322+303+323+/-308+351+358+381+328+/- 388-391-392-3951-3958-398)	26		3,623,733	2,842,744
	2. Production in progress (acct.331 + 332 + 341 +/- 348 - 393 - 3941 - 3952)	27		-	-
	3. Finished goods and commodities (acct. 345+346+/-348+354+356+357+361+326+/-368+371+327+/-378-3945-3946-3953-3954-3956-3957-396-397-4428)	28		-	-
	4. Advances (acct. 4091)	29		-	-
	TOTAL (rows 26 to 29)	30	9m	3,623,733	2,842,744
	II. RECEIVABLES				
	1. Commercial receivables (acct.2675+2676+2678+2679-2966-2968+4092+411+411+413+418-4902-491)	31		184,837,868	230,060,293
	2. Amounts receivable from affiliates entities (acct 451- 495)	32		-	-
	3. Amounts receivable from associates and jointly controlled entities (acct 453 - 495)	33		-	-
	4. Other receivables (425+4282+431+436+437+4382+441+4424+ + 4428+ 444 + 445 + 446+ 447+ 4482 +4582 + 461 + 473-496*+ 5187)	34		140,449,387	107,322,973
	5. Share Capital subscribed and not paid (acct. 456-495)	35		-	-
	6. Receivables representing dividends distributed during the financial year (acct. 463)	36		-	-
	Total (rows 31 to 36)	37	5a	325,287,255	337,383,266
	III. SHORT-TERM INVESTMENTS				
	1. Shares in affiliates entities (acct.501-591)	38		-	-
	2. Other short-term investments (acct.505 + 506 + 507 + 508 - 595 - 596 - 598 + 5113 + 5114)	39		-	-
	Total (rows 37 to 38)	40		-	-
	IV. CASH AND BANK ACCOUNTS (acct. 5112 + 512 + 531 + 532 + 541 + 542)	41	9n	2,512,921,189	2,432,510,227
	CURRENT ASSETS - TOTAL (rows 31 + 37 + 40 + 41)	42		2,841,832,177	2,772,736,237
C	DEFERRED EXPENSES (acct.471 + 474) (rows 44 + 45)	43		1,438,592	2,501,138
	Amounts to be repaid within a period of up to one year (out of acct 471)	44		1,438,592	2,427,261
	Amounts to be repaid longer than a period of one year (out of 471*)	45			73,877
	TOTAL ASSETS			6,130,691,384	6,253,610,123
D	DEBTS: AMOUNTS TO BE PAID WITHIN A PERIOD OF UP TO ONE YEAR				
	1. Loans from the bond issue (acct. 161 + 1681-169)	46		-	-
	2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198	47		-	-
	3. Advances received on account of orders (acct. 419)	48		236,092,467	267,567,380
	4. Trade payables - suppliers (acct. 401 + 404 + 408)	49		354,872,672	293,924,727
	5. Trade payments effects (acct .403 + 405)	50		-	-
	6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)	51		-	-
	7. Amounts owed to associated entities and jointly controlled entities (acct. 1663 + 1686 + 2692 + 453)	52		-	-
	8. Other liabilities, including tax and debts to social insurance (acct. 1623 + 1626 + 167 + 1687 + 2693 421+423+ 424 + 426 + 427 + 4281 + 431 + 436 + 437 + 4381 +441 + 4423 + 4428 + 444 + 446 + 447 + 4481 + 455+ 456 + 457 + 4581 + 462 + 4661+ 473 + 4761 + 509 +5186 + 5193 + 5194 + 5195 + 5196 + 5197)	53		113,975,528	81,303,706

	TOTAL (row 46 to 53)	54	5b	704,940,667	642,795,813
E	NET CURRENT ACCOUNTS / NET CURRENT LIABILITIES (rows 42 + 44- 56- 741-74- 77)	55		1,958,535,467	2,023,816,873
F	TOTAL ASSETS MINUS CURRENT LIABILITIES (rows 25 + 45 +57)	56		5,245,956,082	5,502,263,498
G	LIABILITIES: AMOUNTS TO BE PAID IN A PERIOD LONGER THAN ONE YEAR				
	1. Loans from bond issues (acct. 161 + 1681-169)	57		-	-
	2. Amounts owed to credit institutions (acct.1621 + 1622 + 1624 +1625 + 1627 + 1682 + 5191 + 5192 + 5198)	58		-	-
	3. Advance payments for orders (acct. 419)	59		-	-
	4. Trade payables - suppliers (acct.401 + 404 + 408)	60		-	-
	5. Trade payments effects (acct. 403 + 405)	61		-	-
	6. Amounts owed to group's entities (ct. 1661 + 1685 + 2691 + 451)	62		-	-
	7. Amounts owed to associates and jointly controlled entities (acct.1663 + 1686 + 2692 + 453)	63		-	-
	8. Other liabilities, including tax debts for social security (acct. 1623+1626+167+1687+2693 +421+423+424+426+427+4281+431+436+437+4381+441 +4423+4428+444+446+447+4481+455+456+4581+462+473+509+ 5186+5193+5194+5195+5196+5197)	64		-	-
	TOTAL (row 56 to 63)	65		-	-
H	PROVISIONS				
	1. Provisions for employees' benefits (acct.1515+1517)	66		40,203,116	46,462,179
	2.Provisions for taxes (1516)	67		4,659,942	4,659,942
	3. Other provisions (1511 + 1512 + 1513 + 1514 + 1518)	68		24,271,784	28,049,511
	TOTAL PROVISIONS (rows 66+67+68)	69	2	69,134,842	79,171,632
I					
	1. Investment grants (acct. 475) (row 71+72)	70		4,083,287	3,973,743
	Amounts to be repaid within a period of up to one year (out of acct.475 *)	71		304,497	373,142
	Amounts to be repaid over a period longer than one year (out of acct.475 *)	72		3,778,790	3,600,601
	2. Deferred income (acct.472) - total (row 74+75), out of which:	73		-	-
	Amounts to be repaid within one year (acct.472 *)	74		-	-
	Amounts to be repaid over a period longer than one year (acct.472 *)	75		-	-
	3. Deferred income related to assets received by transfer from customers (acct. 478) (rows 77+78)	76		1,113,542,254	1,194,921,026
	Amounts to be repaid within a period of up to one year (out of acct.478 *)	77		179,490,138	108,177,670
	Amounts to be repaid over a period longer than one year (out of acct. 478 *)	78		934,052,116	1,086,743,356
	Negative goodwill (acct.2075)	79			
	TOTAL (rows 70+73+76+79)	80		1,117,625,541	1,198,894,769
J	CAPITAL AND RESERVES				
	I. CAPITAL				
	1. Paid-in subscribed capital (acct. 1012)	81		271,365,250	271,365,250
	2. Unpaid subscribed capital (acct. 1011)	82		-	-
	3. Company's patrimony (acct. 1015)	83		-	-
	4. The patrimony of the national research-development institutes (acct. 1018)	84		-	-
	5. Other equity items (acct. 103)	85		-	-
	TOTAL (row 81+82+83+84+85)	86	7	271,365,250	271,365,250

II. CAPITAL's PREMIUMS (acct. 104)		87		-	-
III. RESERVE FROM REVALUATION (acct. 105)		88		850,882,928	815,451,100
IV. RESERVES					
1. Legal reserves (acct. 1061)		89		54,273,050	54,273,050
2. Statutory or contractual reserves (acct. 1063)		90			
3. Other reserves (acct. 1068)		91		1,403,019,622	1,428,009,404
TOTAL (row 89 to 91)		92		1,457,292,672	1,482,282,454
Own shares (acct 109)		93		-	-
Equity linked to equity instruments (acct. 141)		94		-	-
Losses related to equity instruments (acct.149)		95		-	-
V. RETAINED EARNINGS, (acct.117)	Balance C	96		1,774,340,216	1.691.968.270
	Balance D	97		0	0
VII. PROFIT OR LOSS OF THE EXERCISE (acct.121)	Balance C	98		0	96.670.617
	Balance D	99		114,890,732	0
The distribution of profit (acct. 129)		100			24,989,782
OWN EQUITY – TOTAL (rows 86+87+88+92-93+94-95+96-97+98-99-100)		101		4,238,990,334	4,332,747,909
Private patrimony (acct. 1016)		102		-	-
Public patrimony (acct.1017)		103		-	-
EQUITY- TOTAL (row 101+102 +103)		104		4,238,990,334	4,332,747,909
TOTAL – LIABILITY		105		6,130,691,384	6,253,610,123

The financial statements from page 3 to page 69 were signed on April 8, 2020 by:

General Manager
Gino Celentano

Prepared by,
Maurizio Rastelli
Financial manager

E-DISTRIBUTIE MUNTENIA SA
PROFIT AND LOSS ACCOUNT
for the financial exercise ended on December 31, 2019
(all amounts are in lei (RON) unless otherwise mentioned)

PROFIT AND LOSS ACCOUNT AS ON 31.12.2019					F-20 RON
Name of issue		Row MFO 56/2021	Note	Financial exercise	
				2018	2019
A		B	C	1	2
1. Net turnover (rd. 02 + 03 - 04 + 05+06)		01		800,094,517	814,537,487
Production sold (acct.701 + 702 + 703 + 704 + 705 + 706 + 708)		02		779,404,090	806,004,330
Income from the sale of goods (acct. 707		03		20,690,427	8,533,157
Commercial discounts granted (acct.709)		04		-	-
2. Revenues from operating grants related to turnover (acct.7411)		05		-	-
3.Income related to the cost of production in progress (acct. 711 + 712)	Balance C	06		-	-
	Balance D	07		-	-
3.Production made by the entity for its own and capitalized purposes (acct. 721 + 722)*		08		20,357,360	23,327,983
4.Income from the revaluation of intangible assets (acct. 755)		09		1,937,621	61,229,465
5.Revenue from real estate investments (acct. 725)		10		-	-
6.Income from operating grants (acct.7412 + 7413 + 7414 + 7415 + 7416 + 7417 + 7419)		11		-	-
7.Other operating income (751+758+7815), of which		12		87,190,760	94,705,769
-revenue from negative goodwill (acct. 7815)		13			
-revenues from investments grants (acct. 7584)		14		80,957,815	91,203,050
OPERATING REVENUES - TOTAL (row 01+07+08+09+10+11 +12+13)		15	4	909,580,258	993,800,704
8.a)Expenditure on raw materials and consumables (acct. 601 + 602)*		16		11,946,184	13,832,661
Other material expenses (acct. 603+604+606+608)		17		268,536,637	299,255,659
b) Other external expenditures (with energy and water) (acct.605)		18		4,321,666	4,231,832
c) Expenditure on goods (acct. 607)		19		19,232,656	7,328,704
Trade receipts received (acct.609)		20		594	21,723
9	Personnel related costs (row 23+24), out of which:	21	8	92,222,539	112,376,998
	a) Salaries and allowances (acct. 641+642+643+644)	22		87,950,744	106,858,676
	b) Expenditure on insurance and social protection (acct.645)	23		4,271,795	5,518,322
10	a) Value adjustments on intangible assets, tangible assets (rows 26-27)	24		233,138,956	201,011,869
	a.1) Expenses (acct.6811 + 6813 + 6816 + 6817)	25		234,350,117	205,741,535
	a.2) Income (acct.7813 + 7816)	26		1,211,161	4,729,666
	b) Value adjustments for current assets (rows 29-30)	27		1,689,852	(691,509)
	b.1) Expenditure (acct.654 + 6814+6818)	28		9,391,760	7,251,499
	b.2) Revenues (acct.754 + 7814+7818)	29		7,701,908	7,943,008
11	Other operating expenses (row 32 to 38)	30	9o	424,145,540	286,132,644

	11.1. Expenditure on external benefits (acct. 611 + 612 + 613 + 614 + 615 + 621 + 622 + 623 + 624 + 625 + 626 + 627 + 628)	31		130,735,616	161.684.963
	11.2. Expenses with other fees, taxes, and similar charges (acct. 635 + 6586)	32		11,691,022	10.451.236
	11.3. Environment protection expenditures (acct.652)	33		186,841	112.752
	11.4. . Expenses from revaluation of intangible assets (acct. 655)	34		258,759,258	72.396.509
	11.5 Expenditure on calamities and other similar events (acct.6587	35			
	11.6. Other expenses (acct.651 + 6581 + 6582 + 6583 +6588)	36		22,772,803	41.487.184
	Adjustments for provisions (rows 40-41)	37		(7,900,800)	10.036.789
	- Expenditure (acct. 6812)	38		7,526,042	15.278.625
	- Income (7812)	39		15,426,842	5.241.836
	OPERATING EXPENDITURE - TOTAL (row 17 to 20-21+22+25+28+31+39)	40	4	1,047,332,636	1,047,332,636
	PROFIT OR LOSS OF OPERATION:				
	-Profit (row 16-42)	41		0	60,306,780
	- Loss (row 42-16)	42		137,752,378	0
12	Income from shares in associated entities and controlled jointly entities (acct.7611+7612+7613)	43 44		-	-
13	Interest income (acct.766 *)	45		43,425,117	45,801,355
	- of which, the income affiliated entities	46		-	-
14	Income from operating grants for interest due (acct. 7418)	47		-	-
15	Other financial income (acct. 7615+762+764+765+767+768)	48		928,123	1,651,602
	Of which, income from other financial fixed assets (item 7615)	49			
	FINANCIAL INCOME – TOTAL (rows 45+47+49+50)	50		44,353,240	47,452,957
16	Value adjustments on financial assets and financial investments held as current assets (rows 54-55)	51		-	-
	-Expenditures (acct.686)	52		-	-
	-Income (acct.786)	53		-	-
17	Interest Expenses (acct.666 *)	54		-	-
	- of which, the expenses in relation to the entities in the group	55			
18	Other financial expenses (acct.663 + 664 + 665 + 667 + 668)	56		2,737,990	4,808,923
	FINANCIAL EXPENDITURE - TOTAL (rows 53+56+58)	57		2,737,990	4,808,923
	PROFIT OR FINANCIAL LOSS:				
	- Profit (row 61 - 70)	58		41,615,250	42,644,034
	- Loss (rows 70- 61)	59		-	-
	TOTAL INCOME (rows 16+52)	60		953,933,498	1,041,253,661
	TOTAL EXPENDITURE (rows 42+59)	61		1,050,070,626	938,302,847
19	GROSS PROFIT OR LOSS:				
	- Profit (row 60-63)	62		0	102,950,814
	- Loss (rows 63-62)	63		96,137,128	0
20	Income tax (acc, 691)	64	9d	18,753,604	6,280,197
21	Tax-specific activities (acct, 695)	65			

22	Other taxes not shown at the above items (acct,698)	66			
23	NET PROFIT OR LOSS OF THE FINANCIAL YEAR:				
	- Profit (rows 64-65-66-67-68)	67		0	96,670,617
	- Loss (rows 65+66+67+68-64)	68		114,890,732	0

The financial statements from page 3 to page 69 were signed on April 8, 2020 by:

General Manager
Gino Celentano

Prepared by,
Maurizio Rastelli
Financial manager

INDIRECT METHOD

ITEM	Financial exercise concluded on December 31	
	2018	2019
A	1	2
Cash flows from operating activity		
Profit / (loss) before income tax	(96,137,128)	102,950,814
Adjustments for non-monetary items:		
Depreciation related to tangible and intangible assets, net	228,981,850	205,368,909
Impairment adjustments, net	4,157,106	(4,357,040)
The net impact on the profit and loss account of the revaluation of tangible assets	256,821,637	11,167,044
Value adjustments related to trade and other receivables, net	1,635,644	(812,749)
Stock value adjustments, net	54,208	121,240
Provisions, net	(7,900,800)	10,036,789
Loss (profit) from the sale / disposal of tangible assets	15,768,472	35,225,659
Revenue of customer-financed assets (connection fee)	(80,957,815)	(91,203,050)
Unrealized losses due to exchange rate differences	(498,077)	1,859,181
Interest income	(43,425,116)	(45,801,355)
Operating income before changes in working capital	278,499,981	224,555,442
Changes in net working capital in:		
Decrease / (Increase) of stocks	(892,781)	659,749
Decrease / (Increase) in trade and other receivables and other claims	73,421,456	(13,801,902)
Decrease / (Increase) of deferred expenses	(175,844)	(1,062,547)
(Decrease) / Increase in trade and other payables	33,911,651	(60,947,945)
(Decrease) / Increase in other debts	28,972,463	(20,574,532)
Connection fee collected from customers	135,236,947	(95,727,177)
Changes in working capital		
	(2,275,543)	(18,377,487)
Profit tax paid	411,461,385	110,450,778
Net cash flow from operating activities		
Cash flow from investment activity	(390,327,265)	(441,399,384)
Payments for acquisitions of tangible and intangible assets	412,261	129,638
Proceeds from the sale of tangible assets	36,840,313	55,687,877
Interest received	(353,074,691)	(385,581,869)
Net cash flow used in investment activity		
Cash flow from financial activity	184,971,364	196,579,309
Dividends paid	184,971,364	196,579,309
Net cash flow from / (used in) financial activity		
	243,358,055	(78,551,782)
Net increase / (decrease) of availabilities and assimilated elements		
Availability and assimilated elements at the beginning of the year	2,269,065,057	2,512,921,189
The effect of exchange rate changes	498,077	(1,859,181)
Availability and assimilated elements at the end of the year	2,512,921,189	2,432,510,226

The financial statements from page 3 to page 69 were signed on April 8, 2020 by:

General Manager
Gino Celentano

Prepared by,
Maurizio Rastelli
Financial manager

E-DISTRIBUTIE MUNTENIA SA
SITUATION OF CHANGES IN EQUITY
for the financial exercise ended on December 31, 2019
(all amounts are in lei (RON) unless otherwise mentioned)

2019

Name of item		Balance on 01.01.2019	Increase		Decrease		Balance on 31.12.2019
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed capital		271,365,250	-	-	-	-	271,365,250
Inventory		-	-	-	-	-	-
Capital premium		-	-	-	-	-	-
Revaluation reserves		850,882,928	75,918,431	-	111,350,259	32,518,786	815,451,100
Legal reserves		54,273,050	-	-	-	-	54,273,050
Statutory or contractual reserves		-	-	-	-	-	-
Other reserves		1,403,019,622	24,989,782	24,989,782	-	-	1,428,009,404
Shares		-	-	-	-	-	-
Earnings related to equity instruments		-	-	-	-	-	-
Losses related to equity instruments		-	-	-	-	-	-
Retained earnings representing the surplus realized from revaluation reserves	Balance C	93,113,426	32,518,786	32,518,786	-	-	125,632,212
	Balance D	-	-	-	-	-	-
Retained earnings represents the undistributed profit or the uncovered loss	Balance C	1,681,226,790	-	-	114,890,732	114,890,732	1,566,336,058
	Balance D	-	-	-	-	-	-
Retained earnings from the first adoption of IAS, less IAS 29	Balance C	-	-	-	-	-	-
	Balance D	-	-	-	-	-	-
Retained earnings from the correction of accounting errors	Balance C	-	-	-	-	-	-
	Balance D	-	-	-	-	-	-
Retained earnings from the transition to the application of accounting regulations in accordance with the Fourth Directive of the European Economic Communities	Balance C	-	-	-	-	-	-
	Balance D	-	-	-	-	-	-
Profit or loss for the financial year	Balance C	-	96,670,617	-	-	-	96,670,617
	Balance D	114,890,732	-	-	(114,890,732)	(114,890,732)	-
Distribution of profit		-	(24,989,782)	(24,989,782)	-	-	(24,989,782)
Total equity		4,238,990,334	205,107,834	32,518,786	111,350,259	32,518,786	4,332,747,909

2018

Name of item		Balance on 01.01.2018	Increase		Decrease		Balance on 31.12.2018
			Total, of which:	By transfer	Total, of which:	By transfer	
Subscribed capital		271,365,250	-	-	-	-	271,365,250
Inventory		-	-	-	-	-	-
Capital premium		-	-	-	-	-	-
Revaluation reserves		1,115,330,620	111,793,912	-	376,241,604	3,651,596	850,882,928
Legal reserves		54,273,050	-	-	-	-	54,273,050
Statutory or contractual reserves		-	-	-	-	-	-
Other reserves		1,403,019,622	-	-	-	-	1,403,019,622
Shares		-	-	-	-	-	-
Earnings related to equity instruments		-	-	-	-	-	-
Losses related to equity instruments		-	-	-	-	-	-
Retained earnings representing the surplus realized from revaluation reserves	Balance C	89,461,830	3,651,596	3,651,596	-	-	93,113,426
	Balance D	-	-	-	-	-	-
Retained earnings represents the undistributed profit or the uncovered loss	Balance C	1,631,206,573	50,020,217	50,020,217	-	-	1,681,226,790
	Balance D	-	-	-	-	-	-
Retained earnings from the first adoption of IAS, less IAS 29	Balance C	-	-	-	-	-	-
	Balance D	-	-	-	-	-	-
Retained earnings from the correction of accounting errors	Balance C	-	-	-	-	-	-
	Balance D	-	-	-	-	-	-
Retained earnings from the transition to the application of accounting regulations in accordance with the Fourth Directive of the European Economic Communities	Balance C	-	-	-	-	-	-
	Balance D	-	-	-	-	-	-
Profit or loss for the financial year	Balance C	85,901,292	-	-	85,901,292	85,901,292	-
	Balance D	-	114,890,732	-	-	-	114,890,732
Distribution of profit		(35,881,075)	-	-	(35,881,075)	(35,881,075)	-
Total equity							

General manager
Gino Celentano

Prepared by,
Maurizio Rastelli

The legal reserve is created in accordance with the provisions of the Companies Law, according to which 5% of the annual accounting profit before tax is transferred to legal reserves until their balance reaches 20% of the Company's share capital. As of December 31, 2019, the Company has legal reserves in the amount of 54,273,050 (2018: 54,273,050), representing 20% of the Company's share capital at that date.

As of December 31, 2019, the Company registered a net decrease in the revaluation reserve in the amount of 2,913,041 as a result of the revaluation performed on that date for the assets of the nature of tangible fixed assets and the company's land (additional information related to the revaluation of fixed assets carried out on December 31, 2019 are also presented in Note 1: Fixed Assets, item 1.b)), as well as a decrease in the amount of 32,518,786 (2018: 3,651,596) for the transfer to "Retained earnings, representing the revaluation surplus realized from the revaluation reserves", representing the revaluation reserve constituted in the previous years related to the discharged fixed assets in 2019.

The surplus realized from revaluation reserves thus created is distributable, while the revaluation reserve is not distributable.

If the revaluation surplus is used, from a fiscal point of view it will be taxed to the extent that, in accordance with the tax legislation applicable at the date of the revaluation, the depreciation expenses related to the revalued fixed assets were considered deductible expenses, in calculating the profit tax and, the surplus realized from revaluation reserves has not already been assimilated to the income for the calculation of the profit tax. The company does not intend to distribute the surplus realized from revaluation reserves in balance on December 31, 2019.

The loss related to the financial year ended December 31, 2018 in the amount of 114,890,732 was covered by the retained earnings (account 117), according to the decision of the Ordinary General Meeting of Shareholders on May 10, 2019.

In April 2020, the General Meeting of Shareholders will decide how to distribute the profit for the financial year ended December 31, 2019 in the amount of 96,670,617.

NOTE 1: INTANGIBLE ASSETS

From 31.12.2018 to 31.12.2019 the intangible assets have been as follows:

Assets	Balance on 01 January 2019	Increase	Transfer	Decrease	Net revaluation	Balance on 31 December 2019
	1	2	3	5		5=1+2+3-4
Intangible assets						
Settlement and development expenses	-	-	-	-	-	-
Concessions and other intangible assets	93,062,849	6,193,146		4,681,168		94,574,827
Total Intangible assets	93,062,849	6,193,146		4,681,168		94,574,827
Tangible assets						
Lands	166,920,291	31,200	152,389	2,393	10,833,444	177,934,931
Constructions	1,810,620,511	-	242,684,369	23,767,955	(135,749,641)	1,893,787,284
Technical plants and machines	1,026,290,698	68,517	189,660,074	8,639,201	(82,190,673)	1,125,189,415
Other installations, equipment, furniture	3,833,572		934,005	5,648	(862,344)	3,899,585
Ongoing tangible assets	250,026,603	435,702,914	(433,430,837)	3,859,709	-	248,438,971
Advances for tangible assets	596,392			596,392		
Total tangible assets	3,258,288,067	435,802,631		36,871,298	(207,969,214)	3,449,250,186
Financial assets						
Other assets	-	-	-	-	-	-
Total financial assets	-	-	-	-	-	-
Total assets	3,351,350,916	441,995,777		41,552,466	(207,969,214)	3,543,825,013
Impairment - amortization	Balance on 01 January 2019	Increase	Decrease	Net revaluation	Balance on 31 December 2019	
	6	7	8		9=6+7-8	
Intangible assets						
Settlement and development expenses	-	-	-	-	-	
Concessions and other intangible assets	58,562,034	10,546,350	4,667,348		64,441,036	
Total Intangible assets	58,562,034	10,546,350	4,667,348	-	64,441,036	
Tangible assets						
Lands	-	-	-	-	-	
Constructions	-	81,387,712	254,032	81,133,680	-	
Technical plants and machines	-	112,928,110	676,572	112,251,538	-	
Other plant, equipment and furniture	-	506,739	2,827	503,912	-	
Total tangible assets	-	194,817,381	933,431	193,889,130	-	
Total assets	58,562,034	205,368,911	5,600,779	193,889,130	64,441,036	

Depreciation - provisions	Balance on 01 January 2019	Increase	Decrease	Net revaluation	Balance on 31 December 2020
	10	11	12		13=10+11-12
Intangible assets					
Settlement and development expenses	-	-	-	-	-
Concessions and other intangible assets	13,820	-	13,820	-	-
Total Intangible assets	13,820	-	13,820	-	-
Tangible assets					
Constructions	-	625,709	-	625,709	-
Technical plants and machines	977,333	779,565	977,333	779,565	-
Other equipment, machines and furniture	-	-	-	-	-
Advances and tangible fixed assets in progress	4,377,114	372,628	3,738,513	-	1,011,229
Total tangible assets	5,354,447	1,777,902	4,715,846	1,405,274	1,011,229
Total financial assets	-	-	-	-	-
Total intangible assets	5,368,267	1,777,902	4,729,666	1,405,274	1,011,229

On December 31, 2019, the company set up a provision for tangible fixed assets in progress in the amount of 1,011,229, which is presented in the table above in "Increases" columns.

Net value		
Asset item	Balance on 01 January 2019	Balance on 31 December 2019
	14=1-6-10	15=5-9-13
Intangible assets		
Settlement and development expenses		
Concessions and other intangible assets	34,486,995	30,133,791
Advances and intangible assets in progress	-	-
Total Intangible assets	34,486,995	30,133,791
Tangible assets		
Lands	166,920,291	177,934,931
Constructions	1,810,620,511	1,893,787,284
Technical plants and machines	1,025,313,365	1,125,189,415
Other plant, equipment and furniture	3,833,572	3,899,583
Advances and tangible fixed assets in progress	246,245,881	247,427,744
Total tangible assets	3,252,933,620	3,448,238,957
Financial assets		
Other assets	-	-
Total financial assets	-	-
Total fixed assets	3,287,420,615	3,478,372,748

1.a. Intangible assets

As of December 31, 2019, the net accounting value of intangible assets is 30,133,791 (2018: 34,486,995), representing mainly computer programs. Intangible assets, representing computer programs, are amortized over a period of 3 years (Windows licenses and similar) or 5 years (SAP system, software related to smart meters).

1.b. Tangible fixed assets

Tangible assets include:

- a) Constructions;
- b) Administrative buildings;
- c) Energy equipment;
- d) Measurement groups;
- e) Other installations, equipment and furniture.

Constructions include both buildings and electricity distribution networks.

The ongoing tangible fixed assets mainly include works for the modernization of the transformer stations as well as the construction of medium and low voltage networks, performed from the connection tariff.

Evaluation of tangible assets

The company registers fixed assets at cost (permanently for fixed assets made from connection fees, and temporarily for fixed assets put into operation in the period between two revaluations) or revalued value. On December 31, 2019, the revaluation of fixed assets was performed by an independent appraiser in accordance with OMF 1802/2014 and the national valuation standards issued by ANEVAR, the evaluation being performed on the assets of tangible assets type and the Company's land.

Specialized fixed assets (special constructions and equipment) were valued using the cost approach. The assets for which a market could be identified on which they can be capitalized (land, residential properties, commercial, administrative and / or industrial real estate, movable goods of transport type, office and IT, equipment with use in multiple fields of activity, etc.) were valued at market value, applying one or two (depending on the specific market and available market data) of the three approaches under evaluation: the market approach, the revenue approach and the cost approach, specifying that whenever possible from the point of view of market data and the specifics of the property, either the income approach or the market approach were applied.

The economic impairment test is required according to the valuation standards for the revalued fixed assets using the cost approach (most in terms of value). The impairment test for fixed assets was performed by calculating the value of their use based on a discounted cash flow model, based on RAB (Regulated Assets Base).

One of the main components included in determining the updated cash flows is the Regulated Rate of Return ("RRR"), established by ANRE for the current regulatory period. Considering that during 2019 two RRR were already valid (the respective amendments are detailed in Note 9 j)), and ANRE has not yet published the RRR that will be applied starting May 1, 2020, the company's management has applied estimated rate, considering all information available at the time of preparing the financial statements. Thus, the rate of return used for the impairment test was established at 6.2%. In order to present the potential impact of the RRR change in the future, the sensitivity analysis of the use value of the revalued fixed assets according to the change of the regulated rate by 0.5% is presented as follows:

Indicator	Impact
Use value calculated using 6.7% rate	49,165,060
Use value calculated using the rate 5.7%	(49,165,060)

After performing the impairment test, resulted a net impairment of 14,080,085. For the allocation of the depreciation, the fixed assets revalued at market value were excluded, which are not affected by the depreciation, respectively: land, buildings valued by income capitalization or by market comparisons.

In the process of allocating the impairment on assets in the register, it was considered the professional judgment that for fixed assets with the date of commissioning between 2017-2019, due to the small difference between net accounting value and net replacement cost, the accounting value is adequate to be fair value at the evaluation date.

In the case of tangible fixed assets with commissioning date from 2005-2016, the depreciation resulting from the profitability test was allocated differently, as follows:

- 20% of the net replacement cost for fixed assets with commissioning date between 2014-2016;
- 35% for the commissioning date between 2011-2013;
- 50% for the commissioning date between 2008-2010;
- 90% for the commissioning date between 2005-2007;
- 90.58% for the commissioning date between older than 2004;
- 100% fixed assets proposed for scrapping.

The depreciation of the preliminary values resulting from the revaluation in net value of 14,080,085 is reflected in the final value of the fixed assets, registered after the revaluation (and in the table below the columns "increase in value" and "decrease in value" are determined after taking into depreciation calculation).

The results of the revaluation were as follows:

Revalued tangible assets	Gross value before revaluation	Cancellation amortization	Value increases	Value decreases	Revalued value on 31.12.2019
1	2	3	4	5	6 = 2 - 3 + 4 - 5
Lands	167,101,486		10,857,873	24,429	177,934,931
Constructions	2,029,536,926	81,133,680	60,666,075	115,282,037	1,893,787,284
Technical plants and machines	1,207,380,088	112,251,538	65,592,623	35,531,759	1,125,189,415
Other plant, equipment, and	4,761,927	503,912	31,324	389,756	3,899,583
Total revalued tangible assets	3,408,780,427	193,889,130	137,147,895	151,227,981	3,200,811,213

The result of the revaluation was registered as follows:

	Evaluation increase	Evaluation decrease
Revaluation reserve (account 105)	75,918,431	78,831,472
Profit and loss account (account 755/655)	61,229,465	72,396,509
Total	137,147,895	151,227,981

1.c Assets held under financial leasing or acquired in installments

As of December 31, 2019 and December 31, 2018, the Company has no assets held under financial leasing or purchased in installments.

1.d. Tangible assets sold and rented

During 2019 and 2018, the Company did not subsequently sell or rent tangible assets.

The company leased office space for group companies, JT and MT overhead power line poles as supports for telecommunications networks, fiber optics, billboards, and power transformers.

1.e. Assets encumbered / mortgaged by collateral

On December 31, 2019 and December 31, 2018, the Company had no assets encumbered by collateral or mortgaged in favor of credit institutions.

1.f. Regulated assets

Because the Company operates in a regulated business environment, the National Energy Regulatory Authority ("ANRE") establishes the Regulated Assets Base ("RAB") for each regulatory period.

The regulated asset base includes the net value of tangible and intangible assets recognized by ANRE and used only for the regulated distribution of electricity. RAB does not include fixed assets financed by donations, development fee received or other non-refundable funds, including connection fee from new users of the electricity distribution network.

1.g. Other

The gross accounting value of fully depreciated tangible assets on December 31, 2019, before revaluation, is 10,788,038 (2018: 72,105,682).

During 2019, the Company undertook internal development works of some tangible and intangible assets. These are included in the "Increases" column of the table with the movements of fixed assets and have an accounting value of 23,327,983 (2018: 20,357,360), representing income from the capitalization of salary expenses.

The gross accounting value of fixed assets made from subsidies from connection fee is 951,575,900 (2018: 1,023,979,884) while their net accounting value is 889,898,270 (2018: 827,157,974), and for subsidies from the developer tax, the gross value is 171,481,404 (2018: 142,666,911) and their net accounting value is 167,257,845 (2018: 135,953,840).

As of December 31, 2019, the Company reclassified from stocks to fixed assets in progress the amount of 100,865,373 (2018: 82,263,870), as they will subsequently be capitalized in the value of high, medium and low voltage distribution networks.

The note on fixed assets shows both increases and decreases in the value of fixed assets capitalized as a result of the change in the financing source after the return of the amount of 25,834,434 (2018: 11,028,511) to real estate developers, representing the value of the works of the network of public interest within the housing assemblies built by them.

1.h. Financial assets

As of December 31, 2019 and December 31, 2018, the Company has no financial fixed assets.

1.i. Impairment of fixed assets

Impairment adjustments for fixed assets are related to impaired fixed assets that are not used at normal operating or in a state of preservation.

On December 31, 2019, the Company has registered a specific provision for the depreciation of fixed assets in the amount of 1,011,229 (2018: 5,368,267) related to the proposed fixed assets for scrapping.

NOTE 2: PROVISIONS

Name of the provision	Balance on January 1, 2018	Increase	Decrease	Balance on December 31, 2019
Provisions for pensions and other similar obligations (1515)	40,203,116	6,259,063		46,462,179
Provision for taxes (1516)	4,659,942			4,659,942
<i>Other provisions, of which:</i>				
Provisions for litigation (1511)	21,039,048	5,487,222	2,009,100	24,517,170
Provisions for restructuring (1514)	-			
Other provisions (1518)	3,232,736	3,532,341	3,232,736	3,532,341
Total provisions	69,134,842	15,278,626	5,241,836	79,171,632

As of January 1, 2019, the benefit plan for the Company's employees includes the following main elements:

- free energy quota of 1,200 kWh / year after retirement;
- jubilee premiums, for uninterrupted seniority within Enel, which consist of the following:
 - at 20 - 1 gross monthly basic salary;
 - at 25 - 1.5 gross monthly basic salaries;
 - at 30 - 2 gross monthly basic salaries;
 - at 35 - 3 gross monthly basic salaries;
 - at 40 - 4 gross monthly basic salaries;
 - at 45 - 5 gross monthly basic salaries;
- retirement awards, for employees who retire, depending on the uninterrupted seniority within Enel, which consist of the following:
 - up to 10 seniority - 1 basic gross monthly salary;
 - between 10-25 years - 2 gross monthly basic salaries;
 - over 25 seniority - 3 gross monthly basic salaries.

As mentioned in the Company's accounting policies presented in Note 6r), on December 31, 2019, the Company established provisions for pensions and similar obligations in the amount of 46,462,179 (2018: 40,203,116):

- provisions for Kilowatts granted to own pensioners in the amount of 27,797,996 (2018: 25,576,016);
- provisions for jubilee premiums in the amount of 14,298,359 (2018: 11,510,411);
- provisions for pensions in the amount of 4,365,824 (2018: 3,116,689).

This provision is updated based on the actuarial calculation report prepared by the approved consultant.

The provision for taxes was established for the future amounts due to the state budget, as the respective amounts are not reflected as a debt in relation to the state. In calculating the tax provision, following the principle of prudence, the influences resulting from the amendments of the fiscal legislation were taken into account.

The company reflected in a provision the future tax liability for reserves that will become taxable at the time of changing the destination. For the unused reserve, according to GEO 89/2004 approved by Law 529/2004, deductible in calculating the profit tax at the moment of incorporation, the Company recognizes a provision for taxes in the amount of 4,659,942 (2018: of 4,659,942).

In accordance with the Company's accounting policies set out in Note 6r), the Company has not established a provision for restructuring / voluntary departure. Company Management's decided to suspend the restructuring plan / voluntary departures.

As of December 31, 2019, the Company has provisions for litigation in the amount of 24,517,170 (2018: 21,039,049), of which:

- 7,880,000 represents a provision established for the litigation with Ivan Laura / Ivan Cornel / Ivan Vladimir, having as object compensation for employee's death (2018: 7,880,000);
- 5,266,172 represents the provision established for litigations with ANL, with the mention that the plaintiffs are the owners of the residential complex developed by ANL (2018: 4,835,793);
- 3,068,927 represents the provision established for the dispute with SEM, having as object penalties Beny Alex (2018: 3,068,927);
- 903,618 represents the provision established for the dispute with Remat SA, having as object requested interest related to the balance, representing the equivalent value of some transformers (2018: 903,618);
- 417,270 represents the provision established for the dispute with Morale Trabajo SRL, having as object claims for decommissioning and relocation of the network (2018: 417,270);
- 298,343 represent the provisions established for the disputes with Omniasig, having as object claims for destroyed equipment (2018: 82,065);
- 349,020 represents the provision established for the dispute with Popescu Teodor, having as object the obligation to connect to the electricity network (2018: 0);
- 3,566,587 represents the provision established for the dispute with KDF Energy, having as object claims resulting from the contract of sale - purchase of electricity (2018: 0).

Part of the provision for litigation was resumed in 2019 as a result of the settlement of some ongoing trials from last year, mainly:

- 1,118,000 representing the provision established for the dispute with Miulescu Ionica having as object claims for not using the land and relocation costs;
- 218,356 the provision constituted for the litigation with Popescu Elena having as object claims for not using the land.

As of December 31, 2019, the Company has other provisions for risks and expenses in the amount of 3,532,341 (2018: 3,232,736). Their value refers mainly to:

- the provision in the amount of 1,400,755 (2018: 1,333,550), representing bonuses that will be granted to employees;
- the provision in the amount of 1,029,059 (2018: 1,899,186), representing unperformed leave.

NOTE 3: DISTRIBUTION OF PROFIT

Distribution of the profit	Financial exercise ended on 31.12.2018	Financial exercise ended on 31.12.2019
Retained earnings at the beginning of the financial year	1,770,688,620	1,659,449,484
Surplus realized from revaluation reserves	3,651,596	32,518,786
Net profit to be distributed	(114,890,732)	96,670,617
- legal reserve	-	-
- dividends	-	-
- reserves of reinvested profit	-	24,989,782
Undistributed profit, retained earnings undistributed at the end of the financial year	1,659,449,484	1,763,649,105

During 2019, the Company did not distribute dividends to shareholders from the result for the financial year ended December 31, 2018, because the Company recorded a loss of 114,890,732. The loss related to 2018 was covered from the carried forward result (account 117) according to the Ordinary General Meeting of Shareholders of May 10, 2019.

The financial statements of the Company for the financial year ended December 31, 2019 will be approved by the Ordinary General Meeting of Shareholders to be held in May 2020 when it will be decided how to distribute the profit for the financial year ended December 31, 2019.

NOTE 4: ANALYSIS OF OPERATING RESULT

	Financial exercise ended on 31.12.2018	Financial exercise ended on 31.12.2019
1. Net turnover	800,094,517	814,537,487
2. The cost of goods sold and services rendered, of which (3 + 4 + 5)	912,936,945	672,191,059
3. The expenses of the basic activity	876,202,013	628,208,880
4. Expenditure on ancillary activities	36,734,932	43,982,179
5. Indirect production costs	-	-
6. Gross result of net turnover (1 - 2)	(112,842,428)	142,346,428
7. Sales expenses	-	-
8. General and administrative expenses	112,100,709	176,745,417
9. Other operating income	87,190,759	94,705,769
10. Operating result (6 - 7 - 8 + 9)	(137,752,378)	60,306,780

From the expenses of the basic activity are decreased the incomes from the production realized by the entity for own purposes and capitalized (accounts 721 and 722 - Incomes from the capitalization of the expenses with salaries) in the amount of 23,327,983 (2018: 20,357,360). From the expenses of the basic activity are also deducted the revenues from the resumption of the depreciation of fixed and current assets, before revaluation, in the amount of 12,672,674 (2018: 8,913,069) and revenues from the revaluation of tangible fixed assets 61,229,465 (2018: 1,937,621).

General and administrative expenses also include revenues from the reversal of litigation, restructuring and other provisions in the amount of 5,241,836 (2018: 15,426,842).

In order to accurately reflect the nature of the activity carried out by the Company in these financial statements, the Company presented clearly in the profit and loss account the turnover of account 722, namely the account 602 from the trial balance with the amount of RON 60,875,753 (2018: RON 66,577,657). This represents the value of materials initially registered as inventories of materials (account 302) in the trial balance and then capitalized in the value of distribution networks. The adjustment thus made in the profit and loss account does not affect the operating result and the net result.

NOTE 5: STATEMENT ON RECEIVABLES AND LIABILITIES

a) Receivables

On December 31, 2019 and 2018, the Company's receivables are as follows:

Receivables	Balance on 31.12.2018	Balance on 31.12.2019	Liquidity term	
			Under 1 year	Over 1 year
0	1	2	3	4
Receivables from affiliated parties	128,127,110	172,624,071	172,624,071	-
Customers, gross accounting value	86,227,369	83,344,230	83,344,230	-
Adjustment for uncertain customers	(29,516,611)	(25,908,008)	(25,908,008)	-
Total trade receivables	184,837,868	230,060,293	230,060,293	-
Miscellaneous debtors, gross book value	62,847,123	70,162,397	70,162,397	-
Adjustment for various uncertain borrowers	(17,988,337)	(19,727,705)	(19,727,705)	-
Other receivables	12,240,327	3,094,166	3,094,166	-
Other receivables from affiliated parties	83,350,276	53,794,115	53,794,115	-
Total other receivables	140,449,387	107,322,973	107,322,973	-
Total receivables	325,287,255	337,383,266	337,383,266	-

For conditions and terms regarding receivables from affiliated / related parties, see Note 9 b.

Trade receivables mainly include receivables from the electricity distribution, are subject to penalties and generally have a collection period of 45 days.

The balance of gross trade receivables as of December 31, 2019 in the amount of 255,968,301 (2018: 214,354,479) consists of:

- customers from the basic activity, representing the invoicing of the distribution rate in the amount of 123,620,206 (2018: 68,681,739);
- customers from other activities in the amount of 9,789,549 (2018: 25,950,949);
- customers invoices to be drawn up from the distribution activity in the amount of 97,698,454 (2018: 89,079,131);
- other fixed receivables mainly representing guarantees in the amount of 125,016 (2018: 120,816)
- uncertain customers from the basic activity in the amount of 6,347,151 (2018: 6,891,149);
- uncertain customers from other activities and bankrupt customers in the amount of 10,989,654 (2018: 13,139,992);
- clients declared insolvent in the amount of 7,398,271 (2018: 5,957,774);
- advances in the amount of 0 (2018: 4,532,929).

The provision for trade receivables established by the Company on December 31, 2019 in the amount of 25,908,008 (2018: 29,516,611) refers to: outstanding receivables older than 365 days in the amount of 17,178 (2018: 902,497) for which it was not initiated the action in court, outstanding claims less than 1 year but which present a risk of non-collection in the amount of 0 (2018: 978,633), for claims in dispute in the amount of 24,735,076 (2018: 25,988,916) and claims from other activities in the amount of 1,155,754 (2018: 1,646,565).

Receivables representing various debtors and other receivables, including from affiliated parties, in the amount of 129,868,798 (2018: 158,437,724) include:

- debtors affiliated parties representing VAT to be recovered from companies within the VAT group in the amount of 53,692,874 (2018: 83,253,199);
- debtors from the connection fee in the amount of 41,971,048 (2018: 35,025,474);
- debtors regarding electricity theft in the amount of 12,284,983 (2018: 11,807,462);
- other miscellaneous debtors in the amount of 11,540,102 (2018: 11,441,248);
- debtors for whom penalties were calculated for non-payment on time receivables from other activities 4,182,179 (2018: 4,111,861);
- debtors for which penalties for non-payment on time receivables were calculated from the distribution of electricity in the amount of 285,326 (2018: 558,154).

On December 31, 2019, the category of "Other receivables" in the amount of 3,094,166 (2018: 12,240,327) mainly includes: interest receivable in the amount of 228,304 (2018: 10,114,827); the Company's contribution to the Sole National Health Insurance Fund in the amount of 1,641,315 (2018: 672,012) and other receivables in the amount of 1,224,547 (2018: 1,453,488).

The provision for various debtors established by the Company on December 31, 2019 in the amount of 19,727,705 (2018: 17,988,337) refers to the receivables from debtors regarding the theft of electricity in the amount of 12,284,717 (2018: 11,807,462), receivables from other debtors in the amount of 3,161,465 (2018: 2,705,821), penalties for non-payment on time other receivables older than 365 days in the amount of 4,016,585 (2018: 2,916,900) and penalties for non-payment within the term the receivables from the energy distribution in the amount of 264,938 (2018: 558,154).

On December 31, 2019, doubtful trade receivables and miscellaneous doubtful debtors whose maturity has been exceeded have been adjusted for impairment. The movements in adjustments for impairment of receivables and miscellaneous debtors were as follows:

	Balance on 31.12.2018	Balance on 31.12.2019
On January 1st	47,583,179	47,504,949
Increases during the year	6,547,168	5,386,798
Amounts spent on expenses	1,713,874	1,056,487
Overflows during the year	4,911,524	6,199,547
On December 31st	47,504,949	45,635,713

In the income statement, the line regarding the "Adjustment of the value of current assets" reflects the annual movement of the adjustments for the depreciation of trade receivables and miscellaneous debtors as well as other current assets (stocks) as follows:

- a) the Revenue line includes the impact of the reversal of the stock provision in the amount of 686,974 (2018: 1,076,511);
- b) in Expenses is included the impact of the depreciation adjustments of stocks in the amount of 808,214 (2018: 1,130,719).

b) Liabilities

On December 31, 2019 and 2018, the liabilities registered by the Company are as follows:

LIABILITIES	Balance on December 31,2018	Balance on December 31,2019	Exigibility term		
			under 1 year	over 1 year	over 5 year
	1	2	3	4	5
Amounts to credit institutions	-	-	-	-	-
Suppliers - affiliated parties	72,232,578	87,244,943	87,244,943	-	-
Other suppliers	55,365,929	41,977,200	41,977,200	-	-
Fixed asset suppliers - related parties	10,437,856	8,617,786	8,617,786	-	-
Other fixed assets suppliers	99,825,737	35,724,840	35,724,840	-	-
Suppliers - invoices receivable - affiliated parties	33,692,694	42,701,119	42,701,119	-	-
Suppliers - invoices receivable - others	83,317,879	77,658,839	77,658,839	-	-
Total commercial debts - suppliers	354,872,673	293,924,727	293,924,727	-	-
Advances and guarantees - others	1,609,498	435,841	435,841	-	-
Salaries and other employee rights	2,721,638	3,224,548	3,224,548	-	-
Social insurance and other taxes related to salaries	3,369,531	4,111,958	4,111,958	-	-
Other debts to the state budget and to local budgets	95,193,227	55,878,208	55,878,208	-	-
Advances received on account of the connection fee	235,709,139	267,117,383	267,117,383	-	-
Other advances from customers	383,328	450,000	450,000	-	-
Other liabilities - to related parties	3,599,910	4,603,997	4,603,997	-	-
Other liabilities - various	7,481,724	13,049,154	13,049,154	-	-
Total other liabilities, including tax and other social security liabilities	350,067,994	348,871,089	348,871,089	-	-
Total liabilities	704,940,667	642,795,816	642,795,816	-	-

On December 31, 2019, the liabilities to other suppliers in the amount of 155,360,879 (2018: 238,509,545) refer to the purchase of electricity for own technological consumption in amount of 24,558,150 (2018: 33,110,013), purchases of goods and other services in amount of 53,319,131 (2018: 59,771,594) and purchases of fixed assets in amount of 77,483,598 (2018: 145,677,938).

The liabilities to the state budget and local budgets as of December 31, 2019 in the amount of 55,878,208 (2018: 95,193,227) result mainly from:

- VAT payable as a VAT Group Representative in the amount of 52,307,638 (2018: 81,309,760);
- VAT not payable 1,661,000 (2018: 0);
- the debt regarding the income tax from salaries related to December 2019, in the amount of 722,041 (2018: 591,996);
- the debt regarding the concession fee related to the electricity distribution service, related to 2019, in the amount of 736,224 (2018: 711,655);
- monopoly tax in the amount of 449,163 (2018: 480,015);
- the excise duty debt in the amount of 2,002 (2018: 2,507);
- the debt regarding the environmental fund 0 (2018: 4);
- withholding tax at source 140 (2018: 0);
- profit tax 0 (2018: 12,097,290).

In the category of other debts, including to affiliates, the Company registered on December 31, 2019, mainly, the following:

- a) Debts to various creditors in the amount of 13,049,157 (2018: 7,481,724), of which 8,415,456 for connection fee (2018: 4,433,682);
- b) VAT due to the affiliated companies from the VAT group in the amount of 4,441,650 (2018: 3,596,794) and other debts to the ICO amounting to 162,347 (2018: 3,116).

NOTE 6: PRINCIPLES, POLICIES AND ACCOUNTING METHODS

A. Significant accounting principles

The financial statements for the year ended December 31, 2019 were prepared in accordance with the following accounting principles:

The principle of continuing the activity

The company will continue its operation, for a predictable period of time in normal economic and social conditions, without being at this moment the possibility of entering into situations of impossibility to continue the activity.

The principle of permanence of methods

The company applies the rules, methods and norms regarding the valuation, registration and presentation in accounting of the patrimonial elements ensuring the comparability in time of the accounting information. In 2019, policies, principles, practices and methods applied were in accordance with the provisions of OMF 1802/2014 with subsequent amendments.

The principle of prudence

The Company has included in the financial statements all value adjustments due to impairment in the valuation of assets, as well as all foreseeable liabilities and potential losses that arose during the financial year ended or during a previous year.

The principle of accrual accounting

The effects of transactions and other events were recognized when the transactions and events occurred (and not as cash or cash equivalents were received or paid) and were registered in the accounts and reported in the financial statements for the related periods. All income and expenses for the year were taken into account, regardless of the date of collection or payment.

The incomes and expenses that resulted directly and simultaneously from the same transaction were recognized simultaneously in the accounting, by direct association between the expenses and the incomes, by highlighting these incomes and expenses.

The principle of separate valuation of assets and liabilities

The value of each component of the assets and liabilities items was determined separately.

The principle of intangibility

The opening balance sheet of the financial year corresponds to the closing balance sheet of the previous financial year.

The principle of non-compensation

The values of the elements representing assets were not offset by the values of the elements representing debts, respectively the income with expenses.

The principle of economic prevalence over legal

The information presented in the financial statements reflects the economic reality of events and transactions, not just their legal form.

NOTE 2: ACCOUNTING PRINCIPLES, POLICIES AND METHODS

B. Significant accounting principles

a) Reporting currency

The financial statements were prepared in Romanian lei ("RON") unless another currency is specifically mentioned.

b) Basics for preparing the financial statements

The financial statements were prepared in accordance with the Order of the Minister of Public Finance No. 1802/2014 for the approval of the Accounting Regulations in accordance with European directives, namely the Accounting Regulations complying with Directive IV of the European Economic Communities amended and with further changes published until now, as well as the Accounting Law 82/1991 (republished in 2009) with subsequent amendments.

The financial statements refer only to E-Distributie Muntenia S.A.

The company does not have subsidiaries that require consolidation.

The accounting principles and policies adopted for the preparation and presentation of the financial statements are in accordance with the accounting principles and policies provided by OMFP 1802/2014.

The accounting records on the basis of which these financial statements have been prepared are in lei ("RON") at historical cost, except for the situations in which the fair value was used, according to the Company's accounting policies and according to OMF 1802/2014.

These financial statements include:

- Balance sheet;
- Profit and loss account;
- Cash flow statement;
- Statement of changes in equity;
- Explanatory notes to the financial statements.

The financial statements are not intended to present the financial position, the result of operations, cash flows and a complete set of notes to the financial statements in accordance with regulations and accounting principles accepted in countries and jurisdictions other than Romania. Therefore, the financial statements are not prepared for the use of persons who do not know the accounting and legal regulations in Romania, including the Order of the Minister of Public Finance no. 1802/2014 with subsequent amendments.

The preparation of the Company's financial statements in accordance with the provisions of OMF 1802/2014, with subsequent amendments, requires the Company's management to make estimates and assumptions that affect the reported values for income, expenses, assets and liabilities, as well as the presentation of contingent liabilities at the end of the period. However, the inherent uncertainty surrounding these estimates and assumptions could result in a significant future adjustment to the carrying amount of recorded assets and liabilities.

Continuity of activity

On December 31, 2019, the Company registered a total profit of 96,670,617 (2018: loss of 114,890,732), with net current assets of 2,023,816,872 (2018: 1,958,535,467).

The company will continue its operation, for a predictable period of time in normal economic and social conditions, without being at this moment the possibility of entering into situations of impossibility to continue the activity.

c) Foreign currency transactions

Foreign currency transactions are registered at the exchange rate on the date of the transaction. At the end of the year, receivables and payables denominated in foreign currency are translated into lei, at the exchange rate from the "Balance Sheet" date and "exchange rate differences are registered in the income statement, financial income or expenses.

d) Tangible fixed assets

(i) Recognition and measurement

Tangible assets are presented at revalued cost or value, less accumulated depreciation, and impairment losses (see accounting policy 6 j) Impairment losses).

The initial cost of tangible assets consists of the purchase price, including irrecoverable import duties or taxes, transportation, handling, commissions, notary fees, licensing, and other non-recoverable expenses directly attributable to tangible assets and any direct attributable costs, bringing the asset to the place and in the operating conditions.

If an item tangible asset is revalued, all other assets in the group to which it belongs must be revalued, unless there is no active market for that asset. If the fair value of an item of tangible assets cannot be determined by reference to an active market, the value of the asset shown in the balance sheet must be its revalued amount at the date of the last revaluation, less accumulated value adjustments.

Revaluations of tangible assets are made with enough regularity so that their carrying amount does not differ materially from that which would be determined using the fair value at the balance sheet's date.

Fixed assets in progress represent unfinished investments made in own management or in the enterprise. They are valued at production cost or acquisition cost, as the case may be. They are not amortized over a period of time until the relevant assets are completed and put into operation.

(ii) Subsequent maintenance and repair costs

Expenses incurred after the fixed asset has been put into operation, such as repairs, maintenance and administrative costs, are normally registered in the profit and loss account during the period in which they occurred. If it can be demonstrated that these expenses resulted in an increase in future economic benefits expected to be derived from the use of a fixed asset item above the initially assessed performance standards, the expense is capitalized as an additional cost in the value of the asset.

Expenses for the repair or maintenance of fixed assets incurred to restore or maintain the value of such assets are recognized in the profit and loss account at the time they are incurred, while expenses incurred to improve technical performance are capitalized and amortized over the remaining amortization period of that fixed asset.

In case of replacement of a component of a long-term asset, the Company recognizes the cost of the partial replacement, the accounting value of the replaced part being removed from the records, with the related depreciation, if the necessary information is available.

(iii) Depreciation

The useful life is the period in which an asset is expected to be available.

The company uses the straight-line method. Land is not depreciated.

The Company registers the accounting depreciation based on the economic life periods established by the Company and which are entered in a catalog of the economic durations.

Depreciation is calculated at the estimated value, using the straight-line method over the estimated useful life of the assets.

The fiscal depreciation is calculated based on the fiscal durations from the Catalog regarding the classification of fixed assets according to GD 2139/2004.

The fiscal lifetimes were revised on January 1, 1994, by Law no. 15/1994, on January 1, 1999, by Government Decision no. 964/1998 and on January 1, 2005 by Government Decision 2139/2004. For all tangible assets acquired before January 1, 1999, the Company used the remaining normal operating life resulting from the combination of previous and current terms for each asset class, based on a formula determined by the Ministry of Public Finance.

In accordance with the new regulations on the calculation of tax depreciation, the reserves from the revaluation of fixed assets, including land, made after January 1, 2004, are taxed starting with May 1, 2009 while depreciating the related fixed assets and removal of assets.

The fiscal depreciation periods (in years) used for tangible fixed assets, as well as the economic durations used by the Company are as follows:

- In accordance with the new regulations on calculating tax depreciation, starting with January 1, 2007, for determining the tax value of land, respectively the tax value remaining unamortized in case of depreciable fixed assets, accounting revaluations performed after January 1, 2007 will be taken into account, as well as the remaining unamortized part of the accounting revaluations performed between January 1, 2004 and December 31, 2006, highlighted on December 31, 2006. The accounting revaluations performed after January 1, 2004 on depreciable fixed assets that do not recover have an unamortized tax value at the date of revaluation. Reserves from the revaluation of fixed assets, including land, made after January 1, 2004, which are deducted from the calculation of taxable profit through tax depreciation or expenses on assigned and / or disposed assets, are taxed at the same time as the tax depreciation deduction, when discharging these fixed assets, according to GEO no. 34/2009.
- In this sense, the Company adjusted the inventory values on the fiscal area for the accounting revaluations performed on 31.12.2006, 31.12.2009, 31.12.2012 and 31.12.2015, which were registered in the accounting for all depreciable assets that at the respective data had unamortized tax value.

The fiscal depreciation periods (in years) used for tangible assets, as well as the economic durations used by the Company are as follows:

Category	Duration economy (years)	Fiscal durations (years)			
		After January 1 2005	1 January 1999 - 31 December 2004	Before 1 January 1999	Before 1 January 1994
Buildings	-	-	-	-	-
Administrative and industrial	60-90	40	50	50	70
Overhead power lines on wooden poles	30	9	12	12	20
Overhead power lines on concrete poles	50	32	40	40	60
Underground power lines	35	12	20	20	30
Other cables	35	9	20	20	30
Transformer	40	16	20	20	30
Meters	10	8	10	10	20
Measuring and control devices	3-30	8	3-20	5-20	5-30
Means of transport	4-10	4	4-9	4-9	6-9
Stationary	5-20	2-12	15	15	40
Others	5	3	5	10	10

e) Intangible assets

Intangible assets acquired by the Company are presented at cost, less accumulated depreciation, and impairment losses (see accounting policy 6 j) "Impairment losses"). Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible asset. Most of the intangible assets registered by the Company are computer programs. They are amortized on a straight-line basis over a period of 3 years (Windows and similar licenses) or 5 years (SAP system, smart meter software).

f) Financial fixed assets

The Company recognizes financial assets as an asset at cost of acquisition or at the amount determined by the contract for their acquisition.

g) Stocks

Inventories consist of consumables, spare parts, and other materials, consisting mainly of materials for the maintenance of the distribution network. These are registered as inventories at the time of purchase and are registered as expenses or capitalized, as the case may be, at the time of consumption. The cost of inventories includes all acquisition costs and other costs incurred in bringing inventories to their present location and position.

Inventories are registered at the lower of cost and net realizable value based on the weighted average cost measurement method. Where applicable, provisions are made for obsolete stocks or scrap.

On December 31 of each year, the stocks of materials that will be installed in the high, medium and low voltage distribution networks in the next period are reclassified as fixed assets in progress.

h) Trade and other receivables

Accounts receivable and similar accounts include invoices issued until December 31, 2019 for electricity distribution, penalties for late payment, and estimated receivables related to electricity distributed by the end of the year, but invoiced after the end of the year.

Accounts receivable and similar accounts are registered at nominal value, less the estimated recoverable amount by recording a provision for uncertain customers. Short-term receivables are not updated.

The recoverable amount of short-term receivables is estimated based on an analysis of the seniority of the receivables. The Company's policy is to provide receivables older than one year, uncertain and bankrupt customers.

i) Cash and cash equivalents

Cash availabilities include cash, current accounts and bank deposits for up to 3 months. Cash in foreign currency is valued at the exchange rates at the end of the period. Account overdrafts are treated as current liabilities.

j) Impairment

For the assets, the differences found in minus between the inventory value and the net accounting value of the assets are registered in the accounting as an additional depreciation, in case of depreciable assets for which the depreciation is irreversible.

The carrying amount of the Company's assets is analyzed at the balance sheet date to determine whether there are any impairment losses. If such a decrease is probable, the recoverable amount of the asset in question is estimated. If the carrying amount of the asset exceeds its recoverable amount, a provision for impairment is recognized in the income statement or, as the case may be, by decreasing the revaluation reserve (based on a revaluation report).

The recoverable amount is calculated as the present value of future cash flows, discounted at the weighted average cost of capital (WACC) corresponding to these assets.

In the current economic context, the Company analyzed internal and external sources of information and concluded that there are indications of general impairment of fixed assets on December 31, 2019. Details of the impairment test, as part of the revaluation of fixed assets, are included in Note 1b).

Specific impairment was recorded only for the items identified as damaged, for scrapping, etc.

A provision for the impairment of a long-term receivable is resumed if the subsequent increase in recoverable amount can be objectively attributed to an event occurring after the time of provisioning. For other assets, the provision for impairment may be resumed if there is a change in the conditions existing at the time of determining the recoverable amount. The reversal of a provision for impairment may be made only in such a way that the net asset value does not exceed its historical net accounting value, considering depreciation and without taking into account the impairment provision.

k) Financial instruments

Financial assets and financial liabilities registered in the balance sheet include cash and cash equivalents, customers and other similar accounts, suppliers and other similar accounts. The accounting policies regarding the recognition and measurement of these elements are presented in the respective accounting policies that are found in this Note. Management believes that the estimated fair values of these instruments are approximate by respective carrying amounts.

Financial instruments are classified as liabilities or equity in accordance with the content of the contractual arrangement. Interest, dividends, profit and losses associated with a financial instrument classified as a liability are reported as an expense or income at the time they arise.

Payments to holders of financial instruments classified in equity are registered directly in equity.

Financial instruments are offset when the Company has the legal right to set off and intends to either offset on a net basis or to realize the asset and settle the debt simultaneously.

l) Share capital

The share capital composed of common shares is registered at the value of the stability based on the actions for the establishment of additional documents, as the case may be, as well as the supporting documents regarding the capital payments.

Profit or losses related to the issue, redemption, sale, free transfer or cancellation of equity instruments of entities (shares, social parts) are recognized directly in equity in the lines "Profit and / or losses on equity".

The company recognizes the changes in the share capital only after being approved by the General Meeting of Shareholders and the registration with the Trade Register Office.

l) Retained earnings

The accounting profit remaining after the distribution of the legal reserve quota realized, within the limit of 20% of the share capital, is taken over within the retained earnings at the beginning of the financial year following the one for which the annual financial statements are prepared.

The accounting profit is performed in the following year after the general meeting of shareholders or associates who approved the distribution of profit, by registering the amounts representing dividends due to shareholders or associates, reserves and other destinations, according to law. It is not possible to return to the registration made with regard to the distribution of the profit.

m) Dividends

Dividends are recognized as a liability in the period in which their distribution is approved.

n) Loans

Long-term loans are initially recognized at cost, and transaction costs are registered as prepaid expenses. Subsequent to initial recognition, loans are presented at amortized value; the differences between the cost and the redemption value are recognized in the income statement during the loan at an effective interest rate. As of December 31, 2019, the Company has no long-term loans.

o) Suppliers and other payables

Payables to suppliers are recorded at nominal value, which represents the fair value of the obligation to be paid for the goods and services received, whether or not they were invoiced to the Company, including invoices for electricity deliveries, supplies of goods, works contracted and services.

p) Debts related to leasing contracts

Financial leasing contracts:

Leases for tangible assets in which the Company substantially takes over the risks and rewards of ownership are classified as finance leases. If the lease term represents most of the average life expectancy of those assets, then the contracts are classified as finance leases. Financial leases are capitalized at the estimated present value of payments. Each payment is divided between the capital item and financing costs that are registered in the income statement over the term of the lease at a constant interest rate. Amounts owed are included in short-term or long-term debt. The assets held under the financial leasing contracts are capitalized and depreciated on the minimum between their useful life and the duration of the leasing contract, in case the Company does not wish to acquire the asset at the end of the leasing period. As of December 31, 2019, the Company has no financial leasing contracts.

Operating leases:

Leases for tangible assets in which the Company does not substantially assume the risks and rewards of ownership are classified as operating leases. The debt to the leasing company is included in the balance sheet as a debt regarding the leasing contract. Payments made under operating leases are registered in the income statement on a straight-line basis over the term of lease as rental expenses. Reductions in leasing premiums received are recognized in the income statement as a reduction in expenses.

q) Provisions

A provision is recognized only if the holder has a current obligation (legal or implied) as a result of a past event and it is probable (i.e. more likely than unlikely) that an outflow of resources representing economic benefits will be required to settle the obligation and when a correct estimate is made as to the amount of the obligation. Where the effect of the temporal value of money is material, the amount of a provision is the present value of the expenses that are expected to be necessary to settle the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect management's current best estimate in this regard. If an outflow of resources is no longer probable in order to settle an obligation, the provision must be canceled by resumption of income.

The company recognizes a provision for restructuring as a result of the existence of an approved and officially communicated, detailed plan, which generates expectations regarding the remuneration of those who will have to bear the effects of the program. A provision related to the restructuring will include only the direct costs generated by the restructuring, i.e. those that are necessarily generated by the restructuring process and are not related to the continuation of the entity's activity.

The provisions for taxes are constituted for the amounts due to the state budget, in conditions in which the respective amounts do not appear reflected as a debt in relation to the state. The company calculates the tax on reserves that will become taxable at the time of the change of destination, reflecting the future debt through a provision for taxes.

The company calculates and registers a provision for long-term employee benefits, as noted in Note 2 and Note 6 (s). The Company also registers provisions for estimates of amounts due and unpaid to personnel until the end of the financial year (rest leave and performance bonuses) and which will be paid during the next financial year.

s) Pensions and other post-retirement benefits

Within the current activity, the Company makes payments to the Romanian state for the benefit of its employees for social insurance. All Company's employees are included in the pension plan of the Romanian state.

In addition, the Company provides cash benefits based on length of service for current employees and in-kind benefits (free energy) to retirees of the Company (see Note 2). These benefits were estimated by an authorized expert in actuarial calculations and registered.

Starting with January 1, 2019, according to the Protocol concluded following the negotiation meeting of December 13, 2018 for the Collective Labor Agreements, subsequently signed on July 1, 2019, the defined benefit plan for the Company's employees included the following main elements, also detailed in Note 2:

- free energy quota of 1,200 kWh / year after retirement;
- jubilee premiums, consisting of one, one and a half, two, three, four or five gross monthly basic salaries depending on the number of years of uninterrupted seniority in the Company;
- retirement awards consisting of one, two or three gross monthly basic salaries depending on the number of years of service in the Company at the date of retirement.

The company does not operate any other pension scheme or post-retirement benefit plan.

t) Revenue recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will enter the Company and the amount of revenue can be determined correctly.

Revenue amounts do not include sales tax (VAT), but include commercial discounts granted. Financial discounts granted to customers (discounts) are registered as financial expenses of the period without altering the value of the Company's income.

Revenues represent mainly the value of electricity distribution services. Revenues from services are recognized in the period to which they refer and in correspondence with the stage of execution.

Interest income is recognized periodically, on a pro rata basis, as income is generated, based on accrual accounting.

Revenues from the collection of rents and / or rights to use assets are recognized on the basis of accrual accounting, according to the contract.

u) Financial result

This includes interest receivable on cash deposits and exchange rate differences. The principle of separation of financial years is respected for the recognition of these elements.

v) Taxes and fees

The profit tax includes the current tax calculated based on the annual fiscal result, using the tax rate in force at the balance sheet date, adjusted with the corrections of the previous years.

Debts related to taxes and duties are registered in the period to which they refer to.

w) Affiliated parties

According to OMF 1802/2014, an entity is affiliated with a company if it is under the control of that company.

Control exists when the parent company meets one of the following criteria:

- a) holds the majority of voting rights over a company;
- b) is a shareholder or associate of a company and the majority of the members of the administrative, management and supervisory bodies of the company in question, who performed these functions during the financial year, during the previous financial year and until the preparation of the annual financial statements, were appointed only as a result of the exercise of his voting rights;
- c) is a shareholder or associate of the company and has sole control over the majority of the voting rights of the shareholders, as a result of an agreement concluded with other shareholders or associates;
- d) is a shareholder or associate of a company and has the right to exercise a dominant influence over that company, under a contract concluded with the entity in question or a clause from the articles of association or statute, if the legislation applicable to the company allows such contracts or clauses;
- e) the parent company has the power to exercise or actually exercise a dominant influence or control over the Company;
- f) is a shareholder or associate of the company and has the right to appoint or remove the majority of the members of the administrative, management and supervisory bodies of the Company;
- g) the parent company and the affiliated entity are managed on a unified basis by the parent company.

A person or a close family member of that person is related to the Company if that person:

- a) has joint control or control over the Company;
- b) has a significant influence on the Company; or
- c) is a member of the key personnel of the management of the Company or of the parent company of the Company.

An entity is "linked" if:

- a) the entity and the Company are members of the same group;
- b) an entity is an associate or jointly controlled entity of the other entity (or an associate or jointly controlled entity of a member of the group to which the other entity belongs);
- c) both entities are jointly controlled entities of the same third party;
- d) one entity is a jointly controlled entity of a third entity, and the other is an associate entity of the third entity;
- e) the entity is a post-employment benefit plan for the benefit of the employees of the Company or of an entity related to the Company.
- f) the entity is controlled or jointly controlled by a related person;
- g) a person who has joint control or control over the Company, significantly influences the entity or is a member of the key personnel of the management of the entity (or of the parent company of the entity);
- h) the entity or any member of a group to which it belongs provides to the Company or the parent company of the Company, services related to the key personnel in the management of the respective entity.

x) Subsidies

Grants for asset, including non-monetary grants at fair value, are registered in the accounts as investment subsidies and are recognized in the balance sheet as income in advance. The income in advance is registered in the profit and loss account as the expenses are registered with amortization or at the scrapping or transfer of assets.

Revenue grants include all grants other than assets.

Grants are accounted for as income in advance and recognized as income on a systematic basis at the time of recognition of related costs (depreciation or consumption of inventories).

y) Connection fee

The connection fee collected is recognized as advances from customers until the start of the works, at which time it is transferred to advance income (see policy (6x)). New connections made to the electricity network are the property of the Company.

The invoices for the equivalent value of the consumer connection tariffs are issued by E-Distributie Muntenia. Beneficiaries can contact E-Distributie Muntenia directly or optionally through the energy supplier, respectively Enel Energie / Enel Energie Muntenia, and based on the service contract signed between Enel Energie / Enel Energie Muntenia, as provider, and E-Distributie Muntenia, as beneficiary Enel Energie / Enel Energie Muntenia performed support services to verify the correctness of the documents necessary to connect new customers to the electricity networks, by entering in the computer systems the requests, listing and transmitting the connection fee invoice issued in the system computer science of E-Distributie Muntenia.

z) Reclassifications

The comparative values for the previous year are reclassified, if applicable, for a presentation similar to the current year.

aa) Subsequent events

The financial statements reflect events after the end of the year that provide additional information about the Company's position at the balance sheet date or those that indicate a possible breach of the business continuity principle (adjusting events). Subsequent events that do not constitute adjustments are presented in the notes when they are considered significant.

bb) Contingent

Contingent liabilities are not recognized in the financial statements. They are presented if the possibility of an outflow of resources representing economic benefits is probable.

A contingent asset is not recognized in the financial statements but is presented when an inflow of economic benefits is probable.

cc) Geographical segments

The company operates in several locations in Romania, which are engaged in distribution activities. The management considers the operations as a whole as "a single segment".

dd) Accounting errors and changes in accounting policies

The correction of significant errors in previous financial years does not change the financial statements of those years. In case of errors related to the previous financial years, their correction does not imply the adjustment of the comparative information presented in the financial statements. Any impact on the comparative information regarding the financial position and financial performance, respectively the change in the financial position, is presented in the explanatory notes and adjusted in the result carried forward during the year.

The effects of the change in the accounting policies related to the current financial year are accounted for at the expense and income accounts for the period.

The effects of the change in the accounting policies related to the previous financial years are registered in the expense of the carried forward result.

If the effect of the change in accounting policy is impossible to determine for the past periods, the change in accounting policies shall be made for future periods, beginning with the current financial year and the financial years following the year in which the decision to change the accounting policy was made.

NOTE 7: PARTICIPATIONS AND FINANCING SOURCES

Share capital

	Balance on January 1, 2018	Balance on December 31, 2019
Subscribed capital - number of ordinary shares	27,136,525	27,136,525
Nominal value per ordinary share - RON per share	10	10
Value of subscribed share capital - RON	271,365,250	271,365,250

The Company's share capital is fully paid on December 31, 2019.

Shareholding structure

	31 December 2018	%	31 December 2019	%
ENEL SpA	211,664,770	78%	211,664,770	78%
Societatea de Administrare a Participatiilor in Energie (SAPE)	27,136,520	10%	27,136,520	10%
"FONDUL PROPRIETATEA" S.A.	32,563,960	12%	32,563,960	12%
Total	271,365,250	100%	271,365,250	100%

As of December 31, 2019, the share capital of the Company is 271,365,250, fully subscribed and paid in and is divided into 27,136,525 registered shares, with a par nominal value of 10 each.

Redeemable shares

The company has no redeemable shares as of December 31, 2019 (2018: there were no redeemable shares).

Bonds

The company did not issue bonds during the year ended December 31, 2019 (2018: no bonds were issued).

NOTE 8: INFORMATION CONCERNING EMPLOYEES, MEMBERS OF ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.a Directors, managers, and the supervisory board

During 2019, the Company paid the following amounts to the executive management:

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Members of the Board of Directors	91,476	97,664
Managers	1,452,126	1,424,264
Total	1,543,602	1,521,928

At the end of the financial year, there were no advances or loans granted to management.

As of December 31, 2019, the Company had no obligation to pay pensions to former members of the Board, the executive management, and the supervisory board.

At the end of the financial year, there are no future guarantees or obligations assumed by the Company on behalf of the directors or managers.

8.b Employees

The average number of employees has evolved as follows:

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Management	66	79
Administrative	337	372
Staff representing workers and foremen	508	496
Total	911	947

The expenses with salaries and related taxes registered during 2018 and 2019 are the following:

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Salary expenses	87,950,744	106,858,676
Social security expenses	4,271,795	5,518,322
Total	92,222,539	112,376,998

NOTE 9: OTHER INFORMATION

a) Information regarding the Company

These financial statements for the financial year ended December 31, 2019 represent the statutory annual financial statements of E-Distributie Muntenia S.A. (referred to in this document as "the Company").

E-Distributie Muntenia S.A. is a joint stock company established in 2002, with registered office in Bucharest, Sector 3, 30 Mircea Vodă, Romania. The company is registered at the Trade Register under number no. J40 / 1859/2002, fiscal registration number 14507322.

The Company's statutory annual financial statements are available for consultation by shareholders at the Company's headquarters.

The company is controlled by Enel SpA, the last shareholder of the group.

The company's main object of activity represents the distribution of electricity in the Bucharest area and in Ilfov and Giurgiu counties.

The company is not listed on the Bucharest Stock Exchange.

Consolidation of financial statements

Considering that the parent company Enel SpA, a company operating validly and organized according to Italian laws and the ultimate parent of the Group, prepares consolidated financial statements IFRS (which are public and can be obtained from the official website of the Group), the company prepares a series of reports and specific situations in accordance with the Group's policy.

b) The nature of transactions with affiliated entities and other related parties

b1) The nature of transactions with affiliated entities and other related parties

Company	Activity	Main relations with the Company
Enel Energie Muntenia,	Electricity trading in the geographical area of South Muntenia	Sale of electricity distribution services; energy purchases
E-Distributie Banat, Romania	Electricity distribution in the geographical area of Banat	Acquisitions
E-Distributie Dobrogea, Romania	Electricity distribution in the geographical area of Dobrogea	Acquisitions
Enel Energie	Electricity sales in Dobrogea area and Banat area /Support services for the distribution operator	Acquisitions / Sale of electricity
Enel Romania	Management and consulting services	Support, assistance, and consulting services
Enel Servicii Comune	Management and consulting services	Support, assistance, and consulting services
Enel Trade Romania	Electricity trading	Acquisitions / Sale of electricity
E-Distribuzione, Italia	Distribution of electricity and sale of electricity to captive customers in Italy	Support, assistance, and consulting services

Enel Italia	Accounting and computer services	Support, assistance, and consulting services
Enel Spa, Italia	Management services	Support, assistance, and consulting services
Endesa Distribucion Electrica Spania	Electricity distribution	Support, assistance, and consulting services
Enel Energia, Italia	Energy supply on the free market	Support, assistance, and consulting services
Enel Green Power, Romania	Electricity production	Sale of energy
Enel Global Inf and Netw SRL, Italia	Management and consulting services	Support, assistance, and consulting services
Ampla Energia E Servicios, Brazilia	Management services	Support, assistance, and consulting services
Empresa, Argentina	Management services	Support, assistance, and consulting services
Enel Iberia, Spania	Management services	Support, assistance, and consulting services

Enel SpA controls the Company. The other affiliated entities are "sister" companies from the Enel group (other legal parties).

b2) Amounts owed and receivable from affiliated entities and other related parties

(i) Receivables and payables from / to affiliated entities / other related parties:

	Balance receivables from		Balance of debt to	
	31.12.2018	31.12.2019	31.12.2018	31.12.2019
Enel Energie Muntenia	149,380,072	192,602,824	185,372	8,126,011
E-Distributie Banat	7,469,997	1,548,143	470,472	71,119
E-Distributie Dobrogea	8,526,186	741,191	2,014,532	977,527
Enel Energie	39,968,859	26,631,205	1,247,152	1,350,899
Enel Romania	154,972	81,867	4,428,042	9,799,773
Enel Servicii Comune	482,432	490,792	3,022,724	6,572,914
E-Distribuzione	2,421,098	1,626,162	33,879,490	28,381,705
Enel Italia	96,367	96,367	29,284,742	37,138,222
Enel Spa	1,016,459	1,041,608	34,962,125	34,826,206
Em presa	-	148,507	-	-
Ampla Energia E Servicios	-	-	-	306,300
Enel Trade Romania	1,525,038	-	1,437,382	-
Enel Green Power Romania	-	-	3,385,723	2,137,841
Enel Global Inf.and Network SRL	-	1,409,520	5,645,281	12,798,558
Enel Iberia	-	-	-	680,770
Total	211,477,386	226,418,186	119,963,037	143,167,845

The receivables from Enel Energie Muntenia come mainly from amounts to be collected for the value of the distribution service.

Debts to ENEL companies include debts related to assistance, consulting, and support services contracts, as well as the equivalent value of the acquisition of computer programs.

The debts and receivables of Enel Trade Romania are presented in the law of Enel Energie Muntenia as a result of the merger process by absorption from December 31, 2019 following which Enel Trade Romania was absorbed by Enel Energie Muntenia.

b3) Information on transactions with affiliated entities and other related parties

(i) Sales of goods and services and / or fixed assets and Purchases of goods and services:

	Sales / revenues in 2018	Sales / revenues in 2019	Purchases / expenses in 2018	Purchases / expenses in 2019
Enel Energie Muntenia	510,227,112	514,712,521	30,688	288,347
E-Distributie Banat	7,321,592	3,462,962	3,672,131	2,944,643
E-Distributie Dobrogea	12,378,593	4,167,500	9,538,259	2,508,761
Enel Energie	4,155,732	2,533,612	1,047,630	17,788,535
Enel Romania	753,707	146,764	9,486,432	10,249,672
Enel Servicii Comune	690,429	120,275	9,608,271	9,841,525
E-Distribuzione	866,390	352,087	29,734,655	27,305,698
Enel Italia	-	-	12,399,888	12,098,525
Enel Spa			50,250	5,392,150
Empresa		148,507	-	-
Ampla Energia E Servicos	-	-	-	306,249
Enel Trade Romania	141,439	6,621	2,702,962	27,763,915
Enel Green Power Romania	-	-	643,601	7,908,149
Enel Global Inf.and Network SRL	-	1,409,518	5,637,915	7,004,509
Enel Iberia	-	-	-	677,279
Total	536,534,993	527,060,367	84,552,682	132,077,967

(c) Method of converting foreign currency assets, liabilities, income, and expenditure into local currency

Foreign currency transactions are expressed in RON by applying the exchange rate on the date of the transaction. Assets and liabilities denominated in foreign currency at the end of the year are denominated in RON at the exchange rate on that date. Profit and losses on exchange differences, realized and unrealized, are registered in the profit and loss account for the respective year. The exchange rates RON / USD and RON / EUR on December 31, 2019 and December 31, 2018, were as follows:

Currency	31 December 2018	31 December 2019
RON/USD	4,0736	4,2608
RON/EUR	4,6639	4,7793

(d) Income tax

The numerical reconciliation between the income tax expense and the product between the accounting result and the applicable income tax rate is as follows:

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Net accounting result	(114,890,732)	96,670,617
Effect of non-deductible expenses (including income tax)	312,371,760	120,564,407
Tax influences (deductions)	(250,943)	(59,986)
Items similar to income	81,388,596	37,443,260
The effect of non-taxable income	(26,297,531)	(79,143,974)
5% legal reserve	-	-
Accounting depreciation	228,981,849	205,368,909
Tax depreciation	(349,086,819)	(315,319,106)
Fiscal result	132,216,180	65,524,129
Income tax expense before adjustments (16%)	21,154,589	10,483,861
Tax credit related to the reinvested profit	-	(3,998,364)
Corrigendum to previous years	-	-
Sponsorship expenses	(2,400,985)	(205,300)
Total profit tax	18,753,604	6,280,197

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Profit tax payable / (recoverable) on December 31 of the previous year	(4,380,771)	12,097,290
Income tax expense per year	18,753,604	6,280,197
Profit tax paid in the year	(2,275,543)	(18,377,487)
Profit tax payable / (recoverable) on December 31 this year	12,097,290	-

(e) Total Sales

In 2019, the Company achieved a turnover of 814,537,487 (2018: 800,094,517) of which revenues from active electricity distribution 736,057,197 (2018: 711,654,624), revenues from reactive energy distribution 19,296,240 (2018: 20,495,998), revenues from PE-CPT 14,320,376 (2018: 6,291,952), revenues from connection fee, notice fee and reception of works 5,086,736 (2018: 5,712,903), revenues from rent 21,270,003 (2018: 23,873,187), revenues from the sale of energy on the next day's market 830,435 (2018: 778,270), revenues from thefts 2,866,118 (2018: 5,166,530) and other revenues 14,810,382 (2018: 26,121,053) (sale of goods, other income).

The company distributed electricity to 1,337 million consumers in the current year (2018: 1,303), the total amount of electricity distributed to final consumers being 7,486,702 MWh (2018: 7,519,936). The average rate for electricity distributed for the entire year 2019 was 98.3 RON / MWh (2018: 94.6 RON / MWh).

During 2019, the Company distributed 6,271,032 Mwh (2018: 5,806,896) to eligible consumers at an average rate of 89.7 / Mwh (2018: 81.6) and 1,215,670 Mwh (2018: 1,713,040), to captive consumers at an average rate of 142.8 / Mwh (2018: 139.0).

Sales by geographical area:

	Sales in 2018	Sales in 2019
Domestic sales	800,094,517	814,537,487
Total sales	800,094,517	814,537,487

Sales by activities:

	Sales in 2018	Sales in 2019
Services (energy distribution and other services)	800,094,517	814,537,487
Total sales	800,094,517	814,537,487

f) Subsequent events

In 2020, until the date of approval of the financial statements, the Company continued to operate normally, with no significant elements or outside the usual activity that should be brought to the attention of users of the financial statements by presenting them in the notes or requiring changes of the financial statements. Significant legislative changes with applicability in 2020 are presented in Note 9 j).

On February 14, 2020, according to the decision of the Ordinary General Meeting of Shareholders, the distribution of dividends to the Company's shareholders in the total amount of 1,566,336,058 was approved, according to the shareholding in the share capital. The dividends were paid on February 21, 2020.

The Coronavirus Pandemic (COVID-19) was a severe shock to the entire worlds' economy. The measures imposed by the authorities to limit the spread of the virus have had the effect of closing factories, schools, banning events and imposing restrictions on air, maritime and terrestrial traffic.

In the current context, the state of emergency and the restrictive measures imposed by the Romanian state authorities, as a result of the pandemic of coronavirus (COVID-19), represent the Company's concern for the protection of employees and their families, and good business conditions for our customers.

As a result, the following measures have been applied by management:

- The introduction of the "telework" activity for all employees, whose attributions can be thus fulfilled, depending on the nature of each activity;
- Procedures and operational instructions;
- Procedures and instructions for continuing the activity;
- Creation of a working group related to COVID -19;
- Meetings of the national crisis committee on measures' prevention;
- Internal information on the evolution of the crisis generated by COVID-19;
- Purchases of protective masks, disinfectants and dispensers;
- Business trips have been suspended - the necessary ones have been approved by the coordinator of the business or personal line.

With regard to the financial statements for the year ended December 31, 2019, the Company does not adjust the amounts recognized in its financial statements to reflect events subsequent to the balance sheet date, as a result of the crisis caused by the coronavirus (COVID - 19) as it appeared after the balance sheet date.

The management has started to monitor the situation and for the moment it is not possible to accurately estimate the economic and financial impact of the crisis generated by the corona virus (COVID -19).

The Company's management estimates that the main effects on the activity in 2020 generated by the corona virus crisis (COVID -19) will be related to:

- Reduction of energy volumes distributed as a result of decreasing consumption;
- Volatility and uncertainty in the energy field that will generate a decrease in the price traded on next day market;
- Possible decrease in debt collection (no such impact has been identified until the date of signing the financial statements);
- Temporary reduction of investments during the state of emergency, both those from own funds and those from connections, for which a recovery is estimated immediately after the end of the state of emergency;
- The company has temporarily suspended non-essential activities involving direct contact with customers.

Taking into account all these aspects, the management concluded that there was no significant uncertainty about the Company's ability to continue its activity for the next 12 months.

g) Extraordinary items and income / expenses registered in advance

There are no significant situations to be presented.

h) Rental and leasing expenses

During 2019, the Company made payments in the amount of 334,549 (2018: 1,339,629) related to rents paid in connection with operating leases. Payments made in the current year mainly refer to space rental contracts.

i) Audit expenses

The contractual costs for audit services for the financial year ended December 31, 2019 and December 31, 2018 are presented in the following table:

	2018	2019
Audit of individual financial statements	181,425	181,425
Audit of individual financial statements - additional fees related to the audit of financial statements 2018		35,221

j) Regulatory and legislative framework

Regulatory environment

The activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE") established as an autonomous public institution by Emergency Ordinance no. 33/2007 with the subsequent amendments and completions and which has the mission to create and apply the system of regulations necessary for the operating of the electricity and market sector as well as of natural gas in conditions of efficiency, competition, transparency, and consumer's protection.

In carrying out its mission, ANRE aims at integrating the regulatory act with the actions of other regulatory authorities and harmonizing it with the objectives and priorities of the Government. ANRE has the following main attributions:

- approving the technical and commercial regulations for the economic operators, including the performance standards for the transmission, distribution and supply services of electric and thermal energy;
- granting, modifying, suspending or withdrawing authorizations and licenses for economic operators in the electricity sector, including for producers of thermal energy produced in cogeneration;
- elaboration and approval of the methodologies for calculating the regulated rates and prices.

The approval of the regulations elaborated by ANRE is made in the Regulatory Committee appointed by the Decision of the Romanian Parliament no. 40/2017, published in the Official Gazette 391 / 24.05.2017, respectively, Decision of the Romanian Parliament no. 86/2017, published in the Official Gazette 825 / 18.10.2017 on appointment of the members of the regulatory committee of the National Energy Regulatory Authority.

Until January 20, 2020, by Government Decision 980/2015, published in the Official Gazette 952 / 22.12.2015 on the organization and functioning of the Ministry of Energy, this institution, also relevant to the Company, is organized and operates as a specialized body of public central administration, public institution with legal personality, subordinated to the Government, which implements the strategy and government program in the fields of energy and energy resources, in accordance with the requirements of the market economy and to stimulate the initiative of economic operators. On January 31, 2020, the Government Decision no. 44/2020 came into force, repealing the above-mentioned decision.

The most important functions of the Ministry of Energy are of:

- strategy, which ensures the elaboration of the strategy for the implementation of the Government Program in the fields of energy and energy resources, as well as of the strategies and programs regarding the economics increase in these areas;
- regulation and synthesis, which ensures the elaboration of the normative and institutional framework necessary for the achievement of the strategic objectives in the fields of responsibility, as well as regarding the administration and, as the case may be, the privatization of the economic operators operating under its authority and post-privatization monitoring of fulfilling the clauses from the sale-purchase contracts of shares concluded within the privatization processes ;
- internal and external representation in its fields of activity.

The regulatory framework is constantly being detailed and improved, trying at the same time to create a coherence both between the newly issued and the existing regulations, as well as their regulations in relation to the EU legislation.

This dynamic nature is also imposed by the fact that the centralized energy markets know a continuous development and thus new situations appear that must be solved by regulations, or in certain situations the interpretation of the regulatory framework requires the issuance of specific implementing regulations.

In July 2012, the Electricity and Natural Gas Law 123/2012 was approved, published in the Official Gazette 485 / 16.07.2012, which repealed the Electricity Law 13/2007 and the Gas Law no. 351/2004. Following the entry into force, Law 123/2012 was supplemented and amended by other normative acts.

Law 123/2012 regulates the legal framework for:

- carrying out activities in the sector of electricity and thermal energy produced in cogeneration, in order to make optimal use of primary energy resources in terms of accessibility, availability and affordability and in compliance with safety, quality and environmental protection;
- carrying out activities regarding the production, transport, distribution, supply and storage of natural gas, the ways of organizing and functioning of the natural gas sector, market access, as well as the criteria and procedures applicable for granting authorizations and / or licenses in the natural gas sector.

The Law on Electricity and Natural Gas 123/2012 transposes the third EU legislative package, the most important provisions being:

- organization and operation of the transmission and system operator according to the “independent system operator” model;
- elimination of regulated rates for final customers, after December 31, 2013 for non-household customers, and after December 31, 2017 for household customers;
- development of competitive electricity and natural gas markets;
- customer’s protection methods;
- implementation of the notion of universal service regarding the supply of electricity to certain categories of clients;
- implementation of an intelligent metering system for 80% of customers by 2020;
- defining and designating on the competitive criteria the supplier of last resort;
- guaranteed and priority access to electricity networks for manufacturers.

Following the amendments of the European Commission regarding the incomplete transposition of Directives 2009/72/EC and 2009/73/EC, the Law on Electricity and Natural Gas 123/2012 was amended and supplemented by Law no. 127 / 30.09.2014. The amendments and completions made concern both the electricity and natural gas sections and refer mainly to: the definition of the public service, trader type supplier, certification, roles, attributions and activity of the transmission operators, attributions of the operators, distribution and natural gas storage operators, obligations of the electricity and natural gas supplier, rights of final customers. With regard to the activity of electricity distribution, the new Law brings a tightening of sanctions in conditions of non-compliance with the legislative provisions.

With entry into force on 01.01.2016, Law 227/2015 published in the Official Gazette 688 / 10.09.2015 approves the Fiscal Code of 2015 and completes the Law on Electricity and Natural Gas 123/2012 eliminating the exemption of holders of authorizations and licenses beneficiaries of the rights of use and

servitude over the public or private property of the state and of the administrative-territorial units from paying taxes, duties and other payment obligations established by the central public administration authorities. The tax on special constructions that was also due by the distribution operators was applied until 31.12.2016.

During 2016, debates took place during the public consultation process on the text of the Law on Electricity and Natural Gas no. 123/2012. On 8.11.2016, Law 203 / 07.11.2016, published in the Official Gazette 892 / 08.11.2016, enters into force, which completes and modifies the Law on electricity and natural gas 123/2012, with aspects that mainly concern the activity of electricity producers, but also the trading activity on the centralized markets of all the participants in the electricity market regarding the transparency of prices and quantities.

In 2019 there were several amendments to the Law on Electricity and Natural Gas no. 123/2012. Thus, by the Emergency Ordinance no. 114 / 28.12.2018, with effect from 01.01.2019, major changes were made regarding the functioning of the electricity and natural gas markets, by establishing the return to the regulated sphere for household customers in case supply of electricity and by setting a fixed price for natural gas, increases in fines for certain contraventions, etc.

Some of the most important elements for the energy sector, but especially for activity of the companies in the area of electricity supply and distribution, was the establishment at 2% of the turnover of the annual contribution quota charged to the license holders issued by ANRE. This had an impact on the increase in distribution rates due to the need to redo the calculations as they had already been approved taking into account a contribution of 0.1%.

Subsequently, on March 29, 2019, GEO no. 19/2019 which significantly amended the provisions of the Law on electricity and natural gas no. 123/2012 in the sense of taking over the ANRE attribute establishing the value of the Regulated Rate of Return for electricity and natural gas transmission and distribution services, as well as its establishment at a value of 6.9%, higher than the one established by ANRE in 2018 (5.66%). The impact of this change led to the need to redo the calculations and establish new electricity and natural gas distribution rates starting with July 2019 but covering the entire period of 2019 from the date of entry into force of GEO no. 19/2019.

In 2020, by Emergency Ordinance no. 1/2020, several amendments were made to the Energy and Natural Gas Law no. 123/2012, one of the most important being the amendment of GEO 114/2018 by reducing the share of the annual contribution charged by ANRE to the holders of distribution licenses, from 2% to 0.2%. As a result, the distribution rate for 2020, although they had been approved in December 2019 by ORD 224, 225 and 226/2019, that will be valid throughout 2020, were modified by ANRE Orders 4/2020, 5/2020 and 6/2020, the rates being valid from 16.01.2020.

Another amendment brought by Emergency Ordinance 1/2020 on the Law on Energy and Natural Gas 123/2012 is the repeal of Article 79, paragraph 8 of April 30, 2020. As a result, the Regulated Rate of Return ("RRR") expressed in real terms, before tax, applied to the rates for the electricity distribution service provided by the concessionaire distribution operators will return to the value of 5.66% as provided in art. 1 of the ANRE Order no. 168/2018.

The system for promoting the production of energy from renewable sources is regulated by Law 220/2008 with subsequent amendments and completions. In 2014, GD 495 was approved, amended, and supplemented by GD 1104/2014 on the establishment of the state aid scheme for the exemption of certain categories of final consumers from the application of the provisions of Law 220/2008. The respective law was amended by Law no. 360 of December 27, 2018 on the amendment of art. 8 paragraph (1) lit. b) of Law no. 220/2008 for establishing the system for promoting the production of energy from renewable energy sources, in the sense of establishing the quantity for which the contribution of green certificates is due in case of producers.

Elaboration by ANRE and the Ministry of Energy of the state aid scheme to support the production of electricity from renewable sources with powers up to 500 kW per plant (feed-in tariffs), a measure established by Law 122/2015 for the approval of measures in the field of promoting the production of electricity from renewable energy sources and regarding the modification and completion of some normative acts (Law 220/2008), has not been fulfilled.

By ANRE Order 110/2017, the mandatory quota estimated for the acquisition of green certificates by the economic operators who have the obligation to purchase green certificates, for 2018, is set at 0.346 green certificates / MWh (2017: 0.210 green certificates / MWh for the period January - March 2017 and 0.357 green certificates / MWh for the period April - December 2017 according to ANRE Order 38/2018). According to Order 18/2020, the mandatory annual quota for the acquisition of green certificates for 2019 was set at 0.433548 green certificates / MWh, corresponding to a final consumption of electricity exempted from the payment of green certificates of 7598.7932 GWh.

In 2014, Law no. 121/2014 on energy efficiency, repealing Government Ordinance no. 22/2008 on energy efficiency and promoting the use of RES by the final consumers. The most important provisions are:

- introduction the notion of energy services company of ESCO type;
- establishing the criteria for metering and implementation of intelligent metering systems in terms of energy efficiency;
- the obligations of the distribution operators regarding the connection to the network of the producers of energy from renewable sources and in cogeneration of high efficiency;
- obligations related to efficiency management.

Law 121/2014 was amended and supplemented by GEO 1/2020, the most important provisions being:

- The Department for energy efficiency within ANRE no longer exists, and a structure for energy efficiency is established within the Ministry of Economy, Energy and Business Environment, whose functioning and organization are established by a decision on the organization and functioning of the ministry.
- The financing of energy efficiency programs will be provided annually, from the budget of the Ministry of Economy, Energy and Business Environment, from its own budget and / or by attracting third party funds, as well as a contribution from the holders of licenses in the field of energy and natural gas, in case of joint projects.

In March 2015, the Government Decision 122/2015 was published in the Official Gazette 169 bis / 11.03.2015, which approves the National Action Plan in the field of energy efficiency until 2020. In 2019, by Government Decision no. 203/2019, the Action Plan IV in the field of energy efficiency was approved.

The annual rates and contributions, collected from the economic operators whose activities are, according to the legal framework, in the area of ANRE's regulatory competence for 2018, were established by Order 126/20 December 2017.

The annual rates and contributions, collected from the economic operators whose activities are, according to the legal framework, in the area of ANRE's regulatory competence for 2019, were established by Order 224/20 December 2018.

The distribution rates for 2020, although approved in December 2019 by Orders 224, 225 and 226/2019, and will be valid from January 1, 2020, were modified by ANRE Orders 4/2020, 5/2020 and 6/2020, the rates being valid from January 16, 2020, as mentioned above.

Electricity distribution

The distribution of electricity is carried out by the distribution operator, legal person, owner of a license.

Considering that on January 1, 2019 the fourth regulatory period began, in July 2017 ANRE published for consultation the proposals to modify the methodology for establishing the electricity distribution service rate, approved by Order 72 / 2013, with subsequent amendments and completions.

During 2017 and 2018, numerous public consultations and debates took place on the documents proposed by ANRE for the modification of the rates for the electricity distribution service. At the same time, the first phase of simulating binomial rates was implemented (calendar, annexes, "impact on regulated costs and revenues).

The new Methodology was approved by Order no. 169/2018, with numerous changes regarding important aspects of the distribution activity and the way in which they are reflected in the calculation of the applied rates.

Another important change is the new RRR at a low level by 26% compared to the previous value, from 7.7% to a percentage of 5.66%. However, according to the new methodology, for new investments, RRR has a higher value by one percentage point, reaching 6.66%.

As a result of the appearance of GEO no. 19/2019, RRR was set by the Government at a value of 6.9% for the period 2019-2024. Thus, starting with July 1, 2019, the distribution rates related to 2019 were modified with the inclusion of the new value of RRR in the calculation, from the date of publication of GEO no. 19/2019 and until the end of 2019. A new amendment of Law no. 123/2012 through GEO no. 1/2020 has the effect of changing the value of RRR starting with April 30, 2020, as presented above, in the description of the primary legislative framework.

In carrying out its economic, communication and advertising activity, the vertically integrated economic operator is forced to remove any confusion regarding the separate identity of the electricity distribution and supply activities it carries out. For this purpose, between 01.10.2016 - 01.10.2018 the distribution companies carried out a set of actions for the modification of the visible identification elements (re-branding). Within the program, the distribution companies updated the compliance program, adopted new names, logos, brands logo and modified accordingly, the licenses for the provision of the distribution service, the documents, the web pages, the computer systems, etc.

The following main orders issued by the National Energy Regulatory Authority regulate the activity of distribution companies:

- Order 25/2010 for the approval of the General Regulation of manoeuvres in medium and high voltage electrical installations, code NTE009 / 10/00;
- Order 16/2012 for the approval of the Procedure regarding the connection of users to the electrical networks in the vicinity of the activity area of some distribution operators;
- Order 40/2012 for the amendment of the Procedure regarding the designation of a license holder for taking over the development of the electricity distribution service, approved by Order 4/2011;
- Order 32/2013 - Regulation on the programming of production units and dispatchable consumers amended by Order 31/2018 and Order 178/2019;
- Order 59/2013 on the approval of the Regulation on the connection of users to the electricity networks of public interest with the amendments and completions brought by Order 63/2014, Order 111/2018, Order 15/2019;
- Order 72/2013 - Methodology for establishing the rates for the electricity distribution service, with the modifications and completions brought by Orders 169/2018;
- Order 29/2013 - Order on amending and supplementing the Technical Norm - Technical conditions for connection to electricity networks of public interest for wind power plants, approved by Order 51/2009;
- Order 30/2013 - Order on the approval of the Technical Norm for connection to electricity networks of public interest of photovoltaic power plants, amended by Order 51/2019;
- Order 31/2013 on the regulation of the conditions for taking over energy distribution capacities;
- Order 62/2013 for the approval of the Regulation on notification, ascertainment and sanctioning of deviations from the regulations issued in the field of energy;
- Order 74/2013 on the approval of the Procedure regarding the commissioning for the test period and the certification of the technical conformity of the wind and photovoltaic power plants with the modifications brought by Order 59/2014;
- Order 75/2013 regarding the approval of the Methodology for the evaluation of the financing conditions for investments in the electrification of the localities or for the extension of the electricity distribution networks, approved and replaced by Order 36/2019;
- Order 97/2013 for the approval of the rules regarding the acquisition of electricity to cover the technological consumption related to the electricity networks, amended and completed by Order 68/2018;
- Order 5/2014 - for approving the framework content of the connection certificates;
- Order 11/2014 - the methodology for establishing the tariffs for connecting users to the electricity networks of public interest modified by Order 87/2014, annex 1 amended by Order 113/2018;
- Order 15/2014 - Procedure for determining own technological consumption in the electricity distribution networks;
- Order 24/2014 - Procedure for determining and using the residual consumption profile;
- Order 33/2014 - Methodology regarding the establishment of payment obligations of reactive electricity and of the regulated price for reactive electricity modified by Order 76/2016.
- Order 59/2014 - Procedure for commissioning the CEE and CEF test period, amending Order 74/2013 on the approval of the Procedure for commissioning the test period and the certification of the technical conformity of wind and photovoltaic power plants;
- Order 61/2014 - Methodology regarding the rates for issuing and updating technical connection approvals, connection certificates and location approvals, amended by Order 62/2017;
- Order 63/2014 amending and supplementing the Regulation on the connection of users to electricity networks of public interest, approved by Order 59/2013;

- Order 64/2014 - Regulation for the supply of electricity to final customers with the amendment of art. 80 by Order 121/2015;
- Order 73/2014 - General conditions associated with the license for the provision of electricity distribution service, amended by Order 209/2019;
- Order 74/2014 - Content of the technical approvals for connection;
- Order 85/2014 - Regulation on the organization and functioning of commissions for resolving disputes / divergences regarding access to energy networks / systems, amended by Order 43/2019;
- Order 87/2014 - Methodology for establishing the tariffs for connecting users to the electricity networks of public interest, approved by Order 11/2014;
- Order 112/2014 for the modification and completion of the Methodology for establishing the rates for the electricity distribution service approved by Order 72/2013, repealed by Order 169/2018;
- Order 114/2014 for the approval of the rates for issuing and updating the technical connection approvals, connection certificates and location approvals, amended by Order 63/2017;
- Order 141/2014 for the approval of specific rates and specific indicators used to establish rates for connecting users to electricity networks of public interest, amended by Order 113/2018;
- Order 145/2014 on the implementation of intelligent electricity metering systems, amended by Orders 17/2017 and 31/2017 and repealed and replaced by Order 177/2018;
- Order 146/2014 - regarding the establishment of the regulated rate of return applied to the approval of rates for the electricity distribution service provided by the concessionaire distribution operators starting with January 1, 2015 and the abrogation of art. 122 of the Methodology for establishing the rates for the electricity distribution service, approved by Order 72/2013, repealed and replaced by Order 168/2018;
- Order 5/2015 for the approval of the Regulation for monitoring by ANRE the compliance programs established by the electricity distribution operators;
- Order 11/2015 - for the approval of the contract - connection framework to the electricity networks of public interest which repeals Order 9/2006;
- Order 12/2015 on the approval of the Regulation for granting licenses and authorizations in the electricity sector, amended by Order 209/2019;
- Order 69/2015 for the modification of ANRE Order 147/2014 regarding the approval of rates and monetary contributions levied by ANRE;
- Order 75/2015 approving the procedure regarding the correction of the measurement data in relation to the delimitation point;
- Order 85/2015 on the approval of the document Convention - tripartite framework concluded between the provider, the network operator and the final customer holding the network contract and the Convention - multipartite framework concluded between the final customer, suppliers and the network operator;
- Order 90/2015 for the approval of the framework contracts for the electricity distribution service, repealing Order 43/2004, amended by Order 12/2017 and Order 227/2018;
- Order 102/2015 for the approval of the Regulation on establishing the solutions for connecting users to electricity networks of public interest, amended by Order 184/2019;
- Order 103/2015 for the approval of the Electricity Measurement Code, approves Order 17/2002;
- Order 121/2015 for the approval of the Procedure in determining the electricity consumption in case of erroneous registration and flat-rate system and for the modification of art. 80 of the Regulation on supply to final customers, approved by Order 64/2014, amended by Order 235/2019;
- Order 129/2015 on the approval of the Procedure regarding the establishment of financial guarantees within the contract for the electricity distribution service;
- Order 130/2015 for the approval of the Procedure regarding the electricity supply of the consumption places belonging to the suppliers, producers or network operators, other than own technological consumption of the electric networks;

- Decision 1790/2015 approving the framework format of the measurement data in the assignment of the electricity consumption settlement;
- Order 150/2015 for the approval of the Regulation on the settlement of complaints against the network / system operator in the field of energy;
- Order 211/2019 on the approval of the values of the reference bonuses for electricity produced in high efficiency cogeneration and of the reference prices for thermal energy produced in cogeneration, applicable in 2020;
- Order 158/2015 on amending and supplementing the approval of the Regulation for granting licenses and authorizations in the electricity sector approved by Order 12/2015;
- Order 177/2015 for the approval of the Procedure regarding granting compensations to household customers for damaged household appliances as a result of accidental overvoltage caused by the fault of the network operator;
- Order 180/2015 on the approval of the Methodology for establishing monetary compensations between users connected in different stages, through a common installation, to electricity networks of public interest, repeals Order 28/2003, supplemented by Order 10/2016, amended by Order 16/2019;
- Order 3/2016 on the approval of the trading limit values of green certificates and the equivalent value of an unacquired green certificate, art. 2 amended by Order 18/2016, repealed and replaced by Order 8/2017;
- Order 6/2016 for the amendment of Order 145/2014 on the implementation of intelligent electricity metering systems, repealed and replaced by Order 177/2018;
- Order 8/2016 approving the draft Order for the approval of the Procedure regarding the elaboration and approval of the investment programs of the concessionary economic operators for the electricity distribution service repealed and replaced by Order 2014/2019;
- Order 10/2016 for the modification of the Methodology for establishing the monetary compensations between the users connected in different stages, through a common installation, to electrical networks of public interest approved by Order 180/2015;
- Order 11/2016 regarding the approval of the Performance Standard for the electricity distribution service, amended by Order 49/2017;
- Order 17 / 2016 on amending and supplementing the Regulation on the organization and functioning of the green certificates market, approved by Order 60/2015, repealed and replaced by Order 77/2017, amended by Order 127/2017;
- Order 18/2016 approving the modification and completion of Order 3/2016 on the approval of the trading limit values of green certificates and the equivalent value of an unacquired green certificate, repealed by Order 8/2017;
- Order 23/2016 approving the Regulation on the suspension of the operation of the wholesale electricity market and the applicable commercial rules;
- Order 25/2016 - Methodology for issuing site permits, repealed by Order 183/2019 and 201/2019;
- Order 26/2016 on the approval of the Energy Technical Norm regarding the determination of its own technological consumption in the electricity networks of public interest;
- Order 32/2016 on the approval of the Methodology for preparing the Annual Report by license holders in the electricity sector, amended by Order 34/2017;
- Order 45/2016 - Regulation for the certification of economic operators which design, execute, verify and operate electrical installations in the power system, repealed by Order 212/2018;
- Order 51/2016 for amending and supplementing Orders 32/2013, 60/2013 and 115/2014, amended by Order 31/2018 and 93/2018;
- Order 52/2016 for the approval of the Methodology for monitoring the system for the promotion of electricity from renewable energy sources through green certificates, repealed and replaced by Order 195/2019;

- Order 76/2016 on amending and supplementing the Methodology for establishing the payment obligations of reactive electricity and the regulated price for reactive electricity, approved by Order 33/2014;
- Order 77/2016 on amending and supplementing the Regulation on the accreditation of producers of electricity from renewable energy sources for the application of the promotion system through green certificates, approved by Order 48/2014, repealed by Order 179/2018;
- Order 79/2016 on the approval of the classification of generating units and power plants;
- Order 87/2016 for the modification and completion of the Methodology for establishing the regulated rate practiced by the electricity market operator, approved by Order 67/2013, repealed and replaced by Order 192/2019;
- Order 116/2016 approving the amendment of the annex to Order 11/2013 for the approval of the Regulation for the authorization of electricians, project verifiers, technical staff responsible with execution, as well as quality and extrajudicial technical experts in the field of electrical installations;
- Order 6/2017 approving the Performance Standard for the electricity supply activity;
- Order 8/2017 on the approval of the trading limit values for green certificates and the equivalent value of an unacquired green certificate - Repeals Order 3/2016, Modified by Order 26/2017;
- Order 15/2017 approving the amendment of point II subpoint 8 of the annex no. 4 to the Order of the President of the National Energy Regulatory Authority no. 178/2015 on the approval of rates and monetary contributions levied by ANRE in 2016;
- Order 17/2017 approving the amendment of Order 145/2014 on the implementation of intelligent electricity metering systems, repealed by Order 177/2018;
- Order 29/2017 approving the amendment and completion of the Order of the President of the National Energy Regulatory Authority no. 118/2016 on the approval of rates and monetary contributions levied by the National Energy Regulatory Authority in 2017;
- Order 31/2017 approving the amendment of Order 145/2014 on the implementation of intelligent electricity metering systems;
- Order 33/2017 approving the change of point II subpoint 8 of the annex no. 4 in the ANRE Order no. 178/2015 on the approval of tariffs and monetary contributions levied by ANRE in 2016;
- Order 34/2017 approving the amendment and completion of Order 32/2016 on the approval of the Methodology for drawing up the Annual Report by the license holders in the electricity sector and regarding the modification of some ANRE Orders;
- Order 42/2017 approving the criteria for granting the derogations of the places / nodes of consumption connected to the electric transmission and distribution networks from the obligation to fulfil one or more requirements from the technical norm for connection;
- Order 46/2017 approving the criteria for granting exemptions for high voltage direct current systems that are connected to the transmission or distribution electrical network and for generating modules in a power plant that are connected through a high-power DC voltage system to the electrical transmission or distribution network, from the obligation to meet one or more requirements of the technical rules for connection, applicable;
- Order 49/2017 on amending the Performance Standard for the electricity distribution service, approved by Order 11/2016;
- Order 62/2017 approving the amendment and completion of the Methodology regarding the establishment of tariffs for issuing technical connection approvals, connection certificates and location approvals approved by Order 61/2014;
- Order 63/2017 approving the amendment of Order 114/2014 on the rates for issuing and updating the technical connection approvals, connection certificates and locations' approval;

- Order 64/2017 approving the amendment and completion of Order 118/2016 on rates and monetary contributions levied by ANRE in 2017;
- Order 72/2017 approving the Technical Norm regarding the technical requirements for connection to the electricity networks of public interest for the synchronous generating groups, amended by Order 214/2018;
- Order 77/2017 on the approval of the Regulation on the organization and functioning of the green certificates market – replaced by Order 46/2019 and Order 178/2018;
- Order 78/2017 approving the Methodology for establishing the annual static quantity of green certificates and the mandatory annual quota for the acquisition of green certificates - Repeals Order 41/2016, repealed and replaced by Order 157/2018, Order 96/2017 approving of the Regulation on the organization of maintenance activity, Order 97/2017 on the approval of the reference price for electricity produced in high efficiency cogeneration, applicable in 2018 to producers of electricity and heat in cogeneration, which benefit from the bonus - Repeals Order 68 / 2016, repealed and replaced by Order 182/2018;
- Order 99/2017 on the approval of the values of the reference bonuses for the electricity produced in high efficiency cogeneration and of the reference prices for the thermal energy produced in cogeneration, applicable in 201 - Repeals Order 78/2016;
- Order 100/2017 approving the amendment and completion of the Methodology for determining and monitoring the contribution for high efficiency cogeneration approved by Order 117/2013;
- Order 106/2017 approving the Methodology for verifying / withdrawing the classification of generating units made in emerging technology in / from the category of electricity generation installations that benefit from the status of emerging technology;
- Order 110/2017 on establishing the estimated mandatory quota for the acquisition of green certificates for 2018, repealed and replaced by Order 158/2018;
- Order 122/2017 on amending Order 48/2017 and approving the average tariff for the transmission service, the components of the transmission tariff for the introduction of electricity into the network (TG) and the extraction of electricity from the network (TL), the rates for ancillary service and the regulated price for reactive electricity, practiced by the Compania Națională de Transport al Energiei Electrice "Transelectrica" - Repeals Order 48/2017, replaced by Order 1058/2018 – currently in force being Order 2018/2019, amended and completed by Order 10/2020;
- Order 123/2017 approving the contribution for high efficiency cogeneration and some provisions regarding invoicing - Repeals Order 117/2016, amended by Order 114/2018, Orders 192/2018, 206/2018, 156/2019, 212/2019;
- Order 125/2017 approving the regulated rates practiced by the electricity market operator in 2017 - Repeals Order 106/2016, repealed and replaced by Order 202/2018, currently in force Order 231/2019;
- Order 126/2017 approving the rates and the annual contributions received from the economic operators whose activities are, according to the legal framework, in the area of ANRE's regulatory competence, repealed and replaced by order 224/2018;
- Order 25/2018 for the amendment and completion of Order 145/2014 on the implementation of intelligent electricity metering systems, repealed and replaced by Order 177/2018;
- Order 33/2018 on amending the Regulation on issuance of green certificates, approved by Order 4/2015;
- Order no. 34/2018 for the amendment and completion of the Procedure regarding the elaboration and approval of the investment programs of the concessionary economic operators for the electricity distribution service, approved by Order 8/2016, repealed and replaced by Order 2014/2019;
- Order 38/2018 on establishing the mandatory quota for the acquisition of green certificates for 2017, replaced by Order 33/2019;
- Order 65/2018 on amending the Regulation on the organization and functioning of the green certificates market approved by Order 77/2017;

- Order 42/2018 amending and supplementing the Performance Standard for the natural gas distribution and ancillary service;
- Order 65/2018 on amending the Regulation on the organization and functioning of the green certificates market approved by Order 77/2017;
- Order 68/2018 regarding the abrogation of paragraph (3) art. 2 of Order 97/2013 for the approval of the rules regarding the acquisition of electricity to cover its own technological consumption related to electricity networks, repealed by Order 68/2019;
- Order 93/2018 for the approval of the Commercial Rules regarding the collection, aggregation and transmission of the measured values of electricity - modified by Order 71/2019;
- Order 95/2018 on the approval of the mandatory clauses for the provision of services in order to perform connection works to the electricity networks of public interest, amended by Order 185/2018;
- Order No. 113/2018 on amending Annex No. 1 to the Methodology for establishing tariffs for connecting users to electricity networks of public interest, approved by Order 11/2014 and amending Order 141/2014 for approving specific tariffs and specific indices used in establishing the tariffs for connecting users to the electricity networks of public interest;
- Order 157/2018 approving the Methodology for establishing the mandatory annual quota for the acquisition of green certificates, amended by Order 11/2020;
- Order 158/2018 approving the establishment of the estimated mandatory quota for the acquisition of green certificates for the period August - December 2018, replaced by Order 207/2018;
- Order 168/2018 on establishing the regulated rate of return applied to the approval of rates for the electricity distribution service provided by concessionaire distribution operators starting with January 1, 2019;
- Order 169/2018 on the approval of the Methodology for establishing tariffs for the electricity distribution service, - The methodology was subsequently modified by Order 193/2018, Order 60/2019 and Order 203/2019;
- Order 175/2018 for completing the Regulation on the organization and functioning of the commission for resolving disputes on the wholesale and retail market between the participants in the electricity and natural gas market, approved by Order 61/2013;
- Order 177/2018 on the approval of the Framework Conditions for the implementation calendar of intelligent electricity metering systems at national level;
- Order 178/2018 for the amendment and completion of the Regulation on the organization and functioning of the green certificates market, approved by Order 77/2017;
- Order. 179/2018 for the approval of the Regulation for amending, suspending, interrupting and withdrawing the accreditation granted to power plants for the production of electricity from renewable energy sources, as well as establishing the rights and obligations of accredited electricity producers;
- Order 183/2018 on the approval of the values of the reference bonuses for electricity produced in high efficiency cogeneration and of the reference prices for thermal energy produced in cogeneration, applicable in 2019, being repealed and replaced by Order 211/2019;
- Order 185/2018 for the modification of the Mandatory Clauses in the contracts for the provision of services in order to carry out the connection works to the electricity networks of public interest, approved by Order 95/2018;
- Order 191/2018 approving the Procedure regarding the granting of derogations of the electricity production installations from the obligation to fulfil one or more requirements provided in the technical connection norm;
- Order 193/2018 approving the amendment and completion of the Methodology for establishing the rates for the electricity distribution service, approved by Order 169/2018;

- Order 194/2018 approving the specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Banat SA, valid from January 1, 2019, amended by Order 21/2019, repealed and replaced by Order 224/2019, repealed and replaced in turn by Order 4/2020;
- Order 195/2018 approving the specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Dobrogea SA, valid from January 1, 2019, amended by Order 22/2019, repealed and replaced by Order 225/2019 repealed and replaced in turn by Order 5/2020;
- Order 196/2018 approving the specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Muntenia SA, valid from January 1, 2019, amended by Order 23/2019, repealed and replaced by Order 226/2019, repealed and replaced in turn by Order 6/2020;
- Law no. 167/2018 and Law 202/2018 on amending and supplementing the law on electricity and natural gas no. 123/2012;
- Order 202/2018 approving the regulated rates used by the electricity market operator in 2019, repealed by Order 231/2019;
- Order 207/2018 approving the establishment of the estimated mandatory quota for the acquisition of green certificates for 2019, replaced by Order 238/2019;
- Order 208/2018 approving the Technical Norm on the technical requirements for connection to the electricity networks of public interest for generating modules, power plants consisting of generating modules and power plants consisting of offshore generating modules (located offshore);
- Order 211/2018 on amending and supplementing the Regulation for granting licenses and authorizations in the electricity sector, approved by the Order of the President of the National Energy Regulatory Authority no. 12/2015;
- Order 212/2018 on amending and supplementing the Regulation for the certification of economic operators that design, execute and verify electrical installations, approved by the Order of the President of the National Energy Regulatory Authority no. 45/2016;
- Order 214/2018 on amending and supplementing the Order of the President of the National Energy Regulatory Authority no. 72/2017 for the approval of the Technical Norm on the technical requirements for connection to electricity networks of public interest for synchronous generating groups;
- Order 224/2018 approving the rates and monetary contributions levied by the National Energy Regulatory Authority in 2019 - amended by the Order 18/2019 and rectified in 2020;
- Order 226/2018 for the approval of the rules for the sale of electricity produced in power plants from renewable sources with installed electrical power of no more than 27 kW belonging to prosumers, amended by order 194/2019;
- Order 228/2018 for the approval of the Technical Norm and Technical conditions for connection to the electricity networks of public interest for prosumers with active power injection in the network;
- GEO no. 114/2018 amended and completed by GEO 1/2020;
- Order 5/2019 on amending and supplementing Order 62/2013 for the approval of the Regulation on finding, notifying and sanctioning deviations from the regulations issued in the field of energy - amended and supplemented by Order 169/2019;
- Order 15/2019 on amending and supplementing the Regulation on the connection of users to electricity networks of public interest, approved by the Order of the President of the National Energy Regulatory Authority no. 59/2013;
- Order 16/2019 on amending and supplementing the Methodology for establishing monetary compensations between users connected in different stages, through common installation, to electricity networks of public interest, approved by Order of the President of the National Energy Regulatory Authority no. 180/2015, with subsequent amendments;

- Order 18/2019 approving the Methodology regarding the calculation and establishment of the annual financial contribution provided for in Article 2 paragraph (31) of the Government Emergency Ordinance No. 33/2007 on the organization and functioning of the National Authority for Energy Regulation, approved with amendments and completions by Law No. 160/2012, as introduced by Government Emergency Ordinance No. 114/2018 and amending the Order of the President of the National Energy Regulatory Authority No. 224 - amended by GEO 1/2020 - the contribution from 2% (GEO 114/2018) to 0-2%;
- Order 21/2019 regarding the modification of Order 196/2018 regarding the approval of the specific rates for electricity distribution and the price for reactive electricity, for E-Distributie Muntenia, repealed and replaced by Order 6/2020;
- Order 22/2019 on amending Order 195/2018 on approving the specific rates for electricity distribution and the price for reactive electricity, for E-Distributie Dobrogea, repealed and replaced by Order 5/2020;
- Order 23/2019 regarding the modification of Order 194/2018 regarding the approval of the specific rates for electricity distribution and the price for reactive electricity, for E-Distributie Banat - repealed and replaced by Order 4/2020;
- Order 33/2019 regarding the establishment of the mandatory quota for the acquisition of green certificates, related to 2018, being replaced by Order 18/2020;
- Order 36/2019 approving the Methodology for evaluating the conditions for financing investments for the electrification of cities or for the extension of electricity distribution networks;
- Order 43/2019 approving the completion of the Regulation on the organization and functioning of the commissions for the settlement of disputes / divergences regarding the access to the networks / systems in the energy field;
- Order 46/2019 approving the amendment and completion of the Regulation on the organization and functioning of the green certificates market;
- Order 50/2019 on amending the annex to the Order of the President of the National Energy Regulatory Authority no. 78/2014 for the approval of the Regulation on ways to conclude bilateral electricity contracts by extended tender and continuous negotiation and processing contracts;
- Order 51/2019 approving the Notification Procedure for connecting the generating units and verifying the compliance of the generating units with the technical requirements regarding the connection of the generating units to the electricity networks of public interest;
- Order 59/2019 for the modification and completion of Order 19/2019 for the approval of the Methodology regarding the calculation and establishment of the annual monetary contribution provided in art. 2 paragraph 31 of GEO 33/2007 on the organization and functioning of ANRE, approved with subsequent amendments and completions by Law 160/2012, as introduced in GEO 114/2018 and the amendment of Order 224/2018 on the approval of tariffs and monetary contributions charged by ANRE.
- Order 60/2019 regarding the modification of the Methodology for establishing the rates for the electricity distribution service, approved by Order of the President of the National Energy Regulatory Authority no. 169/2018, the modification of the Methodology for establishing the rates for the system service, approved by the Order of the president of the National Energy Regulatory Authority no. 45/2017 and the suspension of the applicability of some provisions in the electricity sector;
- Order 67/2019 approving the Technical Norm on the technical requirements for connection to the electricity networks of public interest for the places / nodes of consumption;
- Order 68/2019 on the regulated price for electricity produced in high-efficiency cogeneration that benefits from the bonus, sold based on contracts regulated by producers of electricity and heat in cogeneration and the reference price of electricity produced in high cogeneration efficiency, which benefits from the bonus;

- Order 71/2019 approving the amendment and completion of the Order of the President of the National Energy Regulatory Authority no. 93/2018 for the approval of the Commercial Rules regarding the collection, aggregation and transmission of the measured values of electricity;
- Order 75/2019 amending the Order of the President of the National Energy Regulatory Authority no. 194/2018 on the approval of specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Banat – repealed and replaced by Order 224/2019 (repealed in its turn by order 4/2020);
- Order 76/2019 for amending the Order of the President of ANRE no. 195/2018 on the approval of specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Dobrogea S.A. - repealed and replaced by Order 225/2019 (repealed in its turn by Order 5/2020);
- Order 77/2019 for amending the Order of the President of the National Energy Regulatory Authority no. 196/2018 on the approval of specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Muntenia S.A. - repealed and replaced by Order 226/2019 (repealed in its turn by Order 6 / 2020);
- Order 81/2019 on the approval of the average rates for the transmission service, the components of the transmission rates for the introduction of electricity into the network (TG) and the extraction of electricity from the network (TL), the rates for the system service and the price regulated for reactive electricity, practiced by the Compania Națională de Transport al Energiei Electrice "Transelectrica" - SA - repealed and replaced by Order 218/2019, modified in its turn by Order 10/2020;
- Order 156/2019 amending the Order of the President of the National Energy Regulatory Authority no. 123/2017 regarding the approval of the contribution for high efficiency cogeneration and some provisions on invoicing - repealed and replaced by Order 212/2019;
- Order 157/2019 on the approval of the Cost-Benefit Analysis Methodology for extending the application and granting derogations on the requirements provided in the technical connection norms;
- Order 160/2019 for the approval of the Regulation on the operation of the centralized market for electricity from renewable sources supported by green certificates;
- Order 167/2019 for the approval of the Methodology for monitoring the retail electricity market;
- Order 168/2019 on amending and supplementing the Regulation for the organization and conduct of the investigation in the field of energy regarding the functioning of the wholesale energy market, approved by Order of the President of the National Energy Regulatory Authority no. 25/2017;
- Order 175/2019 approving the Procedure on granting derogations of the places / nodes of consumption connected to the electric networks of public interest, from the obligation to fulfil one or more requirements provided in the technical norm for connection;
- Order 176/2019 approving the Notification Procedure for the connection to the electricity networks of public interest of the places / nodes of consumption and for verifying their compliance with the technical requirements for connection - rectified in 2019;
- Order 178/2019 on amending, supplementing and repealing certain provisions in the electricity sector - amended by order 202/2019;
- Order 183/2019 on amending and supplementing the Methodology for issuing site permits by network operators, approved by ANRE Order 25/2016;
- Order 184/2019 for amending and supplementing the Regulation on establishing solutions for connection to electricity networks of public interest, approved by Order 102/2015;
- Order 185/2019 approving the Technical Norm on the technical requirements for connection to electricity networks of public interest for high voltage direct current systems and for power plants consisting of generating modules that connect to electricity networks of public interest through power systems high voltage direct current.

- Order 186/2019 approving the Procedure for granting exemptions for high voltage direct current systems and power plants consisting of generating modules, which are connected to electricity networks of public interest through high voltage direct current systems, from the obligation to fulfil of one or more requirements provided in the technical norms;
- Order 194/2019 approving the modification and completion of some ANRE orders on the commercialization of the electricity produced in the power plants from renewable sources with installed electric power of at most 27 kW belonging to the prosumers;
- Order 201/2019 on amending and supplementing the Methodology for issuing site permits by network operators, approved by ANRE Order 25/2016;
- Order 203/2019 on amending and supplementing the Methodology for establishing rates for the electricity distribution service, approved by ANRE Order 169/2018;
- Order 204/2019 on the substantiation and criteria for approving the investment plans of the transmission and system operator and of the electricity distribution operators;
- Order 211/2019 on the approval of the values of the reference bonuses for the electricity produced in high efficiency cogeneration and of the reference prices for the thermal energy produced in cogeneration, valid for 2020;
- Order 212/2019 on amending the Order of the President of ANRE no. 123/2017 regarding the approval of the contribution for high efficiency cogeneration and some provisions regarding the invoicing;
- Order 217/2019 approving the Methodology for establishing regulated rates and prices applied by suppliers of last resort to final customers and completing the General Conditions for the supply of electricity to final customers of last resort approved by Order of the President Of the National Energy Regulatory Authority no. 88/2015;
- Order 218/2019 approving the average rate for the transmission service, the components of the transmission rates for the introduction of electricity into the network (TG) and for the extraction of electricity from the network (TL), the rates for the system service and regulated price for reactive electricity, charged by the Compania Națională de Transport al Energiei Electrice "Transelectrica" - SA, amended by Order 10/2020 - Repeals Order 81/2019 - amended by Order 10/2020; specific for the electricity distribution service and the price for reactive electricity, for E-Distribuție Banat SA, valid from January 1, 2020; - repealed and replaced by ORD 4/2020;
- Order 225/2019 approving the specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Dobrogea S.A., valid from January 1, 2020; - repealed and replaced by ORDER 5/2020;
- Order 226/2019 approving the specific rates for the electricity distribution service and the price for reactive electricity, for E-Distribuție Muntenia S.A., valid from January 1, 2020; repealed and replaced by ORD 6/2020;
- Order 231/2019 approving the regulated income related to the regulated activity carried out by the electricity market operator;
- Decision 1020/2019 for E- Distribuție Muntenia amending License no. 459 for the provision of electricity distribution service;
- Decision 1000/2019 for E-Distribuție Dobrogea SA amending License no. 461 for the provision of electricity distribution service;
- • Decision 1021/2019 for E- Distribuție Banat amending License no. 463 for the provision of electricity distribution service;

The specific rates for the electricity distribution service and the prices for reactive energy for 2018 were approved by Orders: 112/2017 for E-Distributie Muntenia S.A., 113/2017 for E-Distributie Banat S.A. and 111/2017 for E-Distributie Dobrogea S.A.

The specific rates for the electricity distribution service and the prices for reactive energy for 2019 were approved by Orders: 196/2018 for E-Distributie Muntenia S.A., 194/2018 for E-Distributie Banat S.A. and 195/2018 for E-Distributie Dobrogea S.A.

The specific rates for the electricity distribution service and the prices for reactive energy for 2020 were approved by Orders: 226/2019 amended by Order 6/2020 for E-Distributie Muntenia SA, 224/2019 amended by Order 4/2020 for E-Distributie Banat SA and 225/2019 amended by Order 5/2020 for E-Distributie Dobrogea S.A. The above-mentioned orders were abrogated in 2020 by ANRE Order 4, 5 and 6/2020 due to GEO / 2020 by which the contribution to ANRE was modified from 2% to 0.2%, as a result the distribution rates were also modified.

Transportation and ancillary services

The transport of electricity is carried out by the transmission and system operator, the legal person, holding a license.

- Order 46/2009 on determining the value of the electricity transmission service that an electricity producer has the right to recover through each regulated contract for the sale-purchase of electricity concluded between it and an implicit supplier, respectively a distribution operator;
- Order 67/2009 for the amendment of the Methodology for establishing, implementing and using the technological ancillary service, approved by Order 19/2007 – repealed and replaced by Order 83/2017;
- Order 6/2010 Application of the operational procedure, the mechanism for compensating the effects of the use of electric transmission networks for electricity transits between transmission operators and system operators, amended by Order 14/2012;
- Order 14/2012 for the modification of the operational procedure, Mechanism for compensating the effects of the use of electric transmission networks for electricity transits between transmission operators and system operators;
- Order 53/2013 for the approval of the Methodology for establishing the rates for the electricity transmission service, amended by Order 87/2015 – repealed by Order 171/2019;
- Order 87/2013 regarding the approval of the methodology for establishing the rates for the system service – repealed and replaced by Order 45/2017;
- Order 89/2013 on the approval of the Framework Contract for the provision of electricity transmission service and ancillary service, between the Compania Națională de Transport al Energiei Electrice "Transelectrica" - S.A. and beneficiary amended by Order 12/2017;
- Order 7/2014 regarding the amendment of the annex to Order 88/2013 for the approval of the regulated rate practiced by the electricity market operator – repealed by Order 140/2014 – currently in force Order 231/2019;

- Order 37/2016 regarding the amendment of the annex to Order 167/2015 for the approval of the regulated rates used by the electricity market operator is repealed - currently in force is the Order 231/2019;
- Order 50/2016 approving the regulated transit rates charged by the transmission operator and system operator for the provision of the electricity transit service from / to the perimeter countries through the National Electric Power System, repeals Order 83/2015 – repealed - currently in force is the Order 56/2019;
- Order 87/2016 - for the approval of the Methodology for establishing the regulated rates practiced by the electricity market operator, repeals Order 117/2014 and Order 67/2013 – repealed and replaced by Order 192/2019;
- Order 27/2016 on the approval of the average rates for the transmission service, of the rates for the system service, of the area rates related to the transmission service for the extraction of electricity from the network (TL), of the average tariff for the extraction of electricity from the network and of the regulated price for reactive electricity, used by the Compania Națională de Transport al Energiei Electrice "Transelectrica" SA, repeals Order 93/2015 – repealed - currently in force is the Order 2018/2019, amended by Order 10/2020;
- Order 16/2017 approving the amendment and completion of the Methodology for establishing rates for the electricity transmission service, approved by Order 53/2013 – repealed and replaced by Order 171/2019;
- Order 42/2017 approving the criteria for granting the derogations of places / nodes of consumption connected to the electric transmission and distribution networks from the obligation to fulfil one or more requirements from the technical norm for connection;
- Order 45/2017 approving the Methodology for establishing the rates for the ancillary service - Repeals Order 87/2013;
- Order 46/2017 approving the criteria for granting exemptions for high voltage direct current systems that are connected to the transmission or distribution of electrical network and for generating modules in a power plant that are connected through a high-power system DC voltage to the electrical transmission or distribution network, from the obligation to meet one or more requirements of the technical rules for connection, applicable;
- Order 47/2017 approving the document " Proposal for all transmission system operators (TSO) on the term for the next day's steadiness in accordance with Article 69 of Commission Regulation (EU) 2015/1222 of 24 July 2015, which sets out guidelines for capacity allocation and congestion management";
- Order 48/2017 approving the average tariff for the transmission service, the components of the transmission rates for the introduction of electricity into the network (TG) and for the extraction of electricity from the network (TL), the tariff for the ancillary service and regulated price for reactive electricity, applied by the Compania Națională de Transport al Energiei Electrice "Transelectrica" SA - Repealing Order 27/2016 – repealed – currently in force is the Order 218/2019, amended by Order 10/2020;
- Order 83/2017 for the abrogation of Order 19/2007 on the approval of the Methodology for establishing, implementing and using the technological service of the capacity reserve system - Repealing Order 67/2009;
- Order 122/2017 amending Order 48/2017 on approving the average rates for the transmission service, the components of the transmission rates for the introduction of electricity into the network (TG) and the extraction of electricity from the network (TL), the rates for ancillary service and the regulated price for reactive electricity, applied by the Compania Națională de Transport al Energiei Electrice "Transelectrica" SA., repealed , currently in force is the Order 2018/2019, amended by Order 10/2020;
- Order 56/2019 - Order approving the regulated rates for electricity exchanges with the perimeter countries, practiced by the Compania Națională de Transport al Energiei Electrice "Transelectrica" SA .;
- Order 57/2019 - Order regarding the completion of the Methodology for establishing the rates for the electricity transmission service, approved by Order 53/2013 - repealed by Order 171/2019;

- Order 81/2019 - Ordinance on the approval of the average rates for the transmission service, of the components of the transmission rates for the introduction of electricity in the network (TG) and for the extraction of electricity from the network (TL), of the rates for the system service and of the regulated price for reactive electricity, charged by the Compania Națională de Transport al Energiei Electrice "transelectrica" SA, valid from July 1, 2019 - Repealed by Order 218/2019;
- Order 171/2019 - Order approving the Methodology for establishing the rates for the electricity transmission service;
- Order 192/2019 - Order approving the Methodology for establishing the regulated income related to the regulated activity carried out by the electricity market operator;
- Order 204/2019 - Order on the substantiation and approval criteria of the investment plans of TSO and OD, Order 218/2019 - Order approving the average rates for the transmission service, the components of the transmission rates for the introduction of electricity in network (TG) and grid electricity extraction (TL) and the price for reactive electricity, for CNTEE Transelectrica S.A., valid from January 1, 2020 - amended by Order 10/2020;
- Order 10/2020 - Order amending the Order of the President of the National Energy Regulatory Authority no. 218/2019 on the approval of the average rates for the transmission service, the components of the transmission rates for the introduction of electricity into the network (TG) and the extraction of electricity from the network (TL), the rates for the ancillary service and the regulated price for reactive electricity, practiced by the Compania Națională de Transport al Energiei Electrice "Transelectrica" - SA;

The price for the transmission and ancillary services valid from July 1, 2017 were those approved by Order 48/2017 regarding the approval of the average rates for the transmission service, of the components of the transmission price for the introduction of electricity in the network (TG) and for the extraction of electricity from the network (TL), the rates for the ancillary service and the regulated price for reactive electricity, charged by the Compania Națională de Transport al Energiei Electrice "Transelectrica" - SA, amended by Order 122/2017.

The price for transport and ancillary services valid from July 1, 2018 were those approved by ANRE Order no. 108/2018 on the approval of the average rates for the transmission service, of the components of the transmission rates for the introduction of electricity into the network (TG) and for the extraction of electricity from the network (TL), the v for the ancillary service and the regulated price for reactive electricity, practical by the Compania Națională de Transport al Energiei Electrice "Transelectrica" SA, which repeals Order no. 48/2017;

The price for transmission and ancillary services valid from July 1, 2019 were those approved by ANRE Order no. 81/2019 on the approval of the average rates for the transmission service, of the components of the transmission rates for the introduction of electricity into the network (TG) and for the extraction of electricity from the network (TL), the rates for the ancillary service and the regulated price for reactive electricity, charged by the Compania Națională de Transport al Energiei Electrice "Transelectrica" – SA.

The price for the transmission and ancillary services valid from January 1, 2020 were those approved by ANRE Order no. 218/2019 for the extraction of electricity from the network (TL), the 8 ancillary service rates and the regulated price for electricity, charged by the Compania Națională de Transport al Energiei Electrice "Transelectrica" – SA., amended and completed by Order 10/2020.

Competitive wholesale or retail market:

Wholesale centralized markets operate on the basis of the following regulations:

- Order 25/2004 Commercial Code of the wholesale electricity market, amended by Orders 68/2015 and 82/2014, 31/2018, 93/2018;
- Order 13/2005 Participation of electricity producers in the competitive market valid for 1.04.2005-31.12.2006;
- Order 61/2005 with the subsequent completions of Order 17/2006 regarding the Functioning Framework of the wholesale energy market, modified by Order 178/2019;
- Order 17/2006 on the acquisition of ancillary services;
- Order 21/2010 on the amendment of the Methodology for monitoring the wholesale electricity market in order to assess the level of competition on the market and prevent the abuse of a dominant position, modified by Order 67/2019;
- Order 60/2013 on approving the establishment of rules on the balancing market, amended by Order 31/2018, amended and completed by Order 178/2019;
- Order 61/2013 for the approval of the Regulation on the organization and functioning of the commission for resolving disputes on the wholesale and retail market between the participants in the electricity and natural gas market, amended by Order 175/2018;
- Order 67/2013 for the approval of the Methodology for establishing the regulated rates applied by the electricity market operator, modified by Orders 117/2014 and 87/2016, currently repealed and replaced by Order 192/2019;
- Order 73/2013 on the approval of the Regulation on the organization and functioning of the intraday electricity market – repealed and replaced by Order 202/2019;
- Order 7/2014 on amending the annex to Order 88/2013 for approving the regulated rate used by the electricity market operator - repealed - currently in force since 01.01.2020 is Order 231/2019, Order 77/2014 on amending the Methodology monitoring the wholesale electricity market in order to assess the level of competition on the market and prevent the abuse of a dominant position - repealed and replaced by Order 67/2018;
- Order 78/2014 for the approval of the Regulation on the modalities for concluding bilateral electricity contracts through extended tender and continuous negotiation and through processing contracts, repeals Order 6/2011 – repealed and replaced by Order 20/2019 amended;
- Order 81/2014 amending Order 60/2013 on approving the establishment of rules on the balancing market – repealed by Order 31/2018 amended and completed by Order 93/2018 and 178/2019;
- Order 82/2014 Regulation on the organization and operation of the next day market for electricity in compliance with the mechanism of price coupling of markets and amendment of regulations governing the next day market for electricity, with the amended Annex of Order 68/2015 amended and completed by Order 178/2019;
- Order 105/2014 Procedure regarding the change of the electricity supplier by the final customer and for the amendment of the annex to Order 35/2010 regarding the establishment of some rules on electricity balancing market – amended and replaced by Order 234/2019;
- Order 115/2014 for the approval of the Rules regarding the monthly settlement of payment obligations in the balancing market and of the imbalances of the parties responsible for balancing, modified by Order 93/2018, amended and completed by Order 71/2019;
- Order 117/2014 for the modification and completion of the Methodology for establishing the regulated tariff practiced by the electricity market operator, approved by Order 67/2013 – amended and replaced by Order 192/2019;

- Order 1/2015 on the establishment of the National Register of participants in the wholesale energy market and the approval of the Procedure for registration of participants in the wholesale energy market;
- Order 68/2015 on amending the Annex to Order 60/2013 for approving the establishment of rules on the balancing market and the Annex to Order 82/2014 on approving the Regulation on the organization and operation of the next day market for electricity in compliance with the coupling mechanism by market price – Annex repealed and replaced by Order 31/2018 amended and completed by Order 93/2018 and 178/2019;
- Order 91/2015 on the approval of the Procedure for confirming the right to participate in the Romanian electricity markets of foreign legal entities having their registered office in a Member State of the European Union -amended by Order 3/2019;
- Order 151/2015 on amending Order 49/2013 for the approval of the Regulation on the organized trading framework on the centralized market with continuous double negotiation of bilateral electricity contracts;
- Order 51/2016 for amending and supplementing Orders 32/2013, 60/2013 and 115/2014) amended by Order 93/2018;
- Order 87/2016 for the amendment and completion of the Methodology for establishing the regulated tariff practiced by the electricity market operator, approved by Order 67/2013 – repealed and replaced by Order 192/2019;
- Order 106/2016 for the approval of the regulated rates used by the electricity market operator – currently repealed and replaced by Order 231/2019;
- Order 25/2017 on the approval of the Regulation for the organization and conduct of the investigation activity in the field of energy regarding the functioning of the wholesale energy market – amended by Order 168/2019;
- Order 167/2018 on the approval of the Methodology for monitoring the retail electricity market

On the competitive retail market:

- Order 22/2010 amending the Methodology for monitoring the retail electricity market, approved by Order 60/2008, amended by Order 76/2014 repealed and replaced by Order 167/2019;
- Order 55/2012 - Regulation on the organized framework for contracting electricity for large final customers;
- Order 64/2014 - Regulation for the supply of electricity to final customers with the amendment of art. 80 by Order 121/2015 - repealed and replaced by Order 235/2019;
- Order 76/2014 for the modification of the Methodology for monitoring the retail electricity market, approved by Order 60/2008 repealed by Order 167/2019;
- Order 121/2015 for the approval of the Procedure regarding how to determine the electricity consumption in case of erroneous registration and in lump system and for the modification of art. 80 of the Regulation on supply to final customers, approved by Order 64/2014 – amended by Order 235/2019;
- Order 42/2016 on the approval of the Methodology for monitoring the regulated electricity market, repealing Order 68/2016 - repealed and replaced by Order 205/2018;
- Order 50/2017 regarding the amendment of Annex no. 1 to the Order of the President of the National Energy Regulatory Authority no. 176/2015 for the approval of regulated electricity rates applied by suppliers of last resort to household customers who have not exercised their right of eligibility as well as the conditions of application of regulated rates and rates on the competitive market component - repealed and replaced by Order 102/2018;
- Order 205/2018 on the approval of the Methodology for monitoring the electricity market for final customers served by FUI;
- Order 167/2019 on the approval of the Methodology for monitoring the retail electricity market;
- Order 235/2019 for the approval of the Regulation on the supply of electricity to final customers.

Fiscal legislative environment

Since 2007, the amendment of the tax legislation has experienced a special dynamic due to the need to align the provisions of the internal legislation with the fiscal requirements provided by the European Union directives.

For 2019, the legislative environment is presented below, including the novelties that came into force during the year. The changes implemented in 2018 are valid and in force in 2019 as well.

Income tax

The deductibility of financing expenses starting with January 1, 2019.

The deductible annual ceiling on the excess costs of borrowing is increased from the RON equivalent of euro 200,000 to euro 1,000,000.

The difference between the excess borrowing costs and the deductible level mentioned above will be additionally deductible, limited to the level of 30% of the specific calculation basis (i.e. the accounting profit adjusted with the elements specified in the Fiscal Code), increasing from 10% applicable on December 31, 2018.

It has been introduced the provision according to which in case a taxpayer which has carried forward excess debt expenses no longer exist as a result of a merger / division operation, those deferred expenses should be transferred to the newly established taxpayers or entities taking over the patrimony, proportionally with the value of the transferred assets.

Foreign controlled companies

The exception of applying the provisions for the consolidation of the incomes registered by the foreign controlled companies and their taxation at the level of the Romanian taxpayers paying profit tax will be made in case the controlled foreign company cumulatively fulfilling the following conditions:

- The foreign controlled company is resident for tax purposes in an EU Member State or a third State which is a party to the EEA Agreement;
- Carries out a significant economic activity, supported by personnel, equipment, assets, and premises as evidenced by the relevant facts and circumstances.

Reclassification of transactions

When determining the amount of a tax, fee or compulsory social security contribution, the tax authorities may disregard a non-economic transaction, adjusting its tax effects, or may reclassify the form of a transaction / activity to reflect the economic content of the transaction / activity. The fiscal authority is obliged to motivate the tax decision issued in these situations, by indicating the relevant elements related to the purpose and content of the transaction that makes the object of non-consideration / reclassification, as well as all the means of proof considered for it. The provisions on artificial transactions have been removed.

VAT

The simplification measures regarding VAT, namely the reverse charge on energy deliveries, green certificates, computers, and laptops have been extended until June 30, 2022.

The broken-down VAT payment mechanism, the so-called " split VAT ", will be repealed on February 1, 2020, as it was decided by the government in December last year. The measure has been requested by the European Union in 2018 by letter of formal notice addressed to Romania, stating that this mechanism violates European Union legislation.

VAT group

Enel's VAT group, implemented on March 1, 2012, is still in force. As of July 2014, the group includes 8 companies: Enel Distributie Muntenia, Enel Distributie Banat, Enel Distributie Dobrogea, Enel Energie, Enel Energie Muntenia, Enel Servicii Comune, Enel Green Power Romania, Enel Trade Romania. The group leader is Enel Distributie Muntenia. Enel Romania was not included in the group because it is not managed by the same tax authority as the other members. The VAT group offers a faster recovery of the amounts to be reimbursed by eliminating the controls for reimbursement for companies with a VAT position to be reimbursed. The VAT group has a positive effect on the cash flow of each company.

Monopoly tax

Furthermore, the taxation of natural monopoly activities in the electricity and natural gas sector applies in 2018 and 2019. Ordinance 5/2013 was amended by Ordinance 114/2018, by extending the application period until December 31, 2019.

Micro-enterprise income tax

The tax regime for micro-enterprises has been changed by raising the income threshold to Euro 1,000,000. The current exceptions under which some companies are not considered micro-enterprises have been cancelled. Thus, all companies, including companies that obtain at least 20% of their revenues from management and consulting activities, companies with a share capital of more than RON 45,000 or companies that operate in certain sectors of activity (e.g. banking, insurance and reinsurance, capital markets, gambling, exploration, development, oil and gas exploitation) are considered micro-enterprises if their income as on December 31 of the previous year does not exceed the RON equivalent of Euro 1,000,000.

Local taxes

- The possibility for local authorities to increase local taxes and fees by up to 50% is maintained.
- The method of calculating the building tax is maintained by differentiating between residential and non-residential buildings:
 1. residential buildings - the share between 0.08% and 0.2% (applicable to the taxable value determined tabular for individuals, and the value resulting from the valuation report for legal entities);
 2. non-residential buildings - share between 0.2% and 1.3%; in the case of buildings used in the agricultural field, the applicable share is 0.4%.

Starting with 2019, the constructions representing the support towers of the wind turbines are included in the definition of the building, being subject to local taxes.

Salary tax

Subscriptions for paid medical services by employees may be deducted together with the amounts representing the health insurance policies when calculating the salary tax, up to an annual ceiling of EUR 400. The treatment also extends in the case of subscriptions paid by the employer for his employees within the limits of the same value ceiling.

The tax rate has been reduced from 16% to 10% for most types of tax.

Employee contributions

It is valid for 2019 the amendment introduced in 2013 regarding the calculation basis of employee contributions (income tax and social contributions) which was increased by including the value of travel allowances exceeding the limit of 2.5 times the limit established for budget institutions.

The maximum ceilings on the calculation of pension and health contributions have been cancelled in terms of income from salaries, investments, and other sources.

Starting January 1, 2018 the social contributions due by the employees were increased to 35% and the social contributions for normal working conditions due by the employers decreased to 2.25%. In addition, employers owe a social contribution of 4% for unusual working conditions and 8% for special working conditions.

As of January 1, 2019, the minimum gross salary in the economy is RON 2,080 per month (2018: 1,900).

Legislative amendments introduced by Emergency Ordinance 114/2018, with effect in 2019

Annual contribution to ANRE

The annual contribution of energy operators will increase from 0.1% to 2% of the turnover of these companies. Starting January 2020 this increase was cancelled.

The measures for certain taxes in the energy and resources sector will be extended until December 31, 2021:

The term for application the tax on the monopoly in the energy and natural gas sector, regulated by Ordinance no. 5/2013 issued by the Romanian Government will be extended until December 31, 2021.

Starting January 1, 2019, the minimum salary in the economy is increased from 1,900 lei to RON 2,080, according to Government Decision no. 937/2018.

k. Contingencies

Environmental issues

During 2019, the Company continued to carry out programs related to waste management, monitoring environmental factors, reducing the level of pollution at the level of all installations, total environmental expenses amounting to approximately 1,793,123 (2018: 2,035,673).

Mainly, the expenses were made in 2019 for:

- Collection, transport and disposal of urban and assimilated waste (sanitation) in the amount of 67,286;
- Collection and transport of wastewater, stormwater drainage, sewerage network (canal, rainwater) in the amount of 144,545;
- Specific environmental taxes (Environmental Fund - 3% and 2% of waste recovery, tax for emissions from fixed sources - thermal power plants, approval fees, fees for approval of waste transport forms, municipal tax Apa Nova) in the amount of 34,626;
- Prevention of soil, subsoil and water pollution as well as the elimination of noise pollution in the amount of 1,074,402:
 - a. analysis of mineral oil samples from EDM transformers in the amount of 8,400;
 - b. removal of 15,070 concrete columns;
 - c. construction of new retention tanks under IT transformers in the OBOR stations (1 tank), FILARET (1 tank), IFA (2 tanks), 6 GTN tanks and rehabilitation of 1 transformer tank from the NORD station in the amount of 1,024,849;
 - d. maintenance work in the transformer station (replacement of transformers to reduce the noise level - following a notification) in the amount of 26,083;
- Purchases of materials for environmental protection and equipment for monitoring environmental factors in the amount of 1,194;
- Internal training on environmental protection in the amount of 164,188;
- Expenses with the personnel dedicated to the environmental protection activity in the amount of 300,145;
- ISO 14001 SRAC audit expenses in the amount of 6,737.

Lands used by the Company

According to the Company's policy, the financial statements include only the value of the land for which ownership deeds were obtained at the date of preparing the financial statements.

According to Law no. 99/1999, in case the Company obtains the property title for the land after the moment of privatization, the land will be considered as in-kind contribution of the state or of the local authorities. In this sense, the Company will increase the share capital with the value of the lands, and the beneficiaries of this increase will be the state or the local authorities.

Law no. 318/2003 and Law 13/2007 stipulate that the lands on which the transformer points are located, the electrical distribution networks existing at the entry into force of the respective laws (July 2003 / February 2007) are and remain in the public property of the state. At the same time, the licensees for the exploitation of the capacities for production, transmission or distribution of electricity acquire rights of use, easements of underground, surface or air passage and rights of access to public utilities, in connection with the lands, public or private property, located in the vicinity of energy capacity.

However, the law did not prevent the Company from obtaining title on the land on which the existing transformer points or electrical distribution networks are located.

The company is involved in lawsuits related to the existence of energy equipment on land owned by third parties, the lawsuits having as object their replacement or the conclusion of lease agreements for the occupied lands. The Company has established provisions for litigation that reflect management's best estimate of potential losses.

Currently, the Company is trying to resolve this issue amicably, by concluding a transaction contract with the Societatea de Administrare a Participatiilor si Societatea Energetica Electrica SA.

Other issues

The company is and could become a party to certain legal disputes or other actions of public institutions before various courts and government agencies, resulting from the normal conduct of its business, and involving contractual issues, as well as value added tax, tax on profit, other taxes and conditionalities. The financial statements include the best estimate of losses incurred by the company's management in this regard.

Compensatory payments

According to the collective labor contract concluded between the Company and the Trade Unions, upon termination of the individual employment contract of the employees at the Company's initiative, will be paid a severance grant in relation to seniority in work, as follows:

Seniority in work	Number of gross basic salaries - until 01.07.2019	Number of gross basic salaries - starting with 01.07.2019
1- 5 years	3	4
5- 10 years	4	6
10- 20 years	5	7
over 20 years	7	10

In case of collective dismissals, the Company will pay to the dismissed employees a dismissal fund in relation to the seniority in work, as follows:

Seniority in work	Number of gross basic salaries - until 01.07.2019	Number of gross basic salaries - starting with 01.07.2019
1- 3 years	3	4
3- 5 years	4	6
5-10 years	7	10
10- 20 years	11	15
over 20 years	15	20

Legal claims

Cancellation of ANRE Order no. 112/2014

The company filed a request for ancillary voluntary intervention in support of the Fondul Proprietatea's request for annulment of ANRE Order no. 112/2014, citing reasons of illegality of the contested administrative act. ANRE Order no. 112/2014 modified the Methodology for establishing the specific electricity distribution rate, mainly, in the sense of introducing the possibility to modify the RRR value. The Court of Appeal admitted the request for summons and ordered the partial annulment of Order no. 112/2014 regarding article I points 2, 3, 8, 9,10 (including the article that allows the modification of the RRR value). ANRE appealed against the sentence of the Bucharest Court of Appeal.

The case is currently pending before the High Court of Cassation and Justice, which on February 18, 2020, solved the appeal filed by ANRE in case no. 7341/2/2014, in the sense of admitting it and sending the case to the same court for retrial of the main action and the requests for ancillary intervention formulated by the interveners Enel Muntenia SA, Enel Distribuție Dobrogea SA and Enel Distribuție Banat SA, in the first instance, and the interveners Societatea de Distribuție a Energiei Electrice Transilvania Sud SA, Societatea de Distribuție a Energiei Electrice Transilvania Nord SA, Societatea de Distribuție a Energiei Electrice Muntenia Nord SA and Societatea Energetica Electrica SA, on appeal.

Cancellation of Order no. 168/2018 regarding the RRR (5.66%)

The distribution companies have made requests for the annulment of ANRE Order no. 168/2018, which established the value of the regulated rate of return (RRR) starting with January 1, 2019.

The files are pending before the Bucharest Court of Appeal, in the phase of drawing up the expert reports, with deadlines in February, March and April 2020.

Cancellation of Order no. 169/2018 regarding the Methodology for establishing the specific rates for electricity distribution

The companies have formulated requests for the annulment of ANRE Order no. 169/2018, which approved the new Methodology for establishing the specific rates for electricity distribution.

The files are pending before the Bucharest Court of Appeal, on the merits, with deadlines in February, March and May, 2020.

The specific distribution tariffs for 2019 have not been challenged in court, and the opportunity of such a decision will be assessed depending on the solutions of the courts in the above-mentioned cases.

The Company's management considers that these disputes will not have a significant negative impact on the Company's operations and financial position.

Taxation

The Romanian tax system is being consolidated and harmonized with European legislation and is undergoing very frequent changes, and there may be different interpretations of the authorities in relation to tax legislation, which may give rise to additional taxes, fees and penalties. If the state authorities discover violations of the legal provisions in Romania, they may determine, as the case may be: confiscation of the amounts in question, imposing additional tax obligations, application of fines, application of delay increases (applied to the remaining payment amounts). Therefore, tax penalties resulting from violations of legal provisions may lead to paying significant amounts to the State.

The company considers that it has paid on time and in full all the taxes, duties, penalties, and penalty interest, as the case may be.

In Romania, the fiscal year remains open for control for a period of 5 years.

Transfer price

In accordance with the relevant tax legislation, the tax assessment of a related party transaction is based on the market price concept for that transaction. Based on this concept, transfer prices should be adjusted to reflect market prices that would have been established between entities to which there is no affiliate relationship and that operate independently, based on "normal market conditions".

Verification on transfer pricing is likely to be carried out in the future by the tax authorities to determine whether those prices comply with the "normal market conditions" principle and that the Romanian taxpayer's tax base is not distorted.

Financial risks

Interest rate risk

At present, the Company has not contracted medium and long-term loans and therefore is not exposed to the risk of interest for exchange rate changes.

Risk of exchange rate fluctuations

The company has transactions in a currency other than the functional currency (RON) and these are naturally diminished and offset.

The company did not reduce this risk by using derivative financial instruments in the financial exercised ended on December 31, 2019 and December 31, 2018.

The management of the Company pays special attention to the monitoring of the current situation in the market and takes all the necessary measures for the continuation and development in good conditions of the Company's activity.

I. Commitments and conditionalities

I.2 Ongoing contracts

In 2020, the Company is engaged in the development of contracts signed in 2019, excluding the ongoing contracts related to the entities within the Enel group, both for investment and repair works and for the purchase of electricity for its own technological consumption.

Explanations	Value
Suppliers of energy	168,522,000
Suppliers for investment, maintenance, services and various	801,677,000

I. 2 Guarantees to third party and mortgages

There are no significant situations to be presented.

I.3) Guarantees received and granted

As of December 31, 2019, the Company has registered guarantees received in the amount of 435,841 (2018: 1,609,498) and guarantees granted in the amount of 125,016 (2018: 120,816).

m. Inventories

	Raw materials and consumables
Current	2,842,744
Cost	4,226,066
Impairment adjustments: impaired and slow-moving stocks	(1,383,322)
Previous	3,623,733
Cost	4,885,816
Impairment adjustments: impaired and slow-moving stocks	(1,262,083)

The amount of inventories recognized in the profit and loss account is 21,161,365 (2018: 31,178,840) and was included in the cost of goods sold.

n. Cash and bank accounts

	31 December 2018	31 December 2019
Bank account in RON	2,507,741,128	2,431,098,606
Bank accounts in foreign currency	5,114,566	1,310,943
Amounts to be settled	65,495	100,678
Total	2,512,921,189	2,432,510,227

As of December 31, 2019, the Company benefits from a multi-optional credit facility with a maximum amount of EUR 24,000,000 which is granted until September 26, 2020 and which can be used as:

- Credit line (overdraft), use in RON, in a maximum amount of EUR 24,000,000 (unused on December 31, 2019); or
- Ceiling for issuing letters of guarantee, in RON, in a maximum value of EUR 24,000,000.

On December 31, 2019, from the credit facility presented above, the Company had issued letters of guarantee in the amount of RON 67,999,926 (2018: 77,663,988) in favor of various energy suppliers and the Energy Market Operator (OPCOM).

The line of current accounts for money in lei includes the letters of guarantee issued in favor of some energy producers in the total amount of 0 (2018: 8,278,595).

As of December 31, 2019 and 2018, the Company has not concluded any hedging transactions.

The company, as of December 31, 2019, has made deposits in RON for a period of 1 week amounting to 320,427,305 (2018: 0), compared to December 31, 2018 where deposits were made for a term of 3 months amounting to 2,110,427,305 (2019: 0).

As of December 31, 2019 and 2018, the Company has no deposits in EURO.

n. Other operating expenses

The following table details other operating expenses by their nature:

	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Expenses for the transport of goods and personnel	167,700	186,691
Expenses with royalties, management locations and rents	1,198,913	3,802,357
Expenses with banking and similar services	226,323	289,219
Expenses with insurance premiums	1,322,137	1,319,900
Expenses with professional training	1,241,630	584,749
Expenses with commissions and fees	49,718,396	37,504,508
Maintenance and repair expenses	234,023	290,299
Expenses with postal fees and telecommunication	6,214,276	5,377,284
Expenditures on studies and research	265,946	156,753
Travel and transfer expenses	1,505,553	2,000,354
Protocol, advertising, and publicity expenses	897,214	923,143
Other expenses with services performed by third parties	67,743,505	109,249,706
Expenses with taxes, fees and similar payments	11,691,022	10,451,236
Expenses on environmental protection	186,841	112,752
Expenses on revaluation of tangible assets	22,772,803	41,487,184
Other operating expenses	258,759,258	72,396,509
Total	424,145,540	286,132,644

Other operating expenses include expenses with assigned / disposed assets in the amount of 35,355,297 (2018: 16,180,734), compensations, fines, and penalties in the amount of 3,035,255 (2018: 2,092,516).

Other expenses for services performed by third parties include:

Services performed by third parties	Financial year ended December 31, 2018	Financial year ended December 31, 2019
Services provided by other entities within Enel group	36,458,925	44,794,049
Meter reading services	6,295,980	6,917,054
Other personnel connected costs	10,308,134	11,721,971
Security and cleaning services	6,327,799	6,470,733
IT services	2,745,731	7,370,417
Consulting and audit	515,253	9,605,622
ANRE contribution	753,059	15,101,565
Other	4,338,624	7,268,295
Total	67,743,505	109,249,706

The financial statements from page 3 to page 69 were signed on April 8, 2020 by:

General Manager
 Gino Celentano

Prepared by,
 Maurizio Rastelli
 Financial Manager