

# EURO Insol

Professional Reorganizations and Liquidation  
Company

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## HIDROELECTRICA



### ***ACTIVITY REPORT*** ***File no. 22456/3/2012***

***April 2013***

Judicial Director

EURO INSOL SPRL

By coordinating practitioner

Ph. D Attorney at law Remus Adrian Borza

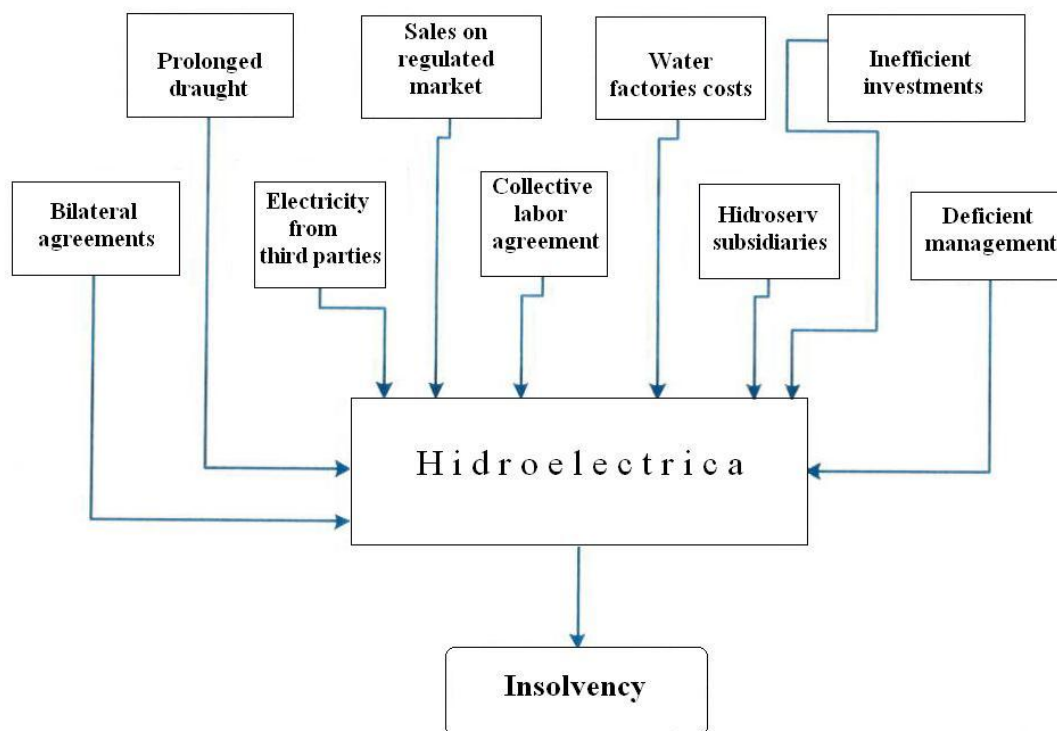
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## I. Brief history

Following a request made by Company for Generation of Electricity in Hydropower Units "Hidroelectrica" SA, with headquarters in Bucharest, sector 2, 3 Constantin Nacu Street, Fiscal Identification Number 13267213, registered at the Trade Register under number J40/7426/2000, the Bucharest Court, Civil Section VII, by concluding of session delivered on 20.06.2012 in file no. 22456/3/2012, ordered the opening of insolvency proceedings under the Law no. 85/2006, with subsequent amendments and appointed Euro Insol SPRL as Judicial Director.

After preparing the Report regarding causes and circumstances that led to the emergence of company's insolvency, a complex and multidisciplinary report was completed and submitted to the cause file on 10 august 2012, and the Judicial Director's conclusions revealed nine causes that led to Company's insolvency:



Until the date of the present Report, the Judicial Director has adopted a series of measures leading to the following purposes:

- **Minimizing company's loss.** Judicial Director has considered some line of actions, materialized mainly through: identifying the sources of losses and stopping them and renegotiation of contracts concluded with all partners - customers, suppliers of products and services, establishing clear policies for acquisitions (electricity, products, and services).
- **Maximizing company's revenues.** Judicial Director has analyzed selling prices for electricity in bilateral contracts in relation to prices obtainable on OPCOM platform and intervened with the necessary corrections by renegotiating/termination of supply contracts, and sale of redundant energy on Competitive market.
- **Ensuring continuity in the functioning of the company,** without affecting production processes. The Judicial Director has reorganized company's activities, designed to increase the operational and commercial efficiency of the debtor. Also, Judicial Director has set new circuits for approving documents, so that the steps required (for necessary papers, procurement procedures, orders, and contracts) should be made within a reasonable time, eliminating excessive bureaucracy. To ensuring proper control of debtor's financial and economic activity, Judicial Director has decided to assign right for bank signature to only one person - the Judicial Director - and established ban on company accounts and operations of its subsidiaries without approval.
- **Legal action for insolvency proceedings,** consisting in preparing and presenting the preliminary table with claims, organizing the first meeting of creditors, preparing activity report under Law no. 85/2006, ensuring representation of the debtor in the Table of preliminary objections to claims made in actions brought by Hidrosind, oppositions, appeals and all appeals and requests made by energy traders in the case of insolvency and beyond.

Each of the measures and actions taken, up to the date of the present Report are described in detail in the Activity Report of the Judicial Director for September, October, November, December 2012 and January, February and March 2013 and published in the Bulletin for Proceedings of Insolvency or on [www.euroinsol.eu](http://www.euroinsol.eu) site.

## II. SUMMARY OF CURRENT ACTIVITIES

For the period covered by this report, Euro Insol SPRL Judicial Director's activity has continued with actions that have commenced in the previous months, with the main goal of reducing losses, organizing and streamlining internal processes and procedures to ensure a better operational and commercial functioning in order to create the premises for debtor's economic recovery.

#### A. Operational measures:

- Establish clear sale policies on the Competitive market and establish the principles for tendering and contracting electricity for 2013.
- Continuing economic and financial recovery measures, mainly by identifying the sources that generate losses and stopping them, renegotiating contracts with all partners, clients and suppliers of products and services in order to reduce pressure on operating expenses and therefore reducing payment flows, while the debtor returns have significantly fallen, due to lowering production amid severe drought;
- Managing financial resources of the debtor without affecting production processes.
- Company's organizational restructuring.

#### B. Procedural actions due to insolvency.

- Prepare to defend Hidroelectrica in a number of 74 complaints brought by creditors against the Preliminary table.
- Disputes settled during the activity report.

### III. DESCRIPTION OF ACTIVITIES

#### A. Operational measures applied by the Judicial Director

##### 1. *Management of assets*

##### Specific activities of the Department

- Manage contracts of the Study Plan,
  1. Tracking progress of Contract no. 107/2012 - **PE 112/1993 - Standard for the design of DC power plants and power stations** – prepared by ISPE Bucharest.
  2. Ongoing Contract no. 106/2012 - **Study on joint sealing solutions in hydropower construction units** - prepared by SC ISPH SA.
  3. Ongoing Contract no. 2/2013 - **Standard for the execution and control of concrete in hydraulic structures. Revise PE 713-90 and investigation for approval as republican standard** - prepared by SC ISPH SA.
  4. Ongoing Study under Order No. 37741/2013 - **Expertise on quality of material of wicket blades in HA1 Frunzaru unit, to determine the causes which led to their premature sharp corrosion** – Prepared by Polytechnic University of Bucharest, Faculty of Materials Science and Engineering, Center for Research and Testing Ecom-Metallurgical ECOMET.
- Evaluation of third-party applications for achieving goals that may influence the objectives (existing or under project phase) belonging to the company:
  - Robinia Fences and Capitalist Prodcom – SHP Aștileu II – running channel

- Refraceram Baru –Strei River in Baru area, sector 490,50 - 476 mdM
- Ascia Energy – collaboration on upgrading SHP
- Centralization of data for monitoring the energy efficiency of equipment and facilities in branches, preparation and submission of the Declaration to ANRE regarding total annual energy consumption and SC Hidroelectrica SA energy analysis questionnaire for the year 2012.
- Participation and obtaining by designated officer of the certificate for Hidroelectrica Energy Manager after examination organized by ANRE.
- Participation in the reception protocol on completion of the refurbishment of the HA group 4 (commercial IZB4), block 2 and LEA 2110 kV in HPP Izbiceni.
- Participation in the evaluation committee for awarding service contract "Preparing the technical part of the tender documentation (construction documents and specifications for execution) for the acquisition of the three upper segments of non-concrete room no. 8 of hydro turbine runner base station Portile de Fier II".
- Participation in the final protocol for acceptance of closed-circuit TV systems in HPP Ipotești and HPP Drăgănești.
- Participation in the final reception for the command and control room of HPP Portile de Fier I.
- Participation in the reception on completion of refurbishment related works for equipment HPP Rusanesti (monitoring and diagnostics system; air system; lighting system; ventilation system; alarm and firefighting equipment; telecommunications in HPP; local dispatch system controls HPP; closed-circuit TV system, station 20 kV + transformer station 20/0, 4 kV; DC system 220 V).
- Coordination of subsidiaries of the hydropower plants on the relationship with mining companies holding mineral aggregates (opinions, background notes, service agreements, etc.).
- Coordination of **TEP-Hidroelectrica**: technical documentation analysis, certificates, etc..
- Managing the production (or, where applicable, modification) of approvals and permits necessary for functioning of energy production assets.

#### **Technical support for other departments**

- Support in managing the contractual regulation of premature corrosion problem in some parts of the revamped group on Lower Olt.
- Support the management of the remaining activities executed due to refurbishment contract from Portile de Fier II.
- Support in defining the conditions of Maintenance contracting level 3 and 4.

#### **2. Energetic management activity**

April 2013 was characterized by a surplus of energy while the Danube flow registered values between 10,000 cm / s and 12,000 cm / s with maintaining the power reduction in Portile de Fier due to reduced fall.



Contracted ancillary services were conducted 100%, i.e. 138.600 hMW secondary control band, 413.640 hMW fast tertiary reserve, 1.320 MVARh reserve adjustment U/Q.

There was no tender for ancillary services, as Transelectrica has not organized auction for May 2013.

On NDM, Hidroelectrica sold a quantity of 390 430 MWh (representing 27.4% of the market) at an average price of 173 RON / MWh, representing a value of 67,599,028 Ron. The weighted average price for the entire NDM market was 151.4 RON / MWh.

All production offers were made according to balance the contractual obligations.

### 3. *Exploitation activity*

#### Hydrological features:

Spring month with hydraulicity in the range from normal to surplus in most sections: → **Jiul (160%)**, **Râul Mare (149%)**, **Argeşul (148%)**, **Prutul (142%)**, **Râul Alb (135%)**, **Dâmboviţa (133%)**, **Râul Târgului (130%)**, **Lotrul (129%)**, **Someşul (127%)**, **Drăganul (120%)**, **Cerna-Valea lui Iovan (119%)**, **Bistra Mărului (117%)**, **Bistriţa (109%)**, **Buzăul (101%)**.

Exception, as in March, when deficient hydraulicity were registered by **Sebeş (87%)** and **Olt (75%)**.

in April 2013, in terms of hydrology for inland facilities, continued for the second consecutive month the recovery trend towards hydrology closer to a normal month.

For **Danube** the registered hydraulicity of **142%**, can be characterized as **surplus** (inflow recorded 11247 cm / s towards 7930 cm / s for normal month).

Hydrological forecasts prepared by INHGA early this month was exceeded in most furnished sections, with extreme limits of the forecast **74,7 % (Oltul –Râmnicu Vâlcea section)** and **209 % (Râul Mare – section Gura Apelor DAm)**. For **Danube**, forecast on 30.03.2013 (**10,800 m<sup>3</sup> / s** forecasted flow) was also exceeded, achieving a rate of **104%**. Hydrological conditions combined with hydro units framing Balancing Market led to important storage volumes in cascade arrangements (total stored volume for April is about **469** million cubic meters). Compared to target volumes established by ANAR for major furnishings under Hidroelectrica's administration had occurred accumulations without exception. The filling of large spatial volume reached the value of **82.54%** on 30.04.2013, about **24% higher than the average month at the end of April** in the last 17 years (**58.7%**). Production of energy from owns facilities in April were 1621 GWh, about

83 GWh below average of April production in last 17 years (1538 GWh). Note the absolute amount recorded during the last 17 years due to filling range on 30.04.2013, overall situation generated on one hand, exceeding monthly forecasts, on the other hand by lack of contracts so far in these first four months of 2013.

Given the forecast on 30.04.2013 for the next 3 months should require a more intense action in all energy markets limited to discharges from large cascade arrangement.

#### Situation of head cascade arrangements:

| Date         | Degree of filling<br>the useful volume (%) | Useful volume<br>Total<br>(mil cubic meters) | Energetic reserve<br>(GWh) |
|--------------|--|--|----------------------------|
| 2012 -31 Dec | 58,32                                      | 1437,93                                      | 1766,90                    |
| 31 Jan       | 56,86                                      | 1402,02                                      | 1738,84                    |
| 28 Feb       | 55,97                                      | 1380,00                                      | 1723,91                    |
| 31 Mar       | 63,51                                      | 1566,02                                      | 1934,67                    |
| 30 Apr       | 82,54                                      | 2035,16                                      | 2514,48                    |

#### Coverage of contractual obligations:

| (MWh) |                         |                       |                        |                        |       |             |         |                      |          |                        |  |
|-------|-------------------------|-----------------------|------------------------|------------------------|-------|-------------|---------|----------------------|----------|------------------------|--|
| Month | Contractual obligations |                       |                        |                        |       |             |         | Total<br><br>Offered | Purchase |                        | Total<br>Supplied<br>from<br>own<br>production |
|       | Export                  | Eligible<br>Contracts | Electrica<br>Contracts | Bilateral<br>Contracts | Cons  | Sale<br>NDM | Export  |                      | NDM      | Bilateral<br>contracts |  |
|       |                         |                       |                        |                        |       |             |         |                      |          |                        |  |
| Jan   | 0                       | 330114                | 378046                 | 53320                  | 10277 | 141652      | 917641  | 917630               | 2        | 0                      | 965115   |
| Feb   | 0                       | 309255                | 379281                 | 101760                 | 10840 | 162449      | 967888  | 967866               | 10       | 0                      | 990086   |
| Mar   | 0                       | 316503                | 441006                 | 272325                 | 13697 | 172646      | 1221740 | 1222954              | 56       | 0                      | 1302485  |
| Apr   | 0                       | 306645                | 429369                 | 393690                 | 17549 | 390430      | 1566915 | 1566915              | 0        | 0                      | 1620792  |
| TOTAL | 0                       | 1262517               | 1627702                | 821095                 | 52363 | 867177      | 4674184 | 4675365              | 68       | 0                      | 4878478  |

Ancillary services were 100% realized (133600 hMW contracted amount of secondary control, 413640 hMW regulated amount of tertiary reserve, 1320 MVarh corresponding quantity in the secondary voltage control).



| Month | Average price for purchase on NDM (RON/MWh) | Sale average price on NDM (RON/MWh) | Average price on NDM (RON/MWh) |
|-------|---|-------------------------------------|--------------------------------|
| Jan   | 21,00                                       | 224,60                              | 190,54                         |
| Feb   | 10,01                                       | 170,06                              | 159,83                         |
| Mar   | 21,25                                       | 164,39                              | 139,19                         |
| Apr   | Not purchased                               | 173,14                              | 151,43                         |

**Structure of production of electricity:**

| Arrangement                      | Dispatch able units |                 |       | Non-dispatch able units |       |       |
|----------------------------------|---------------------|-----------------|-------|-------------------------|-------|-------|
|                                  | MWh                 | MW              | %     | MWh                     | MW    | %     |
| Danube arrangement               | 625 485,00          | 868,73          | 39,57 |                         |       |       |
| Arrangements with accumulations  | 519 076,70          | 720,94          | 32,84 | 30 320,05               | 42,11 | 75,84 |
| Facilities along the water       | 436 254,26          | 605,91          | 27,60 | 9 656,32                | 13,41 | 24,16 |
| <b>Total – April</b>             | <b>1 620 793,33</b> | <b>2 251,10</b> |       |                         |       |       |
| <b>Total per year (up today)</b> | <b>4 878 478,71</b> | <b>1 693,92</b> |       |                         |       |       |

**Specific consumption for production and transformation:**

| Month | C <sub>pr</sub> (MWh) | C <sub>pr</sub> (%) |
|-------|-----------------------|---------------------|
| Jan   | 10277                 | 1,05                |
| Feb   | 10840                 | 1,08                |
| Mar   | 13697                 | 1,04                |
| Apr   | 17549                 | 1,07                |

In **April** the own consumption recorded for the production was of **17,549 GWh**.

**Available and provided power** (For reporting month according to PO–HE–DE–06)

(MW)

| Month | Installed power | Permanent discounts | Provided power | Filling P <sub>d</sub> / 4500 × 100 (%) |
|-------|-----------------|---------------------|----------------|---|
| Jan   | 6271,45         | 276,38              | 4987,07        | 133,22                                  |
| Feb   | 6271,45         | 193,22              | 5368,14        | 133,44                                  |
| Mar   | 6271,45         | 262,43              | 5199,84        | 133,51                                  |
| * Apr | 6271,45         | 262,55              | 5004,52        | 133,51                                  |

**Outfall situations** ( For reporting month according to PO –HE-DE-07)

**Discharged power (MWh)**

| Cause →<br>Month ↓ | Servitude<br>Utilities | Flow over<br>installed one | Permanent<br>discounts | Maintenance<br>works | Other causes | Total  |
|--------------------|------------------------|----------------------------|------------------------|----------------------|--------------|--------|
| Jan                | 16601                  | 0                          | 0                      | 6635                 | 0            | 23236  |
| Feb                | 14983                  | 2                          | 0                      | 6248                 | 15           | 21248  |
| Mar                | 16165                  | 33251                      | 136                    | 110599               | 1262         | 161413 |
| * Apr              | 9276                   | 281065                     | 310                    | 57975                | 8484         | 357110 |
| *Total up<br>today | 57025                  | 314318                     | 446                    | 181457               | 9761         | 563007 |

Note. (\*)The data are estimates according to daily records registered in "Energy Management" application, values with a high degree of accuracy can be applied only after May 10, on reporting time for the month of April.

For the month of **May 2013** estimate energy production achievable from own facilities, prepared based on the latest forecasts inflow of arranged sections, the situation of water flow remains for the arrangements and proposals made by ANAR which is roughly 1800 GWh.

### Incidents' analysis activity

In April 2013 all branches have analyzed incidents during the first quarter of 2013 in accordance with the NTE 004/05/00 and submitted reports to Hidroelectrica.

For safe operation of plant installations and equipment in all HPP and power stations, as of 01.04.2013, NOS (normal operating schemes) are prepared and approved, available for the summer period. NOS approved by Dispatch authority units and valid for summer 2013 were sent to Hidroelectrica S.A.

The information flow from April 2013 indicated that the main incidents in April 2013 were:

#### HS Curtea de Argeş

- **12.04.2013, at 08<sup>30</sup> HHP Dragoslavele – HA1** – mechanical fluctuations (on the hydraulic turbine runner) during power-up and after the hydro NES alongside a load of 2.5 MW; oil leaks caused by AD dispenser and piston drawer wear bushing, distribution loss of oil to the AD actuators.
- **13.04.2013, at 19<sup>36</sup> HEP Băiculeşti – HA1** – lack protection tripping turbine bearing cooling water flow channels from clogging HA1 turbine bearing. The incident occurred due to high water turbidity (increase suspension level) during floods in the period 04.04.2013 ÷ 08.08.2013. Since the incident consisted in the presence of molten rubber pieces into the pressure chamber of the turbine bearing and bearing lubrication channel clogging of material contained in the bearing, and part of the molten metal irregularities in the surface of the rubber bearings from the

bearing related turbine, subsidiaries have established measures of dismantling and reconditioning HA1 camp and check cooling water circulation lubrication in HA2.

#### **SH Porțile de Fier**

- **07.04.2013, at 09<sup>39</sup> Station 110/20/6 kV Ostrovu Mare and HEP Porțile de Fier 2 – LEA 110 kV Cetate 1, LEA 110 kV Cetate 2 and CTv1-2b** triggered by distance protection, Block II, Block III and Block IV protections triggered by maximum high and low voltage, **HA4, HA5, HA6, HA7 and HA8** triggered by excitation maximum transformer protections, maximum current of reverse sequence and minimum negative sequence impedance step 2, and HA3 remained isolated in own services. The cause of the incident was creepage insulator separator bar for phase 2B S LEA 110 kV Cetate 1.

#### **SH Râmnicu Vâlcea**

- **03.04.2013, at 19<sup>00</sup> SHP Bistrița-Prislop - HA1 and HA2** – penstock pressure drop due to heavy rains and rising river inflow flood on Costești river during the period 03.04.2013 ÷ 04.07.2013. The effects of the flood were to stop as prevention measure both hydro incident, clogging capture, change water course to the left bank of the stream Costești creating a gap of about 60 meters that flooded the surrounding area (forest road, forester, nursery) and nakedness transportation pipeline and associated electrical wiring installations capture on a portion of about 60 m. To eliminate the effects of the flood is necessary to execute the current excavation in Costești creek bed, upstream of the capture, execution left bank protection in the gap created and mechanical protection of pipelines.
- **10.04.2013, at 13<sup>10</sup> HEP Călimănești – IO 110 kv trafo 63 MVA, HA1 and HA2** – protection tripping transformers after signaling "63 MVA transformer enclosure fault" and finding cooling malfunction of 63 MVA transformer. The cause of the incident was shorting the oil level sensor at 63 MVA transformer conservator and no voltage control in 63 MVA transformer enclosures. Following the incident was discharged equivalent of 32.61 MWh.
- **29.04.2013, at 03<sup>17</sup> HEP Drăgășani – HA1** – stopped as damage prevention measure due to smell of hot insulation in the hydro unit. Following withdrawal from operation, pores were found at the cooling of LRG and winding incident and required drying in HG1.

#### **SH Sebeș**

- **05.04.2013, at 20<sup>03</sup> CHE Săsciori – HA1** – Triggering generator differential protection, protection longitudinal block and the arrival of the fixed firefighting system, following a rumble after the appearance of smoke in the generator engine room and heating pipes. After visual inspection and measurements concluded there was a two-phase short circuit between phases R and T that spread to mainstream. The effects of the incident were: lowering frontal damage winding heads, partial melting of the bars in the area between 5 and 6 covers (caps over the joining / welding two winding bars) and combustion (heat produced by the

electric arc) tires on about 1 / 3 of the circumference of the ring building front ends. Thus, resulting stator's destruction. The fault occurred between phases R and T, except that the T phase was working from 09.11.2009 with the notch 55 bar with external shunt after a grounding of the bar. Generator has been in operation since 1987 (over 25 years) with an expired life cycle, and the last maintenance work was carried out as type LN2 during 21.11.2012 ÷ 09.12.2012 when, after tgΔ measures applied to the generator, was imposed a check of the evolution tgΔ at least every 6 months. For implementation of LN4 was prepared and endorsed TEP HE of 31.05.2011, but the execution of maintenance works was postponed due to lack of financial resources.

### **SH Târgu Jiu**

- **06.04.2013, at 10<sup>34</sup> Station 110 kV Tismana și CHE Tismana – IO 110 kV Trafo Block, HA1 and HA2** - triggers and stop throwing load from 130 MVA Transformer differential protection operation. The cause of the explosion of current transformer phase R-type was due to an internal fault 600/5/5/5A CEPS. Effects were bursting three porcelain insulator skirts in the current transformer of 110 kV S phases cracking it and a small fire started. Also because of the incident at 23<sup>40</sup> was opened at the dam bottom drain flow Motru spilling approx. 4 m<sup>3</sup>/s, and at 00<sup>30</sup> dated 07.04.2013 opened bottom emptying Clocotis dam with spilling flow approx. 5 m<sup>3</sup>/s.

In April 2013 Hidroelectrica executive appointed a committee which went to Arges HS to analyze incident on 26.03.2013, 11.55 hrs at the HA1 of HEP Pitesti consisting in pearling terminal generator breaker contacts during returning maneuvers to SNF.

Power reductions in hydro power units due to malfunction incident in April were matched both internally and externally so that there was no unavailability registered on the Balancing market.

Comprehensive situation analysis of incidents in April 2013 will be reported to Branches until May 20, 2013 according to NTE/004/05/00 and PO-HE-DE-02 updated in force.

### **4. Supplying activity**

In April 2013 continued action of tender / sale of the amount of electricity available in the Centralized Market for Bilateral Contracts – PCCB and PCCB NC.

During April 2013, Hidroelectrica SA participated on PCCB OPCOM with 18 sale offer packages and responded with a total of 7 buying offers.

The result of auctions was materialized in signing 9 agreements, totaling an amount of 208 152 MWh, of a total value of 42.6 million RON.

Also this month, 120 standard contracts were offered to PCCB NC through successive auctions, 10 contracts being concluded.

Regarding the implementation of contracts in force, we mention that Hidroelectrica has 87 ongoing contracts on Competitive market.

## 5. *Maintenance Activity*

In April 2013 the maintenance work had as main component the following activities:

- *daily and weekly analysis of maintenance work* taking place in Subsidiaries, for compliance and value physical maintenance program approved for first quarter 2013, operating program of hydro withdrawals of dispatch able units approved by the Hidroelectrica Board and DEN;
- *closing of February 2013 and first quarter of 2013;*
  - gathering, analyzing and validating data from subsidiaries with tracking and classification of performance of the works and maintenance budgets approved in March 2013 and for the first quarter of 2013;
  - prepare summary report on the implementation of the value of maintenance costs, with the following values:

-RON-

| <b><i>Subsidiary</i></b> | <b><i>Approved value<br/>March 2013</i></b> | <b><i>Realized value<br/>March 2013</i></b> |
|--------------------------|---|---|
| Bistrița                 | 1,258,118                                   | 1,461,168                                   |
| Buzău                    | 245,000                                     | 98,422                                      |
| Caransebeș               | 153,700                                     | 92,102                                      |
| Cluj                     | 432,393                                     | 302,678                                     |
| Curtea de Argeș          | 1,243,554                                   | 1,237,678                                   |
| Hațeg                    | 3,112,200                                   | 3,109,475                                   |
| Oradea                   | 1,721,741                                   | 765,751                                     |
| Porțile de Fier          | 1,787,419                                   | 874,705                                     |
| Râmnicu Vâlcea           | 1,463,976                                   | 1,058,905                                   |
| Sebeș                    | 83,535                                      | 80,265                                      |
| Sibiu                    | 970,000                                     | 879,530                                     |

|              |                   |                   |
|--------------|-------------------|-------------------|
| Slatina      | 1,156,785         | 1,155,380         |
| Târgu Jiu    | 244,337           | 138,078           |
| <b>TOTAL</b> | <b>13,872,758</b> | <b>11,254,138</b> |

-RON-

| <i><b>Subsidiary</b></i> | <i><b>Approved value<br/>1st quarter 2013</b></i> | <i><b>Realised value<br/>1st quarter 2013</b></i> |
|--------------------------|---|---|
| Bistrița                 | 4,465,970   | 4,197,185   |
| Buzău                    | 313,443   | 155,473   |
| Caransebeș               | 409,300   | 332,856   |
| Cluj                     | 1,328,850   | 1,012,354   |
| Curtea de Argeș          | 4,050,000   | 4,013,528   |
| Hațeg                    | 8,662,930   | 8,659,234   |
| Oradea                   | 3,249,550   | 1,726,204   |
| Porțile de Fier          | 2,519,429   | 1,606,705   |
| Râmnicu Vâlcea           | 3,572,836   | 2,759,531   |
| Sebeș                    | 225,000   | 139,745   |
| Sibiu                    | 2,635,000   | 2,527,458   |
| Slatina                  | 3,138,000   | 2,860,156   |
| Târgu Jiu                | 736,000   | 621,092   |
| <b>TOTAL</b>             | <b>35,306,308</b>                                 | <b>30,611,521</b>                                 |

- *Preparing maintenance program for May 2013;*
  - Collecting, analyzing and validating proposed maintenance program for May 2013 received from subsidiaries;
  - Verify framing in the approved maintenance budget for 2013;
  - Approval and submission for approval of the maintenance program for the month of May 2013, taking into account estimates of completion of the maintenance program over 4 months and estimate

of amounts to be realized in five months. The estimates revealed the following values:

-RON-

| Subsidiary      | Annual program     | Estimate realized on 4 month | Necessary for May | Estimate realized on 5 month |
|-----------------|--------------------|------------------------------|-------------------|------------------------------|
| Bistrița        | 15,900,000         | 6,057,584                    | 1,195,700         | 7,253,284                    |
| Buzău           | 3,850,000          | 346,733                      | 144,746           | 491,479                      |
| Caransebeș      | 4,505,319          | 515,857                      | 224,000           | 739,857                      |
| Cluj            | 11,200,000         | 1,460,386                    | 780,700           | 2,241,086                    |
| Curtea de Argeș | 18,900,000         | 6,013,527                    | 2,125,000         | 8,138,527                    |
| Hațeg           | 16,400,000         | 10,559,234                   | 1,906,529         | 12,465,763                   |
| Oradea          | 10,499,300         | 3,600,815                    | 1,512,500         | 5,113,315                    |
| Porțile de Fier | 18,170,000         | 3,270,505                    | 1,403,600         | 4,674,105                    |
| Râmnicu Vâlcea  | 18,542,650         | 4,458,531                    | 805,420           | 5,263,951                    |
| Sebeș           | 8,680,000          | 182,264                      | 991,631           | 1,173,895                    |
| Sibiu           | 7,020,000          | 3,247,723                    | 967,451           | 4,215,174                    |
| Slatina         | 9,980,000          | 3,905,456                    | 835,000           | 4,740,456                    |
| Târgu Jiu       | 5,950,000          | 1,148,216                    | 649,346           | 1,797,562                    |
| <b>TOTAL</b>    | <b>149,597,269</b> | <b>44,766,831</b>            | <b>13,541,623</b> | <b>58,308,454</b>            |

- During April 2013 the following maintenance works were completed on hydro power units of dispatchable units:
  - LN2 to HA2 HEP Vânători,
  - LN4 to HA1 HEP Răcăciuni,
  - LN2 to HA2 HEP Scropoasa,
  - Adduction works to HEP Retezat were completed and began filling reservoir on 08.04.; putting into operation tests were executed after LN3 to HA2 which was put in operation on 26.04 and have started tests in PFI at HA1 after LN3, works carried out during Outage Technology caused by work on adduction,
  - LN2 to HA2 HEP Clopotiva,
  - LN2 to HA1 HEP Călimănești,
  - LN2 to HA2 HEP Dăești,



- LN4 to HA2 HEP Râureni,
  - LN4 to HA1 HEP Viștea.
- Continued monitoring *the schedule for the remaining works and maintenance services in 2013* to be awarded by other forms of acquisition under GO 34/2006 (open tender bidding, offer request).

On this theme, was organized a video conference attended by the Judicial Director, Hidroelectrica General Manager, Director of Electricity Production, Maintenance Department Manager and Directors of Hidroelectrica Subsidiaries for analyzing stage for preparing tender documentation and publishing them in ESPP. There was a delay to the proposed program and the Judicial Director pointed out:

- need for timely completion of tender documentation and publication in ESPP, as works can be completed in 2013, given the duration of the procurement process;
  - preparing technical documentation (specifications), which must be technically correct, and should not contain requirements to eliminate competition.
- The maintenance program for the hydro dispatchable units in May 2013 was prepared and approved by the National Dispatch Center and Hidroelectrica management. Value of maintenance monthly average power for dispatchable hydro units is 272 MW.

## **6. Development and revamping**

### **A. DEVELOPMENT**

#### **A.1. DEVELOPMENT PROGRAM 2013**

The GMS Decision no. 33 dated 20.02.2013 approved the draft of Hidroelectrica's Budget of Revenues and Expenditures for 2013, project that provides for investment activities in the amount of 377,974 million RON, consisting of own resources totaling 250 million RON and the rest from credit loans.

Based on this budget was prepared and submitted to the Judicial Director and Special Manager the Hidroelectrica Development Program for 2013.

In the first quarter of 2013, company's total achievements on investment objectives, reported by subsidiaries were in value of 49.98 million RON, representing approx. 13.2% of the total approved value of Hidroelectrica's Development Program for 2013.

## **A.2. ONGOING INVESTMENT OBJECTIVES**

### ***A.2.1. Additional Acts for the rest of to be executed on 01.01.2013***

As a result of lowering investment funds allocated by REB 2013 was necessary to conclude addendums to the contracts with contractors for the works investment objectives. These additional instruments are designed to define new physical graphics and value for the remaining works to be executed on 01.01.2013, in prices valid on 31.12.2010, taking into account the following elements:

- Rest to be executed on 01.01.2012;
- Achievements on 01.01.2012 – 31.12.2012;
- The value of works realized and lack of allocations due to unsettled HE Development Program 2012 and rescheduling amount for 2013;
- The difference results from freezing price for work situations settled in the first half of 2012;
- Value of expenses for the period of interruption investment objectives.

An addendum model has been drawn with all annexes, defining the new time schedule for the remaining works to be executed, document discussed and agreed with partners and submitted for implementation to subsidiaries.

In April 2013, based on the application model submitted were negotiated and drafted together with HE headquarters and HS representatives, representatives of the contractor and general designer for hydropower units, the amendments to contracts in force for the execution of the investment objectives for each branch separately which were subsequently handed to the HE in Bucharest to be signed, where they were taken for verification and approval procedures.

On 30.04.2013 were concluded aprox. 90 % of the Additional Acts taken into account.

### ***A.2.2. Commissioning in 2013***

The following activities were carried at the end of 2013 to ensure proper operation of HEP Racovița, situated on the river Olt, equipped with two hydropower plant units with a total installed power of 31 MW and an average output power DE73, 99 GWh / year:

- Analysis and certification by HE of TEP Solution studies on connection of HEP Racovița to the National Energy System;
- Discussions between representatives of HS Sibiu in Brasov with representatives of Distribution Operator to determine the final solution of the network connection of Racovița hydroelectric plant;
- Contracting and preparing Technical Draft for 110 kV power lines of power evacuation produced in HEP Racovița, documentation allowing contracting

- the construction of underground electric line, work required in order to achieve the commissioning of power capacity;
- Starting procedures for contracting expertise for two railroad bridges that cross the canal in order to obtain CFR functioning authorizations, authorization that condition commissioning of the plant in the fourth quarter 2013;
  - Analyzing documentation for plant's redrawing running channel from 70 m to 90 m to ensure safely transit flows of Olt River, in the current situation of riverbed downstream elevation by 4 m high on approx. 1.5 km of the railway bridges, compared to the project. On this portion of excavation, the final rate can only be achieved by building a new double railway bridge, investment to be performed by CFR.

### ***A.2.3. Additional works appeared during the works subject of investment objectives***

For the next four investment objectives Development Directorate Refurbishment / Development Services in HE had analyzed the economic and technical documentation of additional works / adaptations to land / safety commissioning arrangements made by the designer in order to be approved by TEP Hidroelectrica, submission for approval and concluding addendum to existing contracts, according to Hidroelectrica's internal methodology:

- HEA Surduc Siriu - Regulatory documents of the type of rock excavated on the main adduction Surduc Nehoiășu;
- HEA of Olt River on sector Cornetu Avrig. HPP Racovița – redrawing works and adaptations of channel left bank dam;
- Crossing the derivation HPP Oești. Additional work required to complete adaptation to land investment objective;
- HEA on Siret River on sector Cosmești– Movileni. Implementing work safe.

***HEA of Jiu river, on Livezeni-Bumbesti sector-*** Refurbishment Development Department convened in Bucharest, between April 3 to 4, 2013, a hearing on the analysis of additional works appeared between January 2008 - September 2012, necessary to complete the investment objective "HEA on Jiu river on Livezeni-Bumbești sector." The main purpose of this meeting was to analyze further substantiation of this work in terms of technical, economic, as well as contractual and legal provisions in order to submit them for approval and contracting procedures / preparing addendums.

The meeting was attended by HE representatives and HS Targu Jiu and those of the Consultant, finally settling additional work that will be subject to current award.

#### **A.2.4. Miscellaneous**

In April 2013 has been submitted to the Ministry of Economy the necessary documentation to promote Government Decision for approval and initiation of the expropriation of private properties and public buildings located in the transfer corridor object to expropriation of public investment "HEA on Siret River on Movileni Cosmești sector, "according to Law no. 255/2010.

Approval of the document will solve the problem of obtaining the land necessary for the investment objective without costs for Hidroelectrica S.A.

Documentation for approving expropriation corridor as object of public investment "HEA Runcu Firiza" according to Law no. 255/2010 is under preparation phase.

Approval of the a normative document will solve the problem of obtaining the land needed to achieve the investment objective, with no cost to Hidroelectrica and will reduce the amount of rent currently paid;

For achievement / completion of hydropower investment objectives, within the framework of public-private partnerships were developed and handed over to the Ministry of Economy the main technical presentation of projects and estimating investment for:

- HEA of Tisa river on sector Săpânța Teceu;
- HEA of Siret river on sector Comești Movileni. HEP Coșmești;
- HEA of Olt river. HEP Căineni and Lotrioara;
- HEA of Strei river on sector downstream HEP Bretea

#### **A.3. VISITS TO SUBSIDIARIES**

During the month of April 2013 the Judicial Director, together with the General Manager and Manager of Power Generation Department went to Bistrita, Buzau, Targu Jiu, Slatina, Sibiu, Sebes and Hațeg HS, visits during which they reviewed, among others, the state of ongoing investment objectives managed by these subsidiaries.

#### **A.4. NEW INVESTMENT OBJECTIVES**

In April 2013 no new investment objectives were approved.

#### **A5. MISCELLANEOUS**

To avoid additional costs that may arise from the implementation of new regulations published in the field of preparation of concrete, normative provide increased dosage of hydraulic cement concrete in the investment objectives, for which the Development Directorate has initiated action to successfully update the

existing norm, used to achieve existing hydropower arrangements in Romania PE 713-90 - Standard for the execution and control of concrete in hydraulic structures, for approval as Republican standard.

In the first phase, the original developer has compiled normative PE 713-90 proposal for updating the documentation and analysis procedure for HE endorsement.

In order to audit the 2012 Hidroelectrica financial statements, at the request of the audit, have been prepared and presented various situations and as well as sheets for the ongoing investments.

Materials have been prepared for the visit to China of Hidroelectrica management and the Minister for Energy for the following investment objectives:

- Pumped storage hydroelectric Tarnița;
- Hydropower development of Danube River downstream of HPP Portile de Fier II site Turnu Măgurele - Nicopole.

## **B. REVAMPING ACTIVITY**

### **1. REVAMPING PROJECT HPP STEJARU**

April was extremely busy for Stejaru project due to process analysis of the 17 applications submitted by 25 companies included in the prequalification stage for awarding refurbishment contract.

The evaluation committee, appointed by Judicial Director's decision, has operated both in Hidroelectrica Bucharest premises and in Bistrita subsidiary that manages Stejaru HPP.

Application evaluation of was performed based on evaluation required by the lender, the EBRD and the pre-qualification documents which detailed the criteria and the assessment.

To ensure an objective assessment, when the documents presented do not allow clear understanding of the data submitted, the evaluation committee, with Judicial Director's approval, submitted a number of requests for clarification to various applicants, as EBRD procedures, deadlines for receipt of responses. All companies have responded to most requests within the prescribed period.

The evaluation committee prepared evaluation report on applications for pre-qualification stage of the auction process for refurbishment of HPP Stejaru which was submitted to Judicial Director and Company's General Manager for approval.

During the next period EBRD experts will review the evaluation report for approval and will continue with preparation and submission of technical and economic tenders employed by prequalified companies.

After the evaluation report will be approved by the EBRD, all applicants should be information about assessment results, while the rejected will also be informed of the reasons underlying this decision.

Recalling that a total of 103 worldwide companies have shown interest in the project for upgrading the first hydroelectric power plant built in Romania, HPP Stejaru, with an estimated value of 110 million were presented prequalification documentation made available Hidroelectrica for free, in the open public tender process with international participation, organized according to the rules and policies of the lender, the EBRD.

On March 15, 2013, at the opening session of applications for prequalification 25 companies from around the world, grouped in 17 consortia were presented. Auction organized by Hidroelectrica thus acquires a global dimension by multiple companies from China, Germany, Austria, Spain, France, Russia, Israel, Finland, Norway, Croatia and Slovenia, a single consortium having a company from Romania.

The large number of companies interested in the project is due to the transparency promoted by EURO INSOL, the Judicial Director and a very good Hidroelectrica marketing project for prequalification stage, which was launched on 25.01.2013. So besides publishing prequalification invitation on Hidroelectrica web site, EBRD web site, in the European Union journal, in Ziarul Financiar and Bursa newspapers, it was directly transmitted to over 300 companies around the world active in the field hydropower domain, and all embassies in Romania.

In December 2012, the the Judicial Director and Hidroelectrica Special Administrator together with EBRD representatives agreed in London to resume the auction for Revamping Project of HPP Stejaru after it was suspended in July 2012, due to the effects of the company's insolvency.

By registering applications for prequalification, site visits were made by companies that have requested and responses were sent to all requests for clarifications received from potential bidders, according to EBRD procedures.

Tender documents were approved by the Hidroelectrica Technical and economic departments. In the next period, the tender documentation will be subject to approval by Judicial Director and the technical and economic EBRD Board and will be available in May 2013 for companies that meet the qualification criteria, in order to submit technical and commercial bids binding.



Revamping Project for Funding Stejaru HPP contracted in July 2011 is provided through a syndicated loan by the European Bank for Reconstruction and Development (70 million), Erstebank and CaixaBank (20 million each).

HPP Stejaru, with an annual production of 435,000 MWh, has over 50 years of operating in the national energy system, was put into operation between 1960 to 1961 and is equipped with six vertical Francis turbines, with a total installed power of 210 MW (4x27.5MW + 2x50MW). Revamping will enable safe operation and maximum efficiency of HPP Stejaru for at least 30 years.

## **2. Revamping Project for Romanian Lock Portile de Fier I**

In April 2013, the refurbishment works at Lock Romanian Portile de Fier I, continued the rhythm of the execution schedule.

Works related to the safe operation of Romanian lock were considered a priority, given that in near future Serbian lock will be withdrawn from service for required rehabilitation works, and thus only the Romanian lock will ensure ship traffic on the Danube on Portile de Fier I section.

Revamping Project of the Romanian shield PdF I appeared necessary, as a result of outdated and obsolete equipment, seriously affected due to functional characteristics. GD 956/2004 approved technical and economic indicators of the investment objective "Rehabilitation works of the Romanian shield Hydropower and Navigation System Portile de Fier I";

Thus, in June 2006, Hidroelectrica concluded the revamping contract, after an open public tender with the winning company - Romenergo S.A.

GD 956/2004 stipulated that work will be funded from own Hidroelectrica sources and amounts of loans received from the state budget. The amount provided from the state budget, 88 million in 2004 prices, representing 43% of the estimated value of the works.

However, until now, the financing of works was carried out exclusively from Hidroelectrica own sources and contracted loans. So far, Hidroelectrica has financed this project with 50 million euro. In September 2012, then in November 2012 and December 2012, Hidroelectrica requested the Ministry of Economy to update amounts as in GD 956/2004 and for updated estimate. Until now it was not received a favorable response from the Ministry.

After upgrading equipment related to sluice in PDF I Lock was achieved has resulted increase of traffic capacity by 22.2 million tons / year (from 12.8 million tons / year to 35 million tons / year), increasing the availability of lock 88 days /



year (for 232 days / year 320 days / year) the average time for efficiency sluicing of about 50% (from 145 minutes to 75 minutes).

### **3. Revamping Project Lower Olt**

In April 2013, the refurbishment work continued according to the schedule execution.

It was finished assembling device and rotation lock for rotating parts of the machine and tests were performed for commissioning. This system will facilitate and enable the execution of complex maintenance services throughout the lifespan of the investment in safer conditions.

It has continued work on the SCADA system and remote control at Slatina Dispatch Center system that allows remote monitoring and control of all 20 modernized hydropower units.

The refurbishment works of all equipment for hydro power plant Rusanesti were completed after Ipotesti, Frunzaru, and Drăgănești went through the same process of rehabilitation.

In the next period will continue and also completed refurbishment works on related equipment on the last hydroelectric power plant Lower Olt, HPP Izbiceni. All 20 hydropower units from this sector have been refurbished and delivered for operation.

The project of rehabilitation of 20 ha on the Lower River, the largest project of this kind belonging to Hidroelectrica appeared necessary, due to serious technical problems and very high maintenance costs.

The contract was awarded in 2004 to the consortium led by Voith Hydro, pursuant to GD. 1599/2003 - which provided direct awarding of works to this consortium. The contract value reached 430 million Euro.

Refurbishment project is 95% completed, up to this point being commissioned 19 of the 20 modernized hydropower units.

By revamping were obtained: increase of the power available in 100MW turbine regime (from 185MW to 285MW), increase available power 200MW pump regime (from 0.0 MW to 200 MW) and average energy production growth 432GWh / year (from 512 GWh / year to 944 GWh / year).

#### **4. Revamping Project HPP Lotru-Ciunget**

In April 2013 continued operation and monitoring behavior of modernized groups under warranty period.

Refurbishments works at HPP Lotru-Ciunget, largest hydroelectric power plant on the interior rivers of Romania, with an installed capacity of 510 MW, had started in 2007 and were completed in early 2011 and is 80% funded by a World Bank loan of 66 million Euros.

Currently modernized equipment from Ciunget Lotru is under contractual warranty period.

On 22.02.2013, Hidroelectrica and World Bank representatives held a fact-finding mission of the current situation after completion of the revamping works. In the mission were visited Vidraru dam, Lotru Ciunget plant and related equipment and facilities. World Bank representatives had very positively appreciated the conduct of revamping works to this objective.

By the refurbishment works were obtained increase turbine efficiency by more than 1% and increase energy project with 200 GWh / year (from 900 GWh / year to 1,100 GWh / year).

#### **5. Revamping Project HPP Portile de Fier II**

Besides carrying out the latest hydro refurbishment works at HPP Portile de Fier II, the Hidroelectrica Judicial Director prepared the necessary defense against the complaint filed by Andritz Hydro after termination contract of Gogosu in January 2013.

In order to reduce costs of the project, the Judicial Director decided that additional work required to complete and commissioning of hydropower unit in PdF II to be incurred by the beneficiary, through the procedures provided by the Romanian legislation in the domain for public procurement, Portile de Fier HS and Hidroelectrica teams drafted up the specifications and tender documentation necessary for release of the auction process.

This decision was conveyed to the contractor who was asked to deliver all components on which further work is needed.

Also, Euro INSOL will consider compensation of remaining works to be executed with the advance paid for HPP Gogosu refurbishment (contract terminated in January 2013 for which the contractor challenged in Court the termination decision).

Revamping Project Portile de Fier II HPP was contracted in 2001 by direct assignment to Andritz Hydro, according to Government Decision 848/2001. The contract provided revamping of eight hydropower units of PdF II HPP, the 2 hydropower units of Gogosu HPP and related ancillary facilities in Portile de Fier II and Gogosu.

Up to this point 7 of the 8 hydropower units of PdF II HPP have been modernized, the eighth group being under revamping process. Refurbishment of HPP Gogosu will run under contract to be concluded after an international public bidding process.

By upgrading PdF II HPP were obtained: increased of installed power with over 35 mW (from 216MW to 251.2MW), increased energy project by about 134GWh/year (from 1307-1441 GWh / year), increased machining capacity to 400c.m/s per plant (from 3400 mc. / s to 3800 c.m/s) and increased turbine efficiency by about 2%.

## **6. Promoting new revamping projects**

In the context of production clean energy from renewable sources and reducing production costs, on 07.02.2013, the Judicial Director and World Bank launched an invitation for analyzing the opportunity to invest in 3 new projects for upgrading the 3 major hydropower plants, of particular importance for Hidroelectrica and National Power System.

Thus, during 18-22.02.2013, Hidroelectrica and the World Bank organized a fact-finding mission on the details of the three major projects, namely: Revamping Vidraru HPP (Curtea de Arges HS), upgrade Retezat HPP (Hateg HS) and Revamping Mariselu HPP (Cluj HS).

HE representatives and those of the World Bank visited the works related to dams and the three hydroelectric plants were inspected and guests were informed about the current state of equipment related to plant and dams.

A series of technical necessary data were collected in order to issue a first technical analysis of the need and opportunity of investments in complete refurbishment of the 3 major hydroelectric plants.

We should reiterate that in March 2013, Hidroelectrica sent to the World Bank a first estimate of the three projects. Meanwhile, the Judicial Director discussed with the Ministry of Finance to include these projects in the coverage of World Bank loans.

In April 2013, Hidroelectrica and the World Bank have started to prepare a first estimate of the three projects. Meanwhile, the Judicial Director discussed with the Ministry of Finance to include these projects in the coverage of World Bank loans.

Also in April 2013, Hidroelectrica has discussed with EBRD, which is also interested in financing one of the three revamping projects or other projects promoted by Hidroelectrica.

The three projects analyzed by the World Bank, together with refurbishment project Stejaru HPP funded by EBRD, shall obtain an installed capacity of approximately 1,000 MW and the total amount allocated for the refurbishment works is of approximately 400 million Euro

So far Hidroelectrica has revamped about 2,300MW, representing 35% of the installed power of the company, modernized hydro units generating approximately 60% of annual energy production of the company.

By creating new projects mentioned above, Hidroelectrica will have about 50% of production capacity fully modernized, will produce about 70% of the company's power and most system services delivered, ensuring not only efficiency and reduce production costs but also the attributes necessary for stable and safe operation of the entire National Energy System.

## **7. *Integrated Management System Activity***

At present, Hidroelectrica is under a continuous process of transformation, and IMS activity has focused on further development action and operation of the integrated management so as to comply with legal requirements and to maintain referential certification of quality, environment, occupational health and safety.

For adapting to changing organizational structure and procedural dated 15.03.2013, the main IMS actions in April were:

- Review Map processes developed on 05.03.2013 and replacing with version 13, validated by process owners, approved and disseminated on 03.04.2013;
- Review procedures for the establishment of the documentary frame and the operation of processes running in 19.03.2013 and 21.03 substitution of updated editions on 04.05.2013;
- Establish with process owners of specific objectives performance indicators for each process and relevant function;
- Writing the report for the annual review.

### **A. Quality Management**

#### **A1. Specific objectives and Integrated Management Program**

Setting goals for 2013 was made with process owners / relevant functions in Hidroelectrica based on the General Objectives of the Policy Statement of the General Manager. Hidroelectrica's Integrated Management Program (IMP) was prepared for 2013, which includes performance indicators associated with each

specific objective, activities and necessary resources to achieve each specific objective, the frequency of monitoring, measurement, analysis and reporting, and persons responsible with monitoring, measuring and reporting on each indicator. IMP was approved, registered under no. 51709/29.04.2013 and distributed throughout the entire company. A number of 83 specific objectives were set, each having one or more associated performance indicators.

IMP is available throughout the company, so that each subsidiary should customize by adding, if necessary, specific indicators processes carried out in the HS (e.g. sluicing, operations under specific conditions, etc.). Thus, IMP provides convergence with Hidroelectrica and Policy statement, taking action to achieve the overall objectives of the company. It may contain specific objectives for all processes and allows defining Hidroelectrica individual goals regarding employees.

The new IMP concept ensures increased efficiency in documentation and monitoring the achievement of the objectives to be conducted every six months, thus fulfilling the legal requirement of the MFP Order no. 946/2005 on revaluation objectives for environmental changes, internal or external, that is, when the initially assumptions are changed.

## **A2. Analysis performed by the management**

Annual analysis conducted on the operation of IMS in the previous year was concluded on subsidiaries' level, which sent the reports and measures programs. At the executive level were analyzed both documents submitted by subsidiaries and processes owners, after centralizing and integrating data considered the most important information in relation to the IMS overall effectiveness of analysis developed for Hidroelectrica. Also, were considered actions to improve results from the analysis conducted in May 2012 and the changes that have influenced the IMS operation.

The purpose of the analysis is to assess the IMS performance, the causal analysis, comparison and conclusion and determine appropriate measures for improved operation and performance.

Due to the necessary clarifications regarding: state of the objectives, the extent to which performance indicators are achieved and conclusions regarding the performance of processes, analysis of the company will be held in early May. Already examining the data and information contained in the reports have resulted opportunities and needs for improvement and outlining a program of measures and actions to improve the performance of the integrated management system.



### A3. IMS Documents

Major changes to the Map process, version 13 refers to:

- Adding core process "purchase, sale and supply of electricity" as a level 0 process;
- Recoding processes and associated documents;
- Introduction process "Providing navigation in Romanian sector of the Danube through the locks SHEN PF I and SHEN PF II" as the Level 2 process taking place only in the Portile de Fier HS.

Changes that had occurred led to the development of new operational editions procedures "Development of IMS documents" and "Process management" were approved and circulated on 05.04.2013, with effect from 08.04.2013. Based on the two revised procedures and related forms have been updated and submitted to the investigation the rest of the system procedures: Document Control, Control of Records, Internal IMS Audit, Corrective action and Preventive action, Control of nonconformities, Environmental issues, Risk assessment and Compliance assessment, Internal Audit Process, IMS Safety, Refurbishment process, Safety and operational procedures: management review and investigation of events in the system. As a result, comments and suggestions were made to improve and final draft and were developed procedures in full compliance with reference standards, regulating processes or activities for the entire company applicable both in the executive and in subsidiaries. The documents were developed by IMS staff and executives, and personnel in HS, and the provisions were analyzed and correlated as much as possible to be finalized, approved and disseminated in May.

In the Bistrita, Curtea de Arges, Portile de Fier, Rm. Valcea and Tg. Jiu subsidiaries was analyzed, taking into account Map processes, the opportunity to update and withdrawal from use or conversion into instructions the operational procedures at subsidiaries level.

In Tg. Jiu HS was prepared the development program / update operational procedures no. 50008 / 23.04.2013 and in Bistrita HS was issued Decision 72 / 04.04. 2013 on appointing process owners in the subsidiaries.

Both the subsidiaries and the executive have begun the process of updating existing documents and preparing new documents.

According to the new documents issued, it was updated the space of IMS on the Intranet within the meaning of adding valid documents and archiving documents withdrawn from use, so valid editable documents, forms and records are available to all staff. For updated forms for the two procedures template documents were created, to ease work on documents. It was updated the list of valid documents and were created links (hyperlinks) in the list for quick and direct access.



## **B. Environment protection**

### **B1. Compliance with the legal requests**

In April environmental activity was focused on obtaining urgent "environmental obligations" for the privatization of small hydro power plants (SHPP) mentioned in note no. 37921/27.03.2013 of the Department of Strategy and International Cooperation. Bistrita, Cluj, Caransebeș, Curtea de Arges, Hațeg, Oradea, Rm Valcea and Sibiu branches performed the following activities:

- Developing and submitting to the Environmental Protection Agencies (EPA) notification documentation;
- Conducting site visits with representatives of local APM;
- Communication with EPA to obtain explanations.

As a result of actions taken during April were obtained letters on environmental obligations for the privatization of 39 SHPP.

In accordance with the National Environmental Protection Agency on the implementation of the Integrated Environmental System at national level, the recording and the necessary corrections were made in the Agency's databases. The extension was requested and achieved registration to the "Regulations" in electronic format so that it can submit documentation to obtain regulatory acts in the field of environmental protection (notices, agreements, and environmental permits) online.

Actions to renew environmental permits continued in HS Bistrița (SHP Hemeiuș), HS Curtea de Argeș (Golesti, HPP Pitesti, HPP Bascov, 15 HPP in Oiești – Golești), HS Hațeg (SHPP Buta and Valea de Pești), HS Rm. Valcea (HEA Malaia), HS Sibiu (HPP Sadu 5, SHP Rășinari, SHP Tâlmăciu, MHC Sadu Sat) and in HS Tg. Jiu (HEA Motru – Tismana – Bistrița). The actions undertaken were on the development and submission of presentation or completing documentation, conducting site visits to local EPA representatives, attending meetings on technical analysis, obtaining environmental approvals from the custodians of protected areas where hydropower objectives in areas is concerned. Renewal procedure was completed by obtaining environmental permits in Oradea subsidiaries (HPP Remeți and SHPP Restituire CET 1), Rm. Valcea (SPE Balindru, SPE Jidoaia, HPP Lotru Ciunget, Baraj and lake Vidra, SHP Latorița) and Tg. Jiu (AHE Motru – Tismana – Bistrița).

In order to fulfill the environmental permits were developed and submitted to HIDROELECTRICA papers for: water quality analysis - HS Caransebes, cleaning the slick - HS Sebes and procurement of waste management services - HS Tg. Jiu.



The first steps towards obtaining the Urban Plan for the "SHPP Tarnița - Lăpușești" were completed and have started developing environmental report by an accredited environmental assessor, forming a working group with representatives from 23 institutions, conducting the first meeting of the working group at EPA Cluj and establishing the work program for the next steps.

Actions under the requirements of legislation on waste management, reporting evidence on waste generation, selective collection and disposal by authorized companies and developing forms of dangerous transport for waste were carried out in all subsidiaries.

## **B2. Internal and external verifications of the environmental authorities**

Based on internal control programs approved by the subsidiaries were conducted environmental controls in 21 hydropower targets that have been registered in the minutes and action programs.

National Environmental Guard by Commissariat County and SGA has carried out inspections in Bistrita, Caransebes, Hațeg and Portile de Fier branches. No non-conformities were found and no sanctions were applied. Implementation of measures resulting from inspections is ongoing.

## **B3. Other activities specific to environmental protection**

In the HS Oradea was conducted staff training in environmental protection and has made an emergency simulation with possible environmental pollution in HPP Remetj.

Following the floods that took place in March-April 2013, to ensure sanitation in riparian areas and water courses, several actions have been taken to green with own personnel at UH Câmpulung.

## **C. Security and Health at Work**

### **C1. Specific activities of safety and health at work**

To satisfy legal requirements relating to the organization of health and safety at work in correlation with changes in the organizational structure of the company in April were issued decisions for appointing persons according to the Law 319/2006 on safety and health at HS Portile de Fier and HS Rm. Valcea.

The analysis conducted on establishing certificates confirming authorization of premises within Hidroelectrica according to Law 359/2004, HS Tg Jiu contacted local authorities and initiated steps to authorize Motru Dam and Clocotis Dam.

Regarding the Regulation for authorizing electricians, approved with ANRE Order no. 11/2013 was issued a Note to comply with regulatory requirements proposed designation and participation in the authorization of one employee in each subsidiary responsible for coordination / supervision of the operation of electrical installations. The estimated expenditures for the authorization of 13 people are in value of 35,500 RON, representing 1.3% of estimated expenditure if all electricians in Hidroelectrica would be subject to the authorization procedure.

Following the INCDPM request no. 1693/04.04.2013 Advisory Committee designated a Hidroelectrica official representative to be part of the structured ICSPM-CS certification body. After participating in the Consultative Committee meeting, anticipating the risk of withdrawal in the future certification of types of PPE as a result of adjustments in certification standards have been corrected the documentation on centralized purchasing of PPE.

The HS Sibiu drew a centralized list with installations and equipment in the branch on different jobs (location and operation place) which will be subject to periodical checks performed by competent persons with regard to the measures in the action program and to improve the operation of the branch for SMI 2013.

The evaluation of compliance with legal requirements and other requirements of SHW in all subsidiaries and at the company executive in 2012 was completed. The compliance rate in Hidroelectrica SA for 2012 is 95.6% compared to 94.4% in 2011.

In accordance with the 'Communication, participation and consultation', ed./rev. in force was achieved consulting Hidroelectrica workers on safety and health at work, based on the consultation questionnaire mainly distributed at regular training.

## **C2. The organization and operation of SHWC (Safe and Health at Work Committee)**

According to legal provisions on safety and health in the SHWC conducted at subsidiary level the following were discussed and approved:

- Activity report for 2012 in HS Rm Vâlcea and HS Buzău;
- Protection and prevention plan and expenditures program for 2013 in HS Rm Vâlcea and HS Buzău;
- The results of workers on safety and health at work in for 2012 in HS Buzău;
- Information about the event on 05.03.2013 at CFEE Siriu on risk assessment, organizational measures on health inspections, the results of any internal control and inspection of Labor Inspectorate Buzau in HS Buzau;
- Information on the centralized procurement of protective equipment, sanitary materials, mineral bottled drinking water, that will be acquired during 2013 by HS Rm Valcea;

In the SHWC meetings in HS Rm Valcea and HS Buzau participated labor inspectors from the Labor Inspectorate, stressing the importance of measures set out in the Prevention and Protection Plan.

### **C3. The Stage of Prevention and Protection Plan**

In order to control measures set out in the Prevention and protection plan and to adopt effective measures in time, in each subsidiary and centralized at company's level, had been monitored the physical progress and achievements and value of comparative analysis with monthly measures planned. According to data submitted by subsidiaries was calculated the situation progress of prevention and protection plan set for 2013. From the total of 7,450,447 RON realized at the end of February, the amount of 64.342 RON and physical progress of implementation is about 9.2% over the planned measures in 2013. The analysis reports on implementation of the measures stipulated in the prevention and protection plan, presented the legal provisions on safety and health of employees, during the first quarter of 2013, and there were no cases of imminent danger for the safety of workers

It was analyzed and observations were made on the documentation submitted for ANRMAP acceptance through open tender procurement procedure for the necessary personal protective equipment. ANRMAP accepted the procedure, including the technical criteria for a shootout. PPE auction will take place in July 2013 in HS Buzau.

In Hidroelectrica SA, HSW inspectors conducted 35 scheduled control action after which have been initiated corrective and preventive actions.

At HS Bistrita simulation exercises were held in HPP Poiana Teiului, HPP Bolovanis to assess responsiveness of workers to emergency situations, which included environmental aspects.

### **C4. Surveillance of Workers Health**

In April 2013, health inspections conducted a number of 1009 health control on employees in HS Buzău, HS Sibiu, HS Curtea de Argeș, HS Porțile de Fier, HS Hațeg, HS Sebeș and HS Rm Vâlcea. Since the beginning of 2013 were conducted health inspections on a number of 2857 people, representing approximately 57% of Hidroelectrica employees.

Following the approval of occupational doctors requests to take under administration medical offices in the subsidiaries where they worked during the month of April, bailment agreement were analyzed, concluded and disseminated for medical offices in HS Sibiu, SH Slatina, SH Rm.Valcea. For HS Curtea de Arges bailment agreement with the physician will be completed in May 2013.

Under these agreements, occupational doctors will provide, free of charge, occupational activities for Hidroelectrica employees, including participation as members of SHWC, according to the law.

At the Hidroelectrica executive level 200 records have been updated to identify occupational risk factors (as described in the GD 355/2007) due to changes in the functional structure of the company.

#### **C5. Awareness of staff regarding SHW**

In April has continued the awareness campaign for workers on safety and health at work. Materials are available on the Hidroelectrica portal and further materials processed by Territorial Labor Inspectorate were added after the seminar organized on the International Day for safety and health where attended representatives of HS Oradea, SH Portile de Fier and HS Sebes.

#### **C6. Specific training for safety and health actions**

In March 2013, subsidiaries had monitored progress of regular trainings and were planned and carried out actions authorizing the electricians in HS Caransebeș, HS Curtea de Argeș, HS Porțile de Fier, HS Sibiu, HS Slatina and HS Rm Vâlcea. Specific trainings continued on health and safety at work in Hidroelectrica executive premises and Caransebeș, Buzau, Portile de Fier and Targu Jiu subsidiaries.

#### **C7. Risk evaluation of HSW**

Were re-assessed risks to safety and health at work for two jobs in HS Slatina, the overall risk is maintained at 3.09 – considered acceptable level after appropriate evaluation method developed by INCDPM and internal regulations.

#### **C8. Authorities' inspections**

Maramures Labor Inspectorate conducted inspections at workstations belonging to Baia Mare - Somes-Tisa Operations Division from HS Cluj after which measures have been established to assess the working conditions of operating personnel:

- noise measurements in SHPP Borșa Complex, SHPP Viseut, SHPP Izvoarele and SHPP Chiuzbaia;
- vibration measurements in SHPP Borșa Complex and SHPP Vișeuț.

To implement the ordered measures, SH Cluj conducted measurements at the premises on own resources. Newsletters will be sent to Maramureș Labor Inspectorate during May 2013.

## **C9. Events in the the working system**

In April, there were no events in the working system within Hidroelectrica. Events in March, 2013 from HS Bistrita - HPP Beresti and HS Buzau - CFEE Siriu are under the research according to the law, and will be completed in the next period.

### **D. IMS Internal Audit**

#### **D1. IMS Internal Audit**

The Buzau, Cluj and Hațeg subsidiaries were completed the evaluation of IMS internal auditors. After results of the evaluation, two auditors were promoted in HS Buzau, one at the level of audit team leader. Lists with auditors in Bistrița, Caransebeș, Curtea de Argeș, Porțile de Fier, Rm. Vâlcea, Slatina și Tg. Jiu subsidiaries were sent to the company's executive for being monitored.

Internal audit programs were prepared, approved and distributed in Bistrita Caransebeș, SH Oradea and Tg. Jiu subsidiaries. Audit program objectives were established, consistent with company policy and objectives of the management system implemented, audit teams were established, areas and audit criteria were included in the program for all the processes taking place in Hidroelectrica.

Selection of audit team members was done according to the audit objectives and the complexity of each audit, taking into account that the audit team should have the knowledge and skills required and internal auditors distribution should be balanced. Before starting the audits scheduled for April, audit teams conducted training courses.

In April were conducted 19 internal audits of IMS, 2 in the executive premises, 7 in HS Bistrita, 1 in HS Curtea de Arges, 4 in Portile de Fier, 4 in Rm.Valcea and 1 in HS Tg. Jiu. In Hidroelectrica's executive premises five recommendations were established for improving the procurement process and the four recommendations on human resources.

Audit plan for internal audit taking place in HS Bistrita was prepared and released, during 13-17.05.2013 by auditors selected from Hidroelectrica IMS internal auditors.

#### **D2. External audit**

On 17.04.2013 was signed the second contract, subsequent to the framework agreement concluded in 2012 with SC SRAC CERT Ltd, concerning "Integrated Quality Management System Recertification - Environment - Occupational Health and Safety" : supervisory Audit I and annual fee - Year II.

Chief auditor was consulted to determine the audit period and agreed to the surveillance audit no. 1 to be held on 10.06-14.06.2013, period confirmed by the service provider by letter no. 50663/29.04.2013.

### **E. Risk management and compliance with internal control standards**

All subsidiaries have sent to IMS the executive summary of the self-assessments situation according to MFP Order 946/2005, as supplemented and amended, the situation is included in the "Results of audits and self-assessments" of Management report on company's analysis.

HS Cluj had started implementing actions included in the Action Plan recommendations resulted from internal audit mission carried out by the Hidroelectrica executive.

In HS Oradea was performed an internal audit on "Implementation and development of internal / managerial control" which evaluated the progress of implementation of the internal control system and management and were introduced legal provisions and proposed actions which were discussed with the heads of functional departments responsible for the implementation and development of internal control management, including self-assessment.

In order to keep records of training of CF IMS in Risk management domain (ISO 31000:2010) and Internal Control Management System (OMPF 946/2005) information on internal and external training activities in these areas were sent from subsidiaries.

HS Rm.Valcea and HS Tg. Jiu updated risk registers Level I and II of subsidiaries under the existing organizational structure, within scheduled time. Also, update the list of sensitive positions in the subsidiaries according to the organizational structure and were sent to all functional departments specific duties and responsibilities of internal management control system needed to be put in FOR and job descriptions.

### **E. IMS Common Activities**

During the month of April specialists analyzed the CF IMS documentation (feasibility studies, specifications, contracts) to clarify issues relating to compliance with legal requirements, avoiding or reducing the risk of injury and / or occupational disease and participated in meetings for presenting views on IMS specific areas.

HSW and PM specialists from subsidiaries provided conclusion of agreements related to service contracts entered into subsidiaries and attended the reception of

works and products to verify compliance with legal requirements and other requirements for environmental protection on health and safety.

At the request of subsidiaries' management and human resource department have been prepared and submitted proposals to amend ROF regarding IMS activity and counseling functional departments to introduce specific IMS areas of responsibilities and duties (HSW legal requirement, internal management control and standard requirements for certification in other areas) in ROF and job descriptions so as to have same treatment of ROF chapters, tracing job descriptions, map processes and data flows linking input - output between functional compartments. On Labor Inspectorate's recommendation, in the HS Buzau were recreated tasks and responsibilities framework for introduction into the job descriptions the executive positions.

MC Inspector in HS Rm.Valcea fulfills the duties of the RSVTI operator until a person is designated in the new organization and also prepared and obtained ISCIR approval for 8 machinery under pressure.

It was maintained a high level of information on changes in IMS documentation, new company's procedural structure, continued implementation of measures and actions resulting from internal audits and actions, based on the concept Guide of process approach for management systems (ISO 9000 Introduction and Support Package: Guidance on the Concept and Use of the Process Approach for management systems).

## 8. **Purchasing activity**

### **A. Impairment of contracts in progress**

Values of commercial contracts in progress within Hidroelectrica were reduced after negotiations, preparing in this regard related addenda. Value of reductions resulting from addendums approved by the Hidroelectrica executive from entering insolvency until now, divided on branches is of 240,401,350 RON (431 addendum) out of which:

- Investment funds : 118.382.202 RON
- Maintenance funds: 107.283.783 RON
- Other funds: 14.735.365 RON

#### **a) Total reductions:**

| Subsidiary    | No of contracts | Initial value | Value of balance to be executed | Value of reduction | Final value |
|---------------|-----------------|---------------|---------------------------------|--------------------|-------------|
| Executive     | 20              | 28,020,226    | 7,256,154                       | 984,285            | 27,035,940  |
| HS Bistrita   | 54              | 663,766,662   | 607,833,615                     | 62,909,120         | 600,857,543 |
| HS Buzau      | 20              | 317,678,034   | 280,198,653                     | 18,540,275         | 299,137,759 |
| HS Caransebes | 25              | 314,868,194   | 257,025,503                     | 24,535,348         | 290,332,846 |



|                    |            |                      |                      |                    |                      |
|--------------------|------------|----------------------|----------------------|--------------------|----------------------|
| HS Cluj            | 29         | 536,829,757          | 456,004,172          | 25,427,418         | 509,186,910          |
| HS Curtea de Arges | 66         | 98,397,224           | 28,246,080           | 9,081,625          | 89,315,599           |
| HS Hateg           | 46         | 291,841,919          | 212,177,911          | 17,115,559         | 274,726,361          |
| HS Oradea          | 24         | 101,113,755          | 87,035,928           | 28,590,744         | 72,523,011           |
| HS Portile de Fier | 21         | 104,321,152          | 40,711,402           | 19,185,875         | 85,135,275           |
| HS Ramnicu Valcea  | 20         | 73,388,380           | 38,949,406           | 6,961,537          | 66,426,843           |
| HS Sebes           | 21         | 126,444,464          | 77,485,692           | 7,478,472          | 118,961,510          |
| HS Sibiu           | 49         | 306,910,980          | 175,278,740          | 9,846,500          | 297,064,480          |
| HS Slatina         | 18         | 68,113,742           | 21,016,045           | 7,225,167          | 60,888,575           |
| HS Targu-Jiu       | 21         | 184,794,666          | 46,786,548           | 2,937,550          | 181,857,117          |
| <b>Total</b>       | <b>434</b> | <b>3,216,489,154</b> | <b>2,336,005,848</b> | <b>240,819,475</b> | <b>2,973,449,767</b> |

**b) Contracts from Investment Funds:**

| Subsidiary         | No of contracts | Initial value        | Value of balance to be executed | Value of reduction | Final value          |
|--------------------|-----------------|----------------------|---------------------------------|--------------------|----------------------|
| Executive          | 7               | 14,103,201           | 3,138,360                       | 460,737            | 13,642,464           |
| HS Bistrita        | 26              | 586,992,623          | 548,147,172                     | 38,210,380         | 548,782,243          |
| HS Buzau           | 10              | 289,243,940          | 270,043,811                     | 13,596,260         | 275,647,680          |
| HS Caransebes      | 14              | 288,568,842          | 235,441,893                     | 11,832,276         | 276,736,566          |
| HS Cluj            | 18              | 514,920,382          | 446,474,756                     | 22,793,161         | 489,911,793          |
| HS Curtea de Arges | 12              | 49,210,592           | 17,376,707                      | 4,489,423          | 44,721,168           |
| HS Hateg           | 13              | 237,607,741          | 184,701,629                     | 10,066,499         | 227,541,242          |
| HS Oradea          | 9               | 40,049,616           | 38,250,083                      | 2,470,143          | 37,579,473           |
| HS Portile de Fier | 8               | 21,531,405           | 3,271,168                       | 309,793            | 21,221,612           |
| HS Ramnicu Valcea  | 3               | 20,042,453           | 3,958,076                       | 197,903            | 19,844,550           |
| HS Sebes           | 10              | 104,242,393          | 64,881,956                      | 3,919,846          | 100,322,547          |
| HS Sibiu           | 19              | 295,752,959          | 170,927,313                     | 8,649,700          | 287,103,259          |
| HS Slatina         | 8               | 27,292,352           | 6,251,718                       | 354,106            | 26,938,246           |
| HS Targu-Jiu       | 13              | 166,791,008          | 38,680,050                      | 1,450,098          | 165,340,911          |
| <b>Total</b>       | <b>170</b>      | <b>2,656,349,507</b> | <b>2,031,544,693</b>            | <b>118,800,326</b> | <b>2,535,333,754</b> |

**c) Contracts from Maintenance Funds:**

| Subsidiary         | No of contracts | Initial value      | Value of balance to be executed | Value of reduction | Final value        |
|--------------------|-----------------|--------------------|---------------------------------|--------------------|--------------------|
| Executive          | 1               | 414,413            | 414,413                         | 41,441             | 372,972            |
| HS Bistrita        | 6               | 64,802,147         | 47,906,187                      | 21,403,324         | 43,398,824         |
| HS Buzau           | 2               | 21,324,000         | 7,201,070                       | 4,237,741          | 17,086,259         |
| HS Caransebes      | 6               | 26,103,380         | 21,417,933                      | 12,688,416         | 13,414,964         |
| HS Cluj            | 1               | 20,179,600         | 9,115,491                       | 2,608,729          | 17,570,871         |
| HS Curtea de Arges | 6               | 37,318,989         | 7,730,593                       | 3,090,371          | 34,228,618         |
| HS Hateg           | 2               | 51,826,632         | 26,179,200                      | 6,857,723          | 44,968,910         |
| HS Oradea          | 4               | 35,415,011         | 27,321,917                      | 20,598,575         | 14,816,436         |
| HS Portile de Fier | 5               | 76,146,821         | 34,307,889                      | 18,593,101         | 57,553,717         |
| HS Ramnicu Valcea  | 1               | 43,187,987         | 25,940,637                      | 5,109,551          | 38,078,436         |
| HS Sebes           | 2               | 14,227,364         | 9,175,921                       | 3,077,067          | 11,150,297         |
| HS Sibiu           | 3               | 9,667,830          | 3,277,807                       | 1,059,750          | 8,608,080          |
| HS Slatina         | 2               | 38,750,000         | 13,438,720                      | 6,516,000          | 32,234,000         |
| HS Targu-Jiu       | 1               | 16,800,000         | 7,311,113                       | 1,401,994          | 15,398,006         |
| <b>Total</b>       | <b>42</b>       | <b>456,164,175</b> | <b>240,738,891</b>              | <b>107,283,783</b> | <b>348,880,389</b> |

**d) Other funds:**

| Subsidiary         | No of contracts | Initial value      | Value of balance to be executed | Value of reduction | Final value       |
|--------------------|-----------------|--------------------|---------------------------------|--------------------|-------------------|
| Executive          | 12              | 13,502,612         | 3,703,381                       | 482,107            | 13,020,504        |
| HS Bistrita        | 22              | 11,971,892         | 11,780,256                      | 3,295,416          | 8,676,476         |
| HS Buzau           | 8               | 7,110,094          | 2,953,771                       | 706,274            | 6,403,820         |
| HS Caransebes      | 5               | 195,972            | 165,677                         | 14,656             | 181,316           |
| HS Cluj            | 10              | 1,729,774          | 413,925                         | 25,528             | 1,704,246         |
| HS Curtea de Arges | 48              | 11,867,643         | 3,138,779                       | 1,501,831          | 10,365,812        |
| HS Hateg           | 31              | 2,407,546          | 1,297,082                       | 191,337            | 2,216,209         |
| HS Oradea          | 11              | 25,649,129         | 21,463,928                      | 5,522,026          | 20,127,102        |
| HS Portile de Fier | 8               | 6,642,926          | 3,132,344                       | 282,980            | 6,359,946         |
| HS Ramnicu Valcea  | 16              | 10,157,940         | 9,050,693                       | 1,654,083          | 8,503,857         |
| HS Sebes           | 9               | 7,974,707          | 3,427,815                       | 481,559            | 7,488,666         |
| HS Sibiu           | 27              | 1,490,191          | 1,073,620                       | 137,050            | 1,353,141         |
| HS Slatina         | 8               | 2,071,390          | 1,325,607                       | 355,061            | 1,716,329         |
| HS Targu-Jiu       | 7               | 1,203,658          | 795,385                         | 85,458             | 1,118,200         |
| <b>Total</b>       | <b>222</b>      | <b>103,975,473</b> | <b>63,722,264</b>               | <b>14,735,365</b>  | <b>89,235,624</b> |

These statements were obtained with centralized Logistics and Purchasing Department application "Reduction of additional acts" available on the Hidroelectrica Intranet. In this application were filled in data on additional acts, regarding reduction of contracts in all hydropower plants subsidiaries.

Additionally, in this application was introduced a section dedicated to other types of reducing costs for HS and executive premises, which come from reducing the value of commercial contracts, for example, approved report for a lower value than required, reducing rents for various facilities, negotiating new contracts without prior notice, waiver of claims, and penalties for late payment, etc.

**The total value of the savings up to date is in value of 410.978.370 Ron.**

**Other reductions:**

| Subsidiary         | Initial value      | Final value        | Value of Reduction |
|--------------------|--------------------|--------------------|--------------------|
| Executive          | 611,468,184        | 201,436,415        | 410,031,769        |
| HS Bistrita        | 659,065            | 519,955            | 139,110            |
| HS Buzau           | 2,342,532          | 2,021,939          | 320,593            |
| HS Curtea de Arges | 85,000             | 67,500             | 17,500             |
| HS Hateg           | 249,687            | 159,143            | 90,543             |
| HS Oradea          | 66,600             | 50,400             | 16,200             |
| HS Portile de Fier | 94,485             | 78,393             | 16,092             |
| HS Ramnicu Valcea  | 2,683,899          | 2,416,445          | 267,454            |
| HS Sebes           | 69,794             | 55,337             | 14,457             |
| HS Sibiu           | 130,902            | 110,135            | 20,767             |
| HS Slatina         | 7,888              | 7,628              | 260                |
| HS Targu-Jiu       | 251,090            | 207,466            | 43,624             |
| <b>Total</b>       | <b>618,109,126</b> | <b>207,130,756</b> | <b>410,978,370</b> |

The total value of reductions from additional acts reduction, plus the value resulting from "other reductions" is in value of **651.797.845 RON**.

These data are obtained online using computer application "Reduction from additional acts" initiated and followed up by Logistics and Purchasing Department and permanently updated. Due to Logistics and Purchasing Department initiative it was initiated and finalized from technical point of view this application enabling to centralize income from other activities (rents, concessions, sales etc ...) which is now functional and data should be introduced based on approved documents.



**B. Current Ongoing Actions undertaken by the Logistics and Purchasing Department :**

- 1) Achieving public procurement procedures for necessary and timely goods, services and works included in the annual program approved by Hidroelectrica Executive:
  - a) Negotiations to conclude a subsequent contract for a period of four months with SC Orange Romania SA for "mobile services and associated services" until completion of tender procedure published in SEAP. The procedure was completed; Contract no. 83/26.04.2013 signed with SC Orange Romania SA was submitted to the beneficiary department.
  - b) Negotiation to conclude a subsequent contract for a period of four months with SC Romtelecom SA for "Fixed telephony services and Internet back-up" for a period of four months until completing tender procedure published in SEAP. The procedure was completed; Contract no. 71/05.04.2013 signed with SC Romtelecom SA was submitted to beneficiary department.
  - c) Negotiation subsequent contract with SC SRAC CERT SRL for "Integrated Quality Management System Recertification Services - Environment, Safety and Occupational Security". The procedure was completed; Contract no. 72/17.04.2013 signed with SC SRAC CERT SRL was sent to beneficiary department.
  - d) Negotiation without prior publication of a contract notice "Microsoft Premier Services Technical Support"; negotiation note was approved by Hidroelectrica executive, Service contract is pending approval by the Hidroelectrica executive.
  - e) Direct purchase "tax advisory services" procedure initiated by the SEAP electronic catalog on 15.04.2013, the contract is being prepared.
  - f) Negotiation without a call for competition of "Update Lotru river hydrology"; procedure completed, Contract no. 69/03.04.2013 signed with INHGA was sent to beneficiary department.
- 2) Certification and approval of documentation received from HS in accordance with HE procedures, for preparation and approval of Common notes and Decisions on starting procedures for procurement of products, services and works within their annual programs, the values approved by Hidroelectrica executive.
- 3) Making centrally purchases of goods and services that meet the needs of all branches as follows:
  - Open auction for "Telephony services, mobile telephony, internet, voice / data transfer and maintenance of communication equipment and videoconferencing" Notice published in the SEAP, opening offers on 03.06.2013.
  - Open auction "Technical Inspection in use for investigation / examination of technical installations operating in ISCIR regulated areas

under Hidroelectrica management for the period 2013-2014 'notice published in the SEAP, opening offers on 15.05.2013.

- Open auction "Cleaning and sanitation services for indoor and outdoor spaces for 11 Hidroelectrica subsidiaries" notice published in the SEAP, opening offers on 20.05.2013.
- Open auction "Assessment Services for Small hydropower stations." Invitation published in SEAP, tenders were opened on 08.05.2013
- Open auction "Personal protective equipment" notice published in SEAP, opening offers on 01.07.2013.
- Open auction "ERP Information System". Notice introduced in SEAP on 24.04.2013, pending approval from the ANRMAP.
- Negotiation procedure without prior publication of a contract notice "Service post warranty for warning alarm equipment". Negotiation with SC ROKURA SRL completed contract to be approved by Hidroelectrica executive (obtained a reduction of approx. 20% for spare parts to be replaced during the contract).
- Open auction to contract "Casco and RCA insurances for cars necessary to be renewed in 2013" - Procedure completed, contracts no. 76/17.04.2013 concluded with SC Asigurare Românească Asirom Vienna Insurance Group SA, and no. 77/17.04.2013 concluded with SC Asigurare-Reasigurare ASTRA SA were submitted for beneficiary department.
- Direct purchase "Pest control services " - Procedure completed, Contract no. 73/17.04.2013 submitted for beneficiary department.
- Negotiation Subsequent Contract for second year, under the four years framework agreement for supplying mineral oils concluded with SC Mol Romania Petroleum Products Ltd, Negotiating Note was approved and the subsequent contract no. 2 is pending approval by the Hidroelectrica executive.

4) Under the process of centralization and preparation of documents in order to achieve centralized procurement for the following:

- Paintwork
- Lighting
- Car repair
- Stationary items
- Tires
- Personal protective equipment
- Fire extinguishers
- Computer technology
- Medicines and medical supplies
- Water
- Vaseline and lubricants

- Wipes and other textile materials

5) Making centralized procurement and delegation of authority for the organization and implementation in Hidroelectrica behalf of procurement procedures required by all subsidiaries by the branches that have the highest share from these acquisitions and the branches that have specially trained staff in order to draw specifications. The evaluation committees are formed by special representatives of the HE executive. In this respect we should mention:

- Acquisition of "Health and hygiene materials" delegated to be conducted by HS Portile de Fier – Open tender for Documentation published in SEAP opening of offers takes place on 09.05.2013.

6) Centralized Scheduling deliveries to HE executive-level, contracts undertaken by subsidiary regarding:

- Bulk diesel for heating and generating sets
- Fuel - vouchers
- Mineral oils
- Meal tickets

For diesel was placed a new order for February at central level. We should mention in this connection that all subsidiaries have to send to the HE executive, before the 15th of current month, the quantities of this kind of products necessary for the next month.

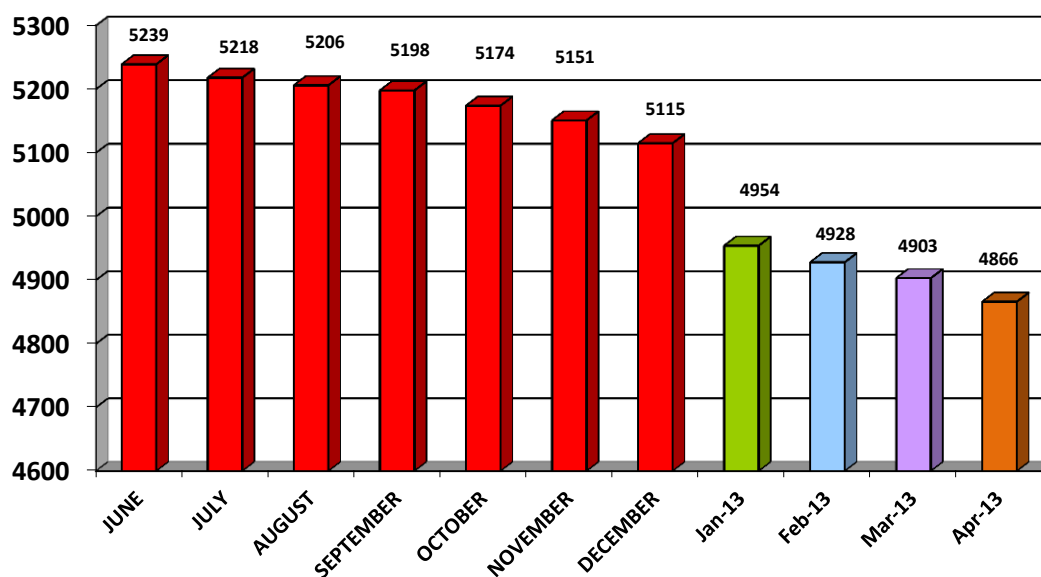
7) Receive from all HS "Annual Procurement Program 2013" reviewed in accordance with the changes of funds and organizational changes within Hidroelectrica. The programs are pending approval of Hidroelectrica executive.

8) The additional 'annual procurement program for 2013 "for executive Hidroelectrica under purchase requisitions approved by Hidroelectrica executive for purchases that could not be foreseen at the end of the initial PAAP.

## 9. ***Restructuring company's personnel and organizational chart***

On **30.04.2013** s it was registered a total of **4866 employees** compared to **4903** employees that were registered on 31.03.2013.

Throughout the period June 2012 - April 2013 it was observed a downward trend in the number of Hidroelectrica personnel:



Downward trend of the subsidiary staff is presented below:

| No. | Subsidiary      | No. of staff on 21.06.2012 | No. of staff on 31.07.2012 | No. of staff on 31.08.2012 | No. of staff on 30.09.2012 | No. of staff on 31.10.2012 | No. of staff on 30.11.2012 | No. of staff on 31.12.2012 | No. of staff on 31.01.2013 | No. of staff on 28.02.2013 | No. of staff on 31.03.2013 | No. of staff on 30.04.2013 |
|-----|-----------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 1   | BISTRITA        | 595                        | 593                        | 593                        | 590                        | 590                        | 586                        | 583                        | 562                        | 561                        | 557                        | 554                        |
| 2   | BUZAU           | 344                        | 344                        | 344                        | 343                        | 338                        | 338                        | 338                        | 327                        | 327                        | 326                        | 323                        |
| 3   | CARANSEBES      | 195                        | 196                        | 196                        | 196                        | 195                        | 193                        | 192                        | 190                        | 188                        | 187                        | 185                        |
| 4   | CLUJ            | 317                        | 314                        | 311                        | 310                        | 309                        | 308                        | 298                        | 290                        | 290                        | 290                        | 289                        |
| 5   | CURTEA DE ARGES | 666                        | 663                        | 661                        | 660                        | 661                        | 659                        | 657                        | 642                        | 638                        | 635                        | 633                        |
| 6   | HATEG           | 357                        | 354                        | 354                        | 352                        | 353                        | 350                        | 347                        | 342                        | 341                        | 340                        | 336                        |
| 7   | ORADEA          | 290                        | 289                        | 288                        | 288                        | 287                        | 287                        | 286                        | 284                        | 282                        | 282                        | 282                        |
| 8   | PORTILE DE FIER | 487                        | 485                        | 484                        | 485                        | 477                        | 474                        | 474                        | 461                        | 461                        | 459                        | 452                        |
| 9   | RM VALCEA       | 552                        | 554                        | 553                        | 552                        | 551                        | 548                        | 547                        | 531                        | 529                        | 528                        | 528                        |
| 10  | SEBES           | 241                        | 240                        | 240                        | 241                        | 240                        | 240                        | 238                        | 237                        | 234                        | 229                        | 228                        |
| 11  | SIBIU           | 316                        | 314                        | 314                        | 313                        | 312                        | 309                        | 307                        | 301                        | 301                        | 301                        | 302                        |
| 12  | SLATINA         | 328                        | 328                        | 326                        | 325                        | 324                        | 324                        | 324                        | 315                        | 314                        | 313                        | 308                        |
| 13  | TG JIU          | 285                        | 285                        | 285                        | 285                        | 284                        | 284                        | 279                        | 261                        | 255                        | 251                        | 249                        |
| 14  | EXECUTIV        | 260                        | 259                        | 257                        | 258                        | 253                        | 251                        | 245                        | 211                        | 207                        | 205                        | 197                        |
|     | <b>TOTAL</b>    | <b>5233</b>                | <b>5218</b>                | <b>5206</b>                | <b>5198</b>                | <b>5174</b>                | <b>5151</b>                | <b>5115</b>                | <b>4954</b>                | <b>4928</b>                | <b>4903</b>                | <b>4866</b>                |

The main reasons for leaving the organization in April 2013 are due to natural causes (old age pensioners, partial early retirement, and transfer from Executive to Sibiu Subsidiaries).

During the month of April 2013 was recorded a total of 37 employees that left the organization. The situation on the branches is as follows:

| No. | Subsidiary | Employees on 21.06.2012 | Employees on 31.03.2013 | Employees on 30.04.2013 | Out April 2013 | In April 2013 |
|-----|------------|-------------------------|-------------------------|-------------------------|----------------|---------------|
| 1   | BISTRITA   | 595                     | 557                     | 554                     | 3              | 0             |



| No. | Subsidiary      | Employees on<br>21.06.2012                              | Employees on<br>31.03.2013 | Employees on<br>30.04.2013 | Out<br>April 2013 | In<br>Aprilie 2013 |
|-----|-----------------|---|----------------------------|----------------------------|-------------------|--------------------|
| 2   | BUZAU           | 344   | 326                        | 323                        | 3                 | 0                  |
| 3   | CARANSEBES      | 195   | 187                        | 185                        | 2                 | 0                  |
| 4   | CLUJ            | 317   | 290                        | 289                        | 1                 | 0                  |
| 5   | CURTEA DE ARGES | 666   | 635                        | 633                        | 2                 | 0                  |
| 6   | HATEG           | 357   | 340                        | 336                        | 4                 | 0                  |
| 7   | ORADEA          | 290   | 282                        | 282                        | 0                 | 0                  |
| 8   | PORTILE DE FIER | 487   | 459                        | 452                        | 7                 | 0                  |
| 9   | RM. VALCEA      | 552   | 528                        | 528                        | 0                 | 0                  |
| 10  | SEBES           | 241   | 229                        | 228                        | 1                 | 0                  |
| 11  | SIBIU           | 316   | 301                        | 302                        | 0                 | 1                  |
| 12  | SLATINA         | 328   | 313                        | 308                        | 5                 | 0                  |
| 13  | TG. JIU         | 285   | 251                        | 249                        | 2                 | 0                  |
| 14  | EXECUTIV        | 260   | 205                        | 197                        | 8                 | 0                  |
|     | <b>TOTAL</b>    | <b>5233,<br/>(5239 /3<br/>jobs with 2<br/>employees</b> | <b>4903</b>                | <b>4866</b>                | <b>38</b>         | <b>1</b>           |

The following table highlights reasons for leaving the organization, structured on causes. Most departures are due to retirement (26 cases).

| No | Reasons for leaving the organization in<br>April 2013 | Disposals |
|----|---|-----------|
| 1  | Retirement age limit                                  | 9         |
| 2  | Medical retirement                                    | 1         |
| 3  | Partial early retirement                              | 11        |
| 4  | Anticipated retirement                                | 5         |
| 5  | Termination of Labor Contract by mutual<br>agreement  | 9         |
| 6  | Expiration of determined limit                        | 1         |
| 7  | Disciplinary termination of Labor Contract            | 1         |
|    | <b>TOTAL</b>  | <b>37</b> |

## II. Schedule of activities:

### A. Selection of Hidroelectrica managers

Service contract for training management concluded on 26.02.2013 with Pederson & Partners is ongoing. Phoenix Project, process of selection management team for Hidroelectrica has begun on March 20 and resumes could be loaded on [www.hidroelectrica.ro](http://www.hidroelectrica.ro) until April 10, 2013.

At the end of the period were registered 2,447 applications, according to the press release given by the Judicial Director on 12.04.2013.

Resumes' selection has begun on March 27 and was scheduled to end on April 20. Due to the large number of applications, and the organization of the selection in steps, from CEOs to managers and territorial departments, resume selection was extended. The information was made public on the [www.hidroelectrica.ro](http://www.hidroelectrica.ro) website, which remains the main channel of communication with candidates.

Project Phoenix is the first project of this kind in Romania and also for a public company. Hidroelectrica is seeking a visionary management team with experience in complex programs on organizational transformation, able to differentiate and build the company's future as the top player in the regional energy market.

### B. Visit of the Judicial Director in the 13 subsidiaries

During the month of April were visited 7 of the 13 subsidiaries of the company in the spring tournament: Bistrita, Buzau, Slatina, Targu Jiu, Hateg, Sibiu si Sebes.

Calendar of visits conducted in March and April 2013 was:

- ✓ -9-10 March 2013 Valcea and Arges subsidiaries
- ✓ -16-17 March 2013 Portile de Fier and Caransebes subsidiaries
- ✓ -30-31 March 2013 Oradea and Cluj subsidiaries
- ✓ -6-7 April 2013 Bistrita and Buzau subsidiaries
- ✓ -13-14 April 2013 Slatina and Targu Jiu subsidiaries
- ✓ -18-19 April 2013 Hateg, Sibiu and Sebes subsidiaries

Judicial Director thus met with over 3,000 employees of the company from the operation of hydroelectric and functional compartments having an open dialogue.

At the meetings, the Judicial Director presented the economic situation of the company, the steps taken to redress the insolvency and projects that are in progress. ***Thus, the latest projects presented in detail during visits to subsidiaries are reorganizing the 8 Hidroserv subsidiaries and selecting managers based on company contest.***

EURO INSOL, Hidroelectrica's Judicial Director has implemented the necessary measures for registration at the Trade Register of a single legal entity, resulting from the merger of the 8 branches, so that to save most of the jobs in Hidroserv on the verge of default by accumulated debt due to unpaid to third parties amounting to over 122 million RON.

On 16.01.2013 approval of organizational chart coincided with the dismissal and appointment of delegation within 90 days of the 67 company managers, to fill positions valid positions. Meetings with employees, the Judicial Director urged all employees who have demonstrated loyalty to the company, expertise and managerial capabilities to run for the 67 management positions, guaranteeing a transparent and objective procedure.

Employees asked questions to the Judicial Director regarding their jobs in both Hidroelectrica and Hidroserv branches, reorganization of Hidroelectrica subsidiaries, contracts with traders, denunciation of burdensome energy contracts of Hidroserv subsidiaries and subcontractors of the 100 subsidiaries, development projects and future business strategy, social protection of employees and the remuneration to the employees, mentioned in the Collective Labor Agreement in a critical period for the company.

#### **10. *Specific economic and financial activities.***

Net turnover made until 30.04.2013 was 961 million RON, of which the portion for April is 292 million RON, with the following structure:

- a) Total electricity delivered of 1.563.835 MWh in value of 268,8 million RON, out of which on :
- Regulated market 429.369 MWh in value of 52,7 million RON;
  - Eligible licensees and PCCB 707.446 MWh in value of 138,7 million RON;
  - Next Day Market 390.430 MWh in value of 67,6 million RON;
  - Balance Market and PRE members 36.591 MWh in value of 9,8 million RON;
- b) Ancillary services to Transelectrica (secondary control frequency / power reserve power, reactive power and voltage control assurance) in value of 21,9 million RON;
- c) Transport services for regulated market 1 million RON;

Preliminary profit for April is 129 million RON, and preliminary cumulative profit for the first 4 months of 2013 is in amount of 274 million RON, approx. 62 million euro.

On 31.03.2013, date of the last balance sheet, the main Balance sheet items defining financial position are as follows:

| Million RON                  |                   |                | Million RON            |                   |                |
|------------------------------|-------------------|----------------|------------------------|-------------------|----------------|
| <b>ASSETS</b>                | <b>31.03.2013</b> | <b>%</b>       | <b>LIABILITY</b>       | <b>31.03.2013</b> | <b>%</b>       |
| Intangible assets            | 4                 | 0,02%          | Share capital          | 4.479             | 22,22%         |
| Tangible assets              | 19.642            | 97,45%         | Revaluation reserves   | 11.130            | 55,22%         |
| Financial assets             | 61                | 0,30%          | Reserves               | 1.118             | 5,54%          |
| <b>FIXED ASSETS</b>          | <b>19.707</b>     | <b>97,77%</b>  | Reported result        | (688)             | -3,41%         |
| Stocks                       | 107               | 0,53%          | Current result         | 113               | 0,56%          |
| Receivables                  | 227               | 1,12%          | Distribution of profit | 0                 |                |
| Short term investment        | 2                 | 0,01%          | <b>EQUITY</b>          | <b>16.153</b>     | <b>80,14%</b>  |
| Cash                         | 112               | 0,56%          | Patrimony              | <b>39</b>         | <b>0,20%</b>   |
| <b>CURRENT ASSETS</b>        | <b>447</b>        | <b>2,22%</b>   | Short term debts       | 2.240             | 11,16%         |
| Expenses recorded in advance | 3                 | 0,01%          | Long term debts        | 1.298             | 6,39%          |
| <b>ASSETS TOTAL</b>          | <b>20.156</b>     | <b>100,00%</b> | <b>TOTAL DEBTS</b>     | <b>3.538</b>      | <b>17,55%</b>  |
|                              |                   |                | Other liabilities      | 426               | 2,12%          |
|                              |                   |                | <b>LIABILITY TOTAL</b> | <b>20.156</b>     | <b>100,00%</b> |

## Debts

Total debt of the company on 31.03.2013 is in value of 3.538 million RON, of which:

- Short-term debt in value of 2,240 million RON, is structured as follows:
  - Amounts due to credit institutions worth 731 million RON;
  - Advances received under orders worth 9 million RON;
  - Trade payables - suppliers and assimilated worth 1,021 million RON;
  - Liabilities to shareholders, namely Ministry of Economy through OPSPi and Fondul Proprietatea S.A. in value of 302 million RON in dividends and penalties for failure to pay;
  - Debts to the state budget in value of 147 million RON;
  - Payables to unit staff in value of 30 million RON;
- Long-term debt in value of 1.298 million RON representing mainly investment loans.

## Cash flow and net treasury

In April 2013, the company received revenue from operating activities and financing activities in value of 455.77 million RON, as follows:

| <b>Specifications</b>   | <b>Amount<br/>(million Ron)</b> |
|-------------------------|---------------------------------|
| Electricity             | 447,99                          |
| Green certificates      | 1,74                            |
| Financial interests     | 0,14                            |
| Dividends               | 0,20                            |
| Investment credit lines | 5,56                            |
| Other revenues          | 0,14                            |
| <b>Total</b>            | <b>455,77</b>                   |

Payments in April are in value of 311,35 million RON, as follows:

| Details  | Value<br>(million RON) |
|--|------------------------|
| Net salaries                                     | 18,95                  |
| ILC rights                                       | 3,19                   |
| Fiscal obligations                               | 99,28                  |
| Investment and production Suppliers              | 84,01                  |
| Delegations, household expenditure               | 0,09                   |
| Bank commissions                                 | 0,01                   |
| Interests and commissions for credit lines       | 2,58                   |
| Interests and commissions for investment credits | 4,90                   |
| Refunds in credit lines                          | 35,31                  |
| Refunds capital investment loans                 | 63,03                  |
| <b>TOTAL Payments</b>                            | <b>311,35</b>          |

In April 2013 was paid to the state budget an amount in value of 99,28 million RON, out of which VAT in value of 81,67 million RON.

On 30.04.2013, Hidroelectrica held in banks accounts own funds in value of 255 million RON, and the amounts of the credit lines used were in value of 381 million RON.

On 30.04.2013, available amounts in RON contracted from credit lines were in value of 312.34 million RON as follows:

| Bank                      | Limit credit line | Balance on<br>30.04.2013<br>(RON) |
|---------------------------|-------------------|-----------------------------------|
| Banca Transilvania (Ron ) | 120,000,000       | 12,059,516                        |
| Alpha Bank (Ron)          | 80,000,000        | 23,817                            |
| BRD (Ron)                 | 300,000,000       | 300,000,000                       |
| RBS (Euro)                | 20,740,000        | 18,546                            |
| <b>Total</b>              |                   | <b>312,101,879</b>                |

Net monetary position has appreciated steadily each month, **so that at the end of April 2013 cash deficit was in value of 126 million RON compared to 780 million RON, value reported in 20.06.2012, the date of opening of insolvency proceedings, the increase being 654 million Ron.** The evolution of net monetary position is as follows:

| Specification           | Jan<br>2012 | May<br>2012 | Dec<br>2012 | Jan<br>2013 | Feb<br>2013 | Mar<br>2013 | Apr<br>2013 |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Cash and bank accounts  | 77          | 71          | 57          | 133         | 112         | 90          | 255         |
| Short term credit lines | -736        | -851        | -669        | -626        | -526        | -450        | -381        |
| Net monetary position   | -659        | -780        | -612        | -493        | -414        | -360        | -126        |

In April, RBS credit lines were reduced from 1 million Euro and in Citibank with 1 million USD.

## 11. **Strategy, business development and communication**

In April 2013, the Department of Strategy and International Cooperation were carried out the following activities:

### 1. **Strategy and business development**

#### - **Cooperation and international relations**

In April 2013, the international relations and cooperation activities took place on the following coordinates:

- identify opportunities for cooperation in hydropower domain, draft and conduct business correspondence with companies / organizations in order to identify potential foreign partners for developing relationships in hydropower domain in Romania: Embassy of Slovenia, Fortum Power and Heat, OWS (One World Solution, Prague, Czech Republic);
- correspondence with the Ministry of Economy for preparation of Romanian-Russian intergovernmental commission for economic, technical and scientific cooperation meeting and participation in the working group on energy (by department managers), drafting and submitting proposals on cooperation opportunities in hydropower domain in Romania, preparing the Romanian-Serbian intergovernmental commission for economic cooperation, submission to the Ministry of Economy of the minutes of the 81th Joint Session of the Romanian-Serbian for Portile de Fier and Annex 11.2 hereto, including informing the other party of its intention to promote Romanian SHPP investment Danube Banat (Dubova), submission to Minister of energy for approval the proposals of the Confidentiality Agreement, or Memorandum of Understanding with the Chinese company China Gezhoubu; preparing the Romanian - Germany Economic Cooperation Council; correspondence on cooperation opportunities Israeli group Israel Electric Corporation;
- drafting briefings: on relationship of bilateral cooperation with Bulgaria, cooperation with Chinese company China Gezhoubu;
- note on development cooperation with Chinese company China Gezhoub for promoting projects of national interest;

- drafting the Memorandum of Understanding and Confidentiality Agreement to develop cooperation with China Gezhouba and conveyed to the Ministry of Economy, namely the Romanian Embassy in Beijing to be sent to China Gezhouba;
- managing hydropower participation events (Romanian-Russian Joint Commission, AG IRE, AG APEN, “Trilema Energiei” Conference organized by CNR-CME, CD and AG CRE);
- perform translations of required documentation: hydro projects briefing sheets proposed for public-private partnership, instruction sheet on refurbishment projects in promotion, Confidentiality agreement and Memorandum of understanding between Hidroelectrica and China Gezhouba, protocol of the Romanian-Serbian Joint Commission, letters to Andritz Hydro, EBRD, Geneva Association, OWS Prague, NL Agency, Embassy of Slovenia, Synergy events, event invitations, e-mail correspondence (information related to privatization, follow-up interview Mr. Borza, etc);
- initiate collaboration with national and international companies to which Hidroelectrica is affiliated - taking information provided by associations and disseminate them through the monthly newsletter, preparing documentation to attend the General Meeting of Association of Energia and performing steps required for Hidroelectrica designated representative participation, correspondence with APEN on appointment of Hidroelectrica General Manager as Vice President of APEN Board of Directors; correspondence with CROMB relating to the invitation to ICOLD 2013; correspondence with CRE concerning invitation to the event on "Romania - an Energy Pole in Europe" , correspondence with IRE for the participation at IRE General Assembly in 2013 and taking the necessary steps for Hidroelectrica participation; correspondence with CRE on participation in the works of the joint meeting of the CRE General Assembly and Board 2013 and taking the necessary steps for Hidroelectrica participation with designated representative;
- preparation and approval of the necessary travel documentation of Hidroelectrica representatives to Germany - Rheinfelden, Laufenburg (4-7.04.2013) and China, Beijing (11-16.05.2013) - report, decision, order, warrant, note the advance estimates, procurement transportation documents and other travel documents, visa application, track actions and related documents for travelling abroad, etc.;
- tracking approval of the list of foreign travel expenditure for 2012 for Hidroelectrica staff – at Financial department since January 2013;
- preparing company presentation materials (project presentation SHPP Dobrogea Podiș; project Complexului Hidrotehnic Turnu Măgurele – Nicopol, presentation of refurbishment projects in promotion – in Romanian and English, presentation hydro projects proposed for public-private partnership – in Romanian and English, Hidroelectrica presentation for participation in the economic mission in China - Romanian and English);



- drafting IMS documents (defining specific objectives for the Integrated Management Program, framing general goals to specific objectives, performance indicators, etc);
- electronic archiving of documents: in April continued scanning activity related to documentation of work performed for electronic archiving.
- in April service representatives have coordinated the collection and centralized economic data needed to assess SHPP sites that will be on sale.
- according to the schedule of activities, in April continued the post-privatization process for SHP sites sold through public tender, organized in 2004-2008, by checking the contractual terms of the buyers of these small hydro units under graphics provided by the contractor.
- in April continued the scan of all documentation related to the work performed by service.

### **SHPP Tarnița-Lăpuștești Project**

- In April 2013, the department representatives synthesized, prepared and submitted to the Ministry of Economy - Department of Energy requested presentation materials on project status of SHPP Tarnița-Lăpuștești for the meeting of the Minister Constantin Nita with representatives of major companies in the People's Republic China.

## **2. Relation with shareholders and public relations**

Communication with shareholders and the public through the media was particularly sustained in April 2013, following the initiation of the "Phoenix" Project, for recruiting the 67 Hidroelectrica managers and starting "Hidroelectrica Tournament - for a new beginning ... "scheduled to run from March to April 2013.

Monitoring company's media coverage in print and online, Judicial Director's statements and answers to journalists were identified in 361 titles in the online environment, which means were covered also general online publications Evenimentul Zilei, Adevarul, Romania Libera, and the economic ones, Ziarul financiar, Bursa, Wall-street etc.

The following press release were sent (also to creditor banks in the event that the materials contained financial information): "Dog dies of long way and stupid of others' care" regarding the quantities of energy and prices per MWh traded early this year (April 2), "Euro INSOL gained litigations with smart guys" with reference to the the state of the 74 complaints brought by traders against the measures of the Judicial Director (April 11), "Hidroelectrica flooded by resumes" on the impressive number of applications and letters of intent (April 12), "Hidroelectrica - profit of 144 million RON in the first quarter" (April 17), and "Remus Borza – the year's personality in energy domain" on the title awarded at the Romanian Energy Gala Awards 2013, organized by the Diplomat Bucharest at Athenee Palace Hilton on April 23, 2013 (April 24).

On April 19 in Sibiu, at the completion of tournament "Hidroelectrica - a new beginning ..." the Judicial Director organized a press conference attended by journalists from local media – Tribuna, Rondul de Sibiu, Turnul Sfatului, Citynews Sibiu, Antena 1 Sibiu, Realitatea Sibiu, TV Eveniment – and correspondents and news organizations with national coverage – Digi24 TV, Agerpres, Adevărul, Evenimentul Zilei, Mediafax. The press conference generated 12 titles in print and online media. Topics discussed were related to the reduction in the staff of 150 employees, stage 2 of dismissals until 15 May and reorganization of the company with 8 branches instead of 13. Layoffs have been treated as a subject of national interest.

Press Office of Hidroelectrica respond to requests for information submitted by Mediafax, Ziarul Financiar and Societatea Academică din România.

Other actions of the service and Public Relations Relationship with Shareholders referred to: update Hidroelectrica site - company interface with the external environment, internal communication, internal public information on the project Phoenix and their invitation to participate in the selection, the magazine "New energy", Visual Identity Manual analysis of the company to update its documentation to achieve annual report on 2012.

Among the most influential and relevant media organizations that included information from this news feeds on events, prints and online editions, programs, newsletters include:

- **Press agencies:** Agerpres, Mediafax, Hotnews, Newsin, Reuters,
- **Written and on-line:** Ziarul Financiar, Capital, România Liberă, Evenimentul Zilei, Bursa, Adevărul, Jurnalul Național, Business Magazin, Focus Energetic, Puterea, Libertatea, The Diplomat Bucharest, Wall Street, Capital, Income Magazine, Economica.net, Daily Business, Curierul Național, Gândul.
- **Radio and TV:** Pro TV, The Money Channel, TVR 1, Prima TV, Realitatea TV, România TV, Antena 3, B1 TV, Digi 24, Radio România, Național TV, Prima TV.

Constant presence of the Judicial Director, the Special Director and Hidroelectrica General Manager in the media through statements, interviews, participation in radio and TV broadcasts, lectures on energy, having as main objectives description and reasoning of decisions taken in the course of insolvency, the recruitment campaign for Hidroelectrica managers and strengthening Hidroelectrica's image as the largest energy producer in Romania and the main service provider for safe operation of the National Power System.

## **B. Procedural measures**

### **Creditors' Committee Meeting on 25 April 2013**

Pursuant to Art. 17 of Law no. 85/2006, the Judicial Director convened the SC HIDROELECTRICA S.A Creditors Committee on 25.04.2013, with the following agenda: Ratification of assignment contracts by way of guarantee concluded between Hidroelectrica and banking institutions according to the situation attached to the convener.

Convener of the Committee of Creditors Meeting together with annex was sent by e-mail/fax to creditors committee members. Also Convocation of Committee Creditors Meeting of was published in Bulletin on insolvency proceedings No. 7517/25.04.2013, or no. 7526/25.04.2013.

According to the decisions of the Creditors' Meeting on 14.09.2012, members of the Creditor's Committee of the debtor S.C. HIDROELECTRICA S.A. are the following:

1. BRD GROUPE SOCIETE GENERALE – President;
2. ING BANK N.V.– Member;
3. UNICREDIT BANK AUSTRIA AG – represented by UNICREDIT TIRIAC BANK – Member;
4. BANCA COMERCIALA ROMANA – Member;
5. Ministrer of Economy, Commerce and Business Environment - Member;

By the Decision dated 03.10.2012 the syndic judge maintained Creditors Committee designated in the Creditors' Committee meeting dated 14.09.2012.

At the Creditors' Committee on 25.04.2012<sup>3</sup> participated the following:

1. BRD GROUPE SOCIETE GENERALE – President represented by Mr. Enache Cristian
2. ING BANK N.V. Member – by representative Ana Maria Ureche;
3. UNICREDIT BANK AUSTRIA AG – represented by UNICREDIT TIRIAC BANK – Member by representative Mrs. Mihaela Bucsa;
4. BANCA COMERCIALA ROMANA - Member by representative Mr. Radu Florin Moldovan

Creditors Committee meeting dated 25.04.2013 was attended by Mr. Remus Vulpescu as special administrator of the SC of Hidroelectrica S.A.

Considering the provisions of art. 17 para. 4 of Law no. 85/2006, that the Committee shall take decisions by a simple majority of the total number of its members, the committee of creditors convened on 25.04.2013 has been duly convened **and ratified assignment contracts of receivables by way of**

**guarantee concluded between Hidroelectrica and banking institutions as follows:**

| Bank     | Type of credit line    | Nominal value | Credit / line of credit value 15.04.2013 | Currency | Maturity   | Assignment of receivables valid on 15.04.2013   | Annual value of the assignment valid on 15.04.2013 (RON) |
|----------|------------------------|---------------|--|----------|------------|---|--|
| BRD      | Credit line            | 300,000,000   | 38,674,781                               | RON      | 30.04.2013 | 1. SC CEZ Vanzare SA, agr.no 15/03.01.2011,<br>2. GDF Suez Energy Romania agr. no. 102/30.10.2012,<br>3. E.ON Energie Romania agr. no. 103/30.10.2012,<br>4. Arelco Power agr. no. 104/31.10.2012,<br>5. Enel Energie agr. no. 3/03.01.2011,<br>6. Enel Furnizare Muntenia agr. no. 7/03.01.2011,<br>7. Transelectrica agr. no. 110/14.11.2012,<br>8. Repower Furnizare Romania agr. no. 111/14.11.2012,<br>9. Renovatio Trading agr. no. 112/14.11.2012,<br>10. Transelectrica agr. no. 114/14.11.2012,<br>11. Tinmar Ind agr. no. 115/14.11.2012,<br>12. Repower Furnizare Romania agr. no. 116/14.11.2012,<br>13. Electrica Furnizare agr. no. 117/14.11.2012,<br>14. Energy Financing Team Romania agr. no. 118/15.11.2012,<br>15. Fidelis Energy agr. no. 119/15.11.2012,<br>16. Romelectro agr. no. 120/15.11.2012,<br>17. Repower Furnizare Romania agr. no. 121/15.11.2012,<br>18. Enex agr. no. 122/15.11.2012,<br>19. E.ON Energie Romania agr. no. 123/15.11.2012,<br>20. Repower Furnizare Romania, agr. no. 124/15.11.2012,<br>21. Transformer Energy Supply, agr. no. 127/16.11.2012,<br>22. Axpo Energy Romania, agr. no. 128/16.11.2012,<br>23. Electrica Furnizare agr. no. 129/16.11.2012,<br>24. Electrica Furnizare agr. no. 5/24.01.2013 | 506,174,987  |
|          | Investment credit 2011 | 30,000,000    | 24,375,000                               | EUR      | 10.06.2016 |   |  |
| ING Bank | Investment credit 2009 | 60,000,000    | 28,000,000                               | EUR      | 16.11.2014 | 1. Agr. no. 47CE/08.09.2005 cu SC Alro Slatina SA,<br>2. Agr. no. 5/03.01.2011 cu SC Electrica Furnizare SA   | 710,372,369  |
|          | Investment credit 2011 | 60,000,000    | 45,882,353                               | EUR      | 07.06.2016 | 3. Agr. no. 9/03.01.2011 cu SC Enel Energie (Banat) SA  |  |
| CITIBANK | Investment credit 2009 | 75,000,000    | 32,100,000                               | EUR      | 02.07.2014 | 1. Agr. no. 24CE/18.12.2002 cu SC Elsid Titu SA,<br>2. Agr. no. 32CE/28.03.2003 cu SC Electrocarbon SA,<br>3. Agr. no. 36CE/21.04.2004 cu SC Electromagnetica SA<br>4. Agr. no. 35 CE/03.03.2004 cu SC Euro Pec SA  | 210,042,614  |

|                    |             |             |             |     |            |  |             |
|--------------------|-------------|-------------|-------------|-----|------------|--|-------------|
|                    | Credit line | 32,349,609  | 32,349,609  | USD | 20.04.2014 | Agr. no. C333/23.12.2009 cu CN Transelectrica SA (servicii de sistem)  | 307,854,082 |
| Banca Transilvania | Credit line | 120,000,000 | 107,940,484 | RON | 10.04.2014 | 1. Electrica Furnizare agr. no. 130/16.11.2012,<br>2. Axpo Energy Romania agr. no. 131/16.11.2012,<br>3. Electrica Furnizare agr. no. 132/16.11.2012,<br>4. Renovatio Trading agr. no. 134/19.11.2012,<br>5. Axpo Energy Romania agr. no. 135/19.11.2012,<br>6. Electrica Furnizare agr. no. 136/20.11.2012,<br>7. Arelco Power agr. no. 137/20.11.2012,<br>8. GDF Suez Energy agr. no. 138/20.11.2012,<br>9. Electrica Furnizare agr. no. 140/06.12.2012,<br>10. Electrica Furnizare agr. no. 141/06.12.2012,<br>11. GDF Suez Energy agr. no. 142/07.12.2012,<br>12. Repower Generation agr. no. 143/07.12.2012,<br>13. GDF Suez Energy ctr no. 144/07.12.2012,<br>14. Enel Energie Muntenia agr. no. 149/18.12.2012,<br>15. Enel Energie Muntenia agr. no. 150/18.12.2012,<br>16. E.ON Energie Romania agr. no. 151/18.12.2012 | 140,655,708 |
| Alpha Bank         | Credit line | 80,000,000  | 79,976,183  | RON | 31.03.2014 | 1. Enel Energie Muntenia, agr. no. 9/01.02.2013,<br>2. Enel Energie agr. no. 10/01.02.2013,<br>3. Enel Energie agr. no. 11/01.02.2013,<br>4. Enel Energie agr. no. 12/01.02.2013,<br>5. Electrica Furnizare agr. no. 13/01.02.2013,<br>6. Electrica Furnizare agr. no. 14/01.02.2013,<br>7. Electrica Furnizare agr. no. 15/01.02.2013,<br>8. Enel Energie Muntenia agr. no. 16/01.02.2013,<br>9. Electrica Furnizare agr. no. 17/01.02.2013,<br>10. OET Bulgaria agr. no. 20/04.02.2013,<br>11. OET Bulgaria agr. no. 21/04.02.2013   | 105,197,553 |

## **Report on litigations in April 2013**

The Judicial Director represented HIDROELECTRICA SA in the following litigations:

### **1. File no. 31833/3/2012- Bucharest Court**

**PARTIES :** Elsid Titu - Objector

SC HIDROELECTRICA SA- Respondent

**OBJECT:** Opposition to the measure of applying the force majeure clause. At the hearing dated 04.07.2013 the court adjourned the case until 17.04.2013 when the court admitted the objection raised by the debtor HIDROELECTRICA, represented by Judicial Director EURO INSOL SPRL and rejected the appeals of the SC ELSID SA TITU as inadmissible.

### **2. File no. 31569/3/2012- Bucharest Court**

**PARTIES :** Alro Slatina - Objector

HIDROELECTRICA SA - Respondent

**OBJECT:** Opposition to the measure of applying the force majeure clause. At the hearing dated 04.07.2013 the court adjourned the case until 17.04.2013 when the court admitted the objection raised by the debtor HIDROELECTRICA, represented by Judicial Director EURO INSOL SPRL and rejected the appeals of the Alro Slatina as inadmissible.

### **3. File no. 31849/3/2012- Bucharest Court**

**PARTIES :** Electrocarbon - Objector

HIDROELECTRICA SA - Respondent

**OBJECT:** Opposition to the measure of applying the force majeure clause. On 10.04.2013 the court "acknowledge claimed by the court ex officio. Rejects claim as inadmissible. Orders the applicant to pay the sum of RON 8383.95 in respect to costs to the Judicial Director EURO INSOL SPRL".

### **4. File no. 29088/3/2012- Bucharest Court**

**PARTIES :** EFT AG: Objector

EFT Romania SRL : Objector

HIDROELECTRICA SA - Respondent

**OBJECT:** Appeal on cancellation and suspension of measure. On 10.04.2013 the court ruled the objection raised by the debtor HIDROELECTRICA represented by Judicial Director EURO INSOL SPRL and rejected the complaints as inadmissible.



**5. File no. 34739/3/2012- Bucharest Court**

**PARTIES :** Electrocentrale Deva: Objector  
HIDROELECTRICA SA - Respondent

**OBJECT:** Appeal against denunciation measure

On 10.04.2013 the court ruled the objection raised by the debtor HIDROELECTRICA represented by Judicial Director EURO INSOL SPRL and rejected as inadmissible complaints.

**6. File no. 31379/3/2012- Bucharest Court**

**PARTIES :** Alpiq Romindustries - Objector  
HIDROELECTRICA SA - Respondent

**OBJECT:** Appeal on unilateral denunciation of sale-purchase contract on electricity

At the hearing dated 03.04.2013 objector filed for challenging the bankruptcy judge. The application for recusal was denied the next term established for 15.05.2013.

**7. File no. 31384/3/2012- Bucharest Court**

**PARTIES :** Alpiq Romenergie – Plaintiff  
HIDROELECTRICA SA- Defendant

**OBJECT:** Appeal on unilateral denunciation of sale-purchase contract on electricity

At the hearing dated 17.04.2013 objector filed for challenging the bankruptcy judge. The application for recusal was denied and will be decided hearing.

**8. File no. 29713/3/2012- Bucharest Court**

**PARTIES :** Energy Holding - Objector  
HIDROELECTRICA SA- Respondent

**OBJECT:** Appeal on unilateral denunciation of sale-purchase contract on electricity

At the hearing dated 17.04.2013 the court granted term for the committee of creditors to be summoned. Next hearing on 15.05.2013.

**9. File no. 4697/3/2013- Bucharest Court**

**PARTIES :** ANDRITZ HYDRO GMBH RAVENSBURG with chosen office -  
Objector  
ANDRITZ HYDRO GMBH VIENA PRIN ANDRITZ HYDRO  
GMBH VIENA - SUC.PORTILE DE FIER II with chosen office -  
Objector  
HIDROELECTRICA SA- Respondent

**OBJECT:** appeal - against Judicial Director's measure for cancellation of amendments to the contract.





At the hearing dated 17.04.2013 the court granted term for the committee of creditors to be summoned. Next hearing on 29.05.2013.

**10. File no. 7791/2/2012- Bucharest Court of Appeal**

**PARTIES :** Fondul Proprietatea – Plaintiff

Romanian Government - Defendant

ANAR - Intervener

Ministry of Environment - Intervener

HIDROELECTRICA SA- Intervener

**OBJECT:** Objection to act (change GD 1202)

At the hearing dated 05.04.2013 of Hidroelectrica filed application. Next hearing is on 24.05.2013.

**Judicial Director**

**EURO INSOL SPRL**

By coordinator practitioner

Ph. D Attorney at law Remus Adrian Borza