

**Annex
to the Decision of the
Administration Council of
the ANRE
No. 921 of 09.12.2022**

**The Motivation Note on the certification
of the TSO SE ‘Moldelectrica’**

I. LEGAL BASIS AND PROCEDURE

On 7 September 7, 2022, the state enterprise (SE) Moldelectrica submitted to the National Agency for Energy Regulation (ANRE) the Notice no. 46-77/1500, informing ANRE about finalization/completion of the separation and the implementation of the conditions of independence of the transmission system operator (TSO) according to the model of the Independent System Operator (ISO), and requesting the initiation of the certification process according to Art. 25-27 of the Electricity Law No. 107/2016 (Law No. 107/2016'), Art. 10 and 13 of Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC (hereinafter referred to as the Directive 2009/72/EC).

On March 30 2023, SE Moldelectrica submitted to ANRE the Notice no. 46-77/696 of 29.03.2023, that informs (the regulator) about some changes in their legal documents and which continue to comply with the requirements of separation and independence of the electricity TSO.

The Ministry of Energy has also informed ANRE (letter no. 07/1-93 of 30.03.2023) about the reorganization of the Ministry of Infrastructure and Regional Development according to the Government Decision no. 117/2023 regarding the restructuring of some specialized central bodies of the public administration, by separation and creation of the Ministry of Energy. As a result, the Ministry of Energy took over from the Ministry of Infrastructure and Regional Development the duties of energy security and energy efficiency, becoming thus, its successor with all the rights and obligations.

Also, according to Government Decision no. 118 of 07.03.2023 regarding the organization and operation of the Ministry of Energy, SE Moldelectrica was included in the list of state enterprises which have as a founder the Ministry of Energy.

As of 31.03.2023, the Ministry of Infrastructure and Regional Development is in the process of transferring its employees to the Ministry of Energy. The Ministry of Energy has provided ANRE the information about the new employment contracts given to staff that shall be transferred to new positions, including Nicolae Olari and Mr. Ion Andronic who are members of the Board of Directors of SE Moldelectrica. Both members of the Board of Directors of SE Moldelectrica have accepted and signed the employment contracts, which confirms the employment at the Ministry of Energy.

Accordingly, the technical procedure for signing the Staff Employment Orders within the new Ministry of Energy is expected to be carried out starting on April 3, 2023.

Taking into account the new circumstances and in order to avoid any disruptions or delays to the certification process of SE Moldelectrica, the Ministry of Energy (as the founder) has drafted and approved urgently several Orders related to the activity of the enterprise which were provided to ANRE on March 30 2023 for information.

According to art. 261 para. (1) of the Law no. 107/2016, if the TSO does not own the electric transmission networks, it can request to be designated as an independent system operator according to the art. 25 paragraph (5) letter b) of the law mentioned above.

Art. 26¹(2) of the Law No. 107/2016 lays down the imperative obligation to designate a TSO only if:

a) the candidate operator has proved that it meets the requirements set in the Art. 26(2)(b)-(d) of the Law No. 107/2016, and namely:

- to exercise, directly or indirectly, the control over the TSO or in connection with an electricity transmission network, and to exercise, directly or indirectly, control or to exercise any right over an enterprise that conducts one of the production or supply activities;
- to appoint the members of the Supervisory Board, the Administration Council or other bodies that legally represent the enterprise, in the case of the TSO or in the case of the electricity transmission network, and also to exercise, directly or indirectly, control or to exercise any right over an enterprise that conducts one of the production or supply activities;
- to be a member(s) of the Supervisory Board, the Administration Council or other bodies that legally represent the enterprise, both, in case the enterprise conducts one of the production or supply activities and in case of a TSO or an electricity transmission network operator.

b) the candidate operator has proved that it has the financial, technical, physical and human resources necessary to conduct its activities/functions according to Art. 30 of the Law No. 107/2016;

c) the candidate operator has undertaken to comply with a 10-year development plan for the electricity transmission network, the implementation of which is monitored by ANRE;

d) the owner of the electricity transmission networks has proved its ability to fulfil its obligations under Art. 26¹(5) of the Law No. 107/2016, and namely:

- ensures the full cooperation and support necessary for the independent system operator to fulfil its duties, providing it with all the relevant information;
- finances the investments required by the independent system operator and approved by ANRE or it gives its consent for these (investments) to be financed by any stakeholder, including the independent system operator. The relevant financing measures are subject to approval by ANRE. Before approving such measures, ANRE is consulting the owner of the assets and other stakeholders;
- is liable for the goods/assets of the electricity transmission network, except the liability for the goods transferred to the independent system operator;
- offers guarantees for the facilitation of financing of possible expansions of the electricity transmission network, except for investments for which it has given consent to be financed by any stakeholder, including the independent system operator;

e) the candidate operator has proved its ability to fulfil its obligations related to the cooperation between the transmission operator and the system operator at the European and regional level, that are provided in the law and in the regulatory acts approved by ANRE.

Also, Art. 26¹(7) of Law No. 107/2016 lays down as one of the mandatory requirements for the designation of the ISO the requirement to develop and implement a compliance programme that shall contain measures undertaken to guarantee the exclusion of discriminatory behaviour and practices and rules to ensure that compliance with this program is monitored.

According to Art. 27(1) of Law No. 107/2016, before being designated as the ISO, the electric power enterprise shall be certified according to the procedure provided by the Law.

In this regard, according to Art. 27(2) of the above-mentioned Law, after fulfilling all requirements of separation and independence of the TSO, set forth in Art. 26 and 26¹ of Law No. 107/2016, the electric power enterprise is obliged to notify ANRE (in writing) about it, request certification and submit all the appropriate documents, data and information.

Paragraph (3) of the Article mentioned above provides that within 4 months from the date the notice was submitted by the TSO, and provided that all documents, data and information that confirm the compliance of the TSO with the separation and independence requirements, are submitted, ANRE shall adopt a decision on provisional certification of the TSO.

Art. 27(4) of the Law mentioned lays down that if, within 4 months, ANRE does not adopt a decision on provisional certification or does not inform, in writing, the TSO about the refusal of

certification, the certification shall be considered granted based on the principle of tacit approval. After the expiry date, at the TSO request, ANRE is obliged to adopt within 5 working days a decision acknowledging the tacit approval of the provisional certification of the TSO.

ANRE shall notify, within 5 working days, according to Art. 27(5) of the Law mentioned above, the Energy Community Secretariat (ECS) about the decision on provisional certification of the TSO, approved explicitly or tacitly, and submits the relevant documents to ECS. After receiving the notice, the ECS submits to ANRE, within 4 months, its opinion about the fulfilment of the certification conditions by the TSO.

If, within 4 months, the ECS does not issue an opinion (on certification of the TSO), it is considered that ECS had no objections against the ANRE's decision on provisional certification of the TSO.

According to Art. 27(6) of the Law concerned, within 2 months after receiving the opinion of the ECS on the fulfilment of the certification conditions by the TSO, ANRE adopts the decision on certification of the TSO, taking into account the opinion of the ECS.

ANRE's decision on certification of the TSO and the opinion of the ECS are published in according to Art. 27(7) of the Law on Electricity in the Official Gazette of the Republic of Moldova, on the official website of ANRE and ECS. If ANRE's decision on certification of the TSO is different from the opinion of the ECS, ANRE indicates and publishes the reasons of its divergent decision, and informs the ECS accordingly.

According to Art. 27(8) of the Law on Electricity, during the certification procedure, ANRE and ECS may request from the TSO, producers and suppliers to provide the necessary information on the certification of the TSO. ANRE and ECS are obliged to keep the information confidential as it is considered a trade secret.

Art. 27(9) of the Law No. 107/2016 provides that the TSO is considered certified after ANRE's decision on certification is published in the Official Gazette of the Republic of Moldova.

According to Art. 27(10) of the Law on Electricity, after the completion of the certification procedure, at the request of the TSO or ex officio, ANRE shall decide to issue a new license or renew the licence for electricity transmission.

Background

On 16.10.2018, SE Moldelectrica submitted to ANRE a request for certification as electricity transmission system operator, according to the 'Separation of the transmission system operator' model. After the analysis of all the relevant documents and information by ANRE and by the Energy Community Secretariat, it has been found out that the TSO SE Moldelectrica, cannot be certified according to the requested model, as it does not own electricity transmission networks, which is actually a mandatory condition imposed by Art. 26(1) of Law No. 107/2016. The subsequent postponement of the submission of a new application for certification by the Moldovan TSO was determined by the fact that until 05.02.2022, Law No. 107/2016 provided for a single model of separation, and namely the 'Separation of the transmission system operator' model. Finally, following the amendments to the Moldovan legislation made by Law No. 20 of 03.02.2022 (in force from 05.02.2022), the independence of the electricity transmission system operator can be ensured through an additional model: the 'Independent system operator model'.

After completion of the legislation with the new separation model, a working group has been created under the auspices of the Energy Community Secretariat, which included representatives of ANRE, the Ministry of Infrastructure and Regional Development (MIRD), the Public Property Agency (hereafter referred to as the 'PPA') and the SE Moldelectrica, in order to provide methodological and technical support for the preparation of the set of documents and information to be attached to the application for certification of the TRANSMISSION SYSTEM OPERATOR.

II. THE APPLICANT SE MOLDELECTRICA

2.1. General information on the candidate operator

The SE Moldelectrica holds two licenses: the license for the electricity transmission activity Series AC 001549 of 10.06.2008 valid until 20.04.2026, and the license for the activity of centralized management of the power system Series AC 001549 of 30.06.2021 valid until 29.06.2046. The main operational activities of the company are:

- electricity transmission through high-voltage electricity networks;
- rapid centralized management at the level of central dispatcher service;
- operation of transit electricity interconnections in parallel with the power systems of other countries.

SE Moldelectrica was created by Government Decision No. 1000 of 02.10.2000 ‘On creation of state enterprises in the energy sector and was registered in the State Register of Legal Entities on 26.10.2000. The Founder of the enterprise is the Ministry of Infrastructure and Regional Development. Following the separation of the SE Moldtranselectro, the newly established company SE Moldelectrica obtained the assets of the High-Voltage Electricity Networks, the Central Dispatch Service and the Training Centre and, accordingly, was entrusted with the following activities:

- 1) transmission of electricity through high-voltage electricity networks;
- 2) centralized operative management of the electrical power system at the Central Dispatcher Service level;
- 3) operation and development of the electricity transmission system, telecommunications system and IT technologies, in correlation with the production and distribution systems;
- 4) ensuring the operation of the national electricity transmission system in conditions of quality, safety, economic efficiency and environmental protection;
- 5) operation of interconnections and international transit of electricity;
- 6) provision of interconnections and optimal operation conditions in parallel with the electricity systems of other countries;
- 7) running specialized programs to determine the parameters of optimal operation of the national electricity system;
- 8) performance of electricity exchanges with external interconnection partners on the local electricity balancing market to avoid production and consumption imbalances;
- 9) training and improvement of the personnel of the electricity sector.

From 01.11.2000, four branches of high-voltage electricity networks were created as part of the SE Moldelectrica, and namely:

- Centre HVEN Branch in Vatra town;
- South HVEN Branch in Comrat city;
- North HVEN Branch in Balti city;
- North-West HVEN Branch in Donduseni town.

Also, during that period, the Training Centre was created. In 2005, several works were carried out to implement the Energy Package II. In this regard, the equipment of Chisinau, Straseni and Balti 330 kV EPSs was modernized, two transformers were replaced at Chisinau 330 kV EPS, 110 kV EPSs were built. Also, 330 kV OPLs were modernized and implementation of the systems SCADA and Electricity Commercial Record Keeping was completed.

In March 2006, the SE Moldelectrica together with the National Power Company ‘Ukrenergo’ (NPC ‘Ukrenergo’ (Національна Енергетична Компанія „Укренерго” (HEK „Укренерго”)) transmitted to the UCTE (Union for the Co-ordination of Transmission of Electricity), through the National Electricity Transmission Company Transelectrica JSC (C.N.T.E.E. Transelectrica SA) (as ‘Supporting Party’) the request for synchronous connection to the UCTE in accordance with the Association Agreement.

As a result of conclusion of the Association Agreement between the Republic of Moldova, on the one hand, and the European Union, the European Atomic Energy Community and their member states on 27.06.2014, in the context of cooperation with the EU in the field of energy, in June 2017 the Agreement on the conditions of interconnection of the power system of the Republic of Moldova with

the continental network of the ENTSO-E electricity transmission and system operators (implementation term – 6 years) was also signed.

From 16 March 2022, the Power Systems of the Republic of Moldova and Ukraine were synchronized in emergency mode with the ENTSO-E Continental Europe power system. At the same time, due to the situation in Ukraine, the operation test in isolated mode of the Republic of Moldova and Ukraine by disconnection from the power system IPS/UPS (ЕОС/ОЭС) and connection to the ENTSO-E Continental Europe system, took place until the end of implementation of the Catalogue of Measures, a part of the Agreement on the conditions of the future interconnection of the power systems of Ukraine/Moldova to the Continental Europe power system and accordingly of signing of the Agreement on constant operation in interconnected mode with ENTSO-E Continental Europe.

At the moment, the connection on the border between Moldova and Romania is made only through Vulcanesti-Isaccea 400 kV OPL, while 110 kV OPL remained non-operated due to technical constraints on the Romanian side. These lines can only be operated in radial mode, supplying consumption islands.

The SE Moldelectrica is currently continuing the implementation of all the provisions of the Catalogue of Measures (part of the Agreement on the conditions of interconnection) for the purpose of interconnection.

III. THE CERTIFICATION PROCESS

3.1. Documents and information submitted by the applicant

Based on Art. 27(2) of the Electricity Law, on 07.09.2022 the SE Moldelectrica submitted to ANRE the Notice No. 46-77/1500 on the fulfilment of all independence conditions and the request to initiate certification according to the model of Independent System Operator.

Upon request and by the notifications no. 46-77/696 of 29.03.2023 and no. 07/1-93 of 30.03.2023 submitted by SE Moldelectrica and the Ministry of Energy, the following documents were provided to ANRE:

- 1) Application for certification of the SE Moldelectrica according to the model of ISO;
- 2) Order No. 129 of 18.07.2022 on the appointment of the Board of Directors of SE Moldelectrica;
- 3) Order No. 140 of 10.08.2022 on change of membership of the Board of Directors of SE Moldelectrica;
- 4) Order No. 190 p of 08.07.2022 on the personnel;
- 5) CV, Bachelor's Degree and Master's Degree Diplomas of the Administrator (Sergiu Aparatu);
- 6) The Registration Certificate of the enterprise;
- 7) Extract from the State Register of Legal Entities No. 498368 dated 18.07.2022;
- 8) Regulation of the Board of Directors of the SE Moldelectrica;
- 9) The declaration on own responsibility signed by the Administrator and members of the Board of Directors of the SE Moldelectrica, as well as the person authorized to exercise the rights of the network owner;
- 10) Articles of Association of the SE Moldelectrica;
- 11) Order No. 155 of 06.09.2022 on provision of the preconditions necessary for the certification of the SE Moldelectrica by applying the model of ISO;
- 12) Financial Statements prepared in accordance with the IFRSs for the reporting year ended on 31 December 2021;
- 13) Development Plan of the Electricity Transmission Networks during the years 2018-2027;
- 14) Agreement on the conditions of the future interconnection of the power system of Moldova with the power system of Continental Europe;
- 15) Convention of Operation of Isaccea (Romania)-Vulcanesti (Republic of Moldova) 400kV OPL;
- 16) Operational Agreement on the creation of a regulation block as part of the power systems of Ukraine and the Republic of Moldova;
- 17) Agreement No. MD001/31052022 concluded with the NPC 'Ukrenergo';

- 18) Agreement No. MD002/31052022 concluded with the NPC 'Ukrenergo';
- 19) Capacity Allocation Agreement between the SE Moldelectrica and the C.N.T.E.E. Transelectrica SA;
- 20) Extract No. 2 from the Minutes No. 3 of the meeting of the Board of Directors of the SE Moldelectrica;
- 21) MIRD Letter No. 04-2984 of 15.06.2022 to the SE Moldelectrica on approval of distribution of the net profit;
- 22) Order No. 219 of 26.04.2018 on the organizational structure and staffing scheme of the enterprise;
- 23) Staff List of the SE Moldelectrica as of 01.05.2022;
- 24) Order No. 327 of 24.08.2022 on the Compliance Program;
- 25) Sample Service Contract with the Compliance Agent;
- 26) SE Moldelectrica letter no. 46-77/639 of 29.03.2023;
- 27) The Ministry of Energy Order no. 2 of 29.03.2023 on the provision of the necessary premises for certification;
- 28) The Ministry of Energy Order no. 3 of 29.03.2023 on the appointment of the Board of Directors at SE Moldelectrica;
- 29) The Ministry of Energy Order no. 4 of 29.03.2023 on the approval of the amendments to the Status of SE Moldelectrica;
- 30) The Ministry of Energy Order no. 5 of 29.03.2023 on personnel (employees);
- 31) The Ministry of Energy Letter no. 07/1-93 from 30.03.2023;
- 32) The Declaration on own responsibility signed on 30.03.2023 by Mrs. Cristina Pereteatcu;
- 33) Draft job descriptions for the following positions: Head of the Energy Efficiency Directorate; Main Consultant, Electricity Directorate; Head of Electricity Directorate;
- 34) The drafts of the Regulations on the organization and operation of the Energy Efficiency and Electricity Directorates.
- 35) The Ministry of Energy Order no. 6 of 31.03.2023 on establishment of the areas of activity of state secretaries.
- 36) The Decision on the registration of changes/modifications from 30.03.2023;
- 37) Extract from the State Register of Legal Entities;
- 38) The Additional Act regarding the changes and additions entered in the State Register of Legal Entities and operated under the status of SE Moldelectrica.

3.2. Management bodies of the SE Moldelectrica and their competences

The Company is managed according to the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise, the articles of association of the SE Moldelectrica of 26.08.2022 (registered with the Public Services Agency on 30.08.2022) and amended by the Ministry of Energy Order no. 4 of 29.03.2023 (registered at Public Services Agency on 30.03.2023) and the Regulation of the Board of Directors of the SE Moldelectrica approved by the Ministry of Infrastructure and Regional Development (MIRD) on 24.09.2020.

ANRE finds that the articles of association of the enterprise and the Regulation of the Board of Directors of the SE Moldelectrica have been developed and approved based on the provisions of Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise.

On March 29, 2023 by the Ministry of Energy Order no. 4 of 29.03.2023, that Status of SE Moldelectrica was modified. According to the Extract from the Verbal Process (Minutes) no. 2 of the meeting of the Board of Directors of SE Moldelectrica from 29.03.2023, the changes in the legal Status of SE Moldelectrica are technical only and relate to the adjustment of:

- the name of the founder (from the "Ministry of Infrastructure and Regional Development" to the "Ministry of Energy");
- The identification number (IDNO) was added to the name ES Moldelectrica;
- the word "Administrator" was replaced with "Director General".

The respective changes were registered with the Public Services Agency on 30.03.2023.

According to the Annex no. 3¹ to the Government Decision no. 690 of August 30, 2017 "On the organization and operation of the Ministry of Infrastructure and Regional Development", the Ministry of Infrastructure and Regional Development² carried out the duties of the founder of ES Moldelectrica. During the process/procedures of provisional certification, the Status of founder was transferred by the Government to the new Ministry of Energy (Government Decision no. 118 of 07.03.2023 on organization and operation of the Ministry of Energy).

The Ministry of Energy Order no. 4 of 29.03.2023 on the approval of the amendments to the Status of SE Moldelectrica did not change the enterprise's management bodies.

According to the new Status³ the enterprise's management bodies are the following:

1. the Founder;
2. the Board of Directors;
3. the Administrator – the executive body;
4. the Audit Committee.

3.2.1. The Founder of the enterprise

The role of the Founder of the SE Moldelectrica, until 14.03.2023 was carried out by the Ministry of Infrastructure and Regional Development. Following the transfer of the duties of the founder of SE Moldelectrica to the Ministry of Energy (Government Decision no. 118 of 07.03.2023 on the organization and operation of the Ministry of Energy), the latter carries out the management duties of the enterprise through the Board of Directors and the Administrator (executive body).

The founder appoints and dismisses the Administrator of the enterprise and transfers to him/her the duties of managing the patrimony and conducting the entrepreneurial activity based on the individual employment contract.

The main duties of the Founder are:

- 1) to approve the articles of association of the enterprise, amendments to them, the regulation of the Board of Directors and the Audit Committee (as of the date of submission of the application for certification, the enterprise does not have a designated Audit Committee);
- 2) upon the proposal of the Board of Directors, to decide on the change of the share capital of the enterprise;
- 3) to provide the consent to the establishment by the enterprise of subsidiaries, as well as to the participation of the enterprise in the establishment of associations and business groups;
- 4) to appoint and dismiss the chair and members of the Board of Directors, the chair and members of the Audit Committee, to determine the staff number of the Board of Directors and of the Audit Committee, to determine the amount of the monthly remuneration of the Administrator of the enterprise, of the chair, the members of the Board of Directors and the Audit Committee;
- 5) to provide prior consent to the sale of unused assets of the enterprise;
- 6) to provide consent to the leasing out/renting out or transfer for free of assets not used in the activities of the enterprise, to decide how to select the lessee and coordinate the lease/rental and bailment contracts;
- 7) to provide consent to the write-off of assets related to fixed assets;
- 8) to provide prior consent to the pledge of assets of the enterprise in order to obtain bank credits;

¹ The decision on the registration of changes from 30.03.2023, file no. 1002600004580.

² Until 14.03.2023, the Ministry of Infrastructure and Regional Development carried out the role of founder of ES Moldelectrica.

³ The Ministry of Energy Order no. 4 from 29.03.2023 on the approval of the amendments to the SE Moldelectrica and the Decision regarding the registration of changes from 30.03.2023, file no. 1002600004580.

- 9) to provide prior consent to the purchase by the enterprise of goods, whose market value makes up over 25% of the value of its net assets, according to the latest annual financial statements, or over 400,000 MDL;
- 10) to confirm the audit entity selected by the Board of Directors and to determine the amount
- 11) of the fee for its services;
- 12) to coordinate the nomenclature and rates for the provided services, except for those set out by regulatory acts;
- 13) to evaluate the activity of the Board of Directors and of the Administrator based on the annual report on the activity of the Board of Directors, of the Administrator and the economic and financial activity of the enterprise;
- 14) to approve the distribution of the annual net profit of the enterprise;
- 15) to submit to the Ministry of Finance the copy of the auditor's report⁴.

3.2.2. The Board of Directors of the enterprise

The Board of Directors (7 members) of SE Moldelectrica, which carried out the duties at the time the request for certification was submitted, was appointed by the Ministry of Infrastructure and Regional Development Order No. 129 of 18.07.2022 (amended by Order No. 140 of 10.08.2022). The Ministry of Energy that took over the duties and the role of the founder of ES Moldelectrica, has reconfirmed the Board of Directors, comprised⁵ of 7 members.

The following members of the Board of Directors are appointed:

The Chairman

- Nicolae Olari – Head of the Directorate of Power Policies, MIRD being transferred to the Ministry of Energy⁶;

Members

- Mircea Pascaluta – Secretary of State at the MIRD;
- Angela Turcanu – Head of the Directorate of Policy Analysis, Monitoring and Evaluation, the MIRD;
- Ion Andronic – Chief Consultant of the Directorate of Power Policies, the MIRD being transferred to the Ministry of Energy;
- Liliana Moraru – Head of the Legal Division, the Ministry of Economy;
- Elena Matveeva – Head of the Public Debt Directorate, the Ministry of Finance;
- Veaceslav Sipitca – Secretary of State of the MIRD.

The Board of Directors is the collegial administrative body of the enterprise made up of 7 members, which represents the interests of the state and carries out its activity in accordance with the provisions of the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise, the articles of association and the Regulation of the Board of Directors.

The members of the Board of Directors are appointed by the Founders for a term of 2 years and this function can be carried out by any individual who meets the minimum requirements laid down by the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise and the Regulation of the Board of Directors. According to the articles of association of the enterprise, the procedure whereby the conditions for remuneration of the Board members are established is regulated by acts approved by the Government.

The Chair of the Board of Directors is appointed by the Founder from among the Board members. The Secretary of the Board of Directors is appointed by the Board from among the employees of the enterprise. The activity of the Secretary is remunerated from the funds of the enterprise. The amount of the Secretary's remuneration is determined by the Board of Directors.

⁴Point 39 of the Status of the SE Moldelectrica Statute page 5-6

⁵The Ministry of Energy (ME) Order no.3 of 29.03.2023 on the appointment of the Board of Directors of SE Moldelectrica

⁶According to ME letter no. 07/1-93 of 31.03.2023, Nicolae Olari shall be transferred to the ME

The duties of the Board of Directors are as follows⁷:

- a) to approve the development plan of the enterprise and to monitor its implementation;
- b) to set the performance indicators and evaluation criteria of the enterprise, taking into account the specifics and the field of activity;
- c) to submit to the Founder proposals for improving the management and the efficiency of the activities of the enterprise;
- d) to examine the annual report of the Administrator on the economic and financial activity of the enterprise;
- e) to submit to the Founder the annual report on its activity;
- f) to take measures to ensure the integrity and efficient use of the assets of the enterprise, including to adopt decisions on the feasibility to sell or lease out/rent out or transfer for free the unused assets of the enterprise, on the feasibility to write off fixed assets, to pledge assets in order to obtain bank credits, to provide sponsorship;
- g) after receiving the prior consent of the Founder, to approve the minimum sale price of the unused asset, whose market value makes up over 25% of the value of the net assets of the enterprise;
- h) to monitor the progress of litigations and to ensure the information of the Founder;
- i) to examine the reports of control bodies, including those related to internal control/audit of the enterprise, the auditor's report and the letter to the management issued by the audit entity, and to approve the action plan on the removal of identified violations;
- j) to approve the annual estimate of income and expenses, the staff and the payroll of the enterprise;
- k) to examine on a quarterly basis the Administrator's report on the economic and financial activity of the enterprise;
- l) to submit proposals to the Founder on awarding or sanctioning the Administrator;
- m) to submit proposals to the Founder on the change of the share capital, the change of the status of the enterprise, its reorganization or liquidation;
- n) to select, through competition, the candidate Administrator of the enterprise based on the regulation approved by the Government and to propose him/her to the Founder for appointment;
- o) to coordinate and submit to the Founder for approval the proposal for distribution of the annual net profit of the enterprise, as well as the rules for distribution of the net profit for the future year;
- p) to approve decisions on the specific highest amount of the salary of the Administrator of the enterprise, subject to limitation, for the current year;
- q) to select the audit entity for the audit of the annual financial statements;
- r) to ensure transparency of the procedures for the procurement of goods, works and services intended to cover production needs and ensure the basic facilities and equipment;
- s) to approve the procurement by the enterprise of goods and services, whose market value makes up more than 25% of the value of the net assets of the enterprise, according to the last financial statement, or exceeds 400,000 MDL;
- t) to approve the internal regulations related to the activities of the enterprise⁸.

The Board of Directors **does not have the right** to involve in the operational activity of the Administrator, except for the cases provided by the legislation, the articles of association and the Regulation of the Board of Directors.

The powers of member of the Board of Directors upon the expiration of the term for which it was established, upon revocation by the Founder, upon initiation of the procedure of insolvency/liquidation of the enterprise, as well as at the Founder's request.

⁷The duties of the Board of Directors have not been changed by ME Order no. 4 of 29.03.2023 on the approval of the amendments to the Status of SE Moldelectrica

⁸Point 49 from the Status of SE Moldelectrica

The decisions of the Board of Directors are adopted by the majority vote of the appointed members.

3.2.3. The Administrator of the enterprise

According to the MIRD Order No. 190-p of 08.07.2022, the interim Administrator of the SE Moldelectrica was appointed Mr. Sergiu Aparatu. Later, by Order no. 5 of 29.03.2023 regarding the personnel, Mr. Sergiu Aparatu was appointed as interim General Director of SE Moldelectrica. This change was registered on 30.03.2023 at the Public Services Agency⁹.

The Administrator (General Director) represents the sole executive body of the enterprise. Mr. Sergiu Aparatu meets the criteria set by Art. 14(6) of the Law 107/2016 on the required education and lack of criminal record.

The basic duties¹⁰ of the Administrator are as follows:

- a) to manage the activity and ensure the efficient operation of the enterprise;
- b) to act without power of attorney on behalf of the enterprise;
- c) to represent the interests of the enterprise in relations with the individual and legal entities, public authorities, legal enforcement bodies, and to grant such powers to other representatives of the enterprise;
- d) to ensure the execution of the decisions of the Founder and the Board of Directors;
- e) to ensure the audit of the annual financial statements and conclude an audit contract with the audit entity, selected by the Board of Directors and confirmed by the Founder;
- f) to ensure the organization and accounting continuously from the date of state registration of the enterprise until the date of its liquidation;
- g) to arrange the internal control system;
- h) to ensure the fulfilment of other obligations set by the accounting legislation and other regulatory acts;
- i) to ensure the submission, in the manner established by the law, of financial statements and tax reports, statistical and other types of reports to the relevant public authorities;
- j) to ensure the payment of salaries in the manner and within the terms established by the legislation;
- k) to submit to the Board of Directors information about the results of controls performed by the competent bodies, including detected deficiencies, as well as the action plan for correction of deviations and removal of detected deficiencies;
- l) to submit, on a quarterly basis, the report on the results of the activity of the enterprise;
- m) to submit to the Founder and to the Board of Directors the annual report on the results of the economic and financial activity of the enterprise, the report of the Audit Committee and the auditors report;
- n) to submit to the Board of Directors the draft income and expenses estimate of the enterprise, the draft staff list for the year following the reporting one;
- o) to submit proposals for the distribution of the annual net profit of the enterprise to the Board of Directors for coordination;
- p) to conclude contracts, issue powers of attorney, open bank accounts, hire staff of the enterprise;
- q) to dismiss the staff of the enterprise, ensure incentivization of the employees, imposition of sanctions or holding them accountable;
- r) to ensure the elaboration and updating of the development plan of the enterprise and submit it to the Board of Directors for approval;
- s) to ensure the integrity, efficient use and development of the assets of the enterprise;
- t) to submit, on a quarterly basis, to the Board of Directors information on litigations;

⁹The decision on the registration of changes from 30.03.2023, file no. 1002600004580.

¹⁰The duties of the General Director have not been changed by the ME Order no. 4 of 29.03.2023 on the approval of the amendments to the Status of SE Moldelectrica.

- u) to request the prior consent of the Founder and the decision of the Board of Directors on the purchase by the enterprise of goods and services, whose market value makes up over 25% of the value of the net assets of the enterprise, according to the last financial statement, or exceeds the amount of 400,000 MDL;
- v) to publish the procurement plan and ensure compliance with the principle of transparency of the procedures for the procurement of goods, works and services intended both to cover the needs and to provide the required basic facilities and equipment and the formation of the production program of the enterprise;
- w) to carry out the procedures for the procurement of goods, works and services for production needs and provide the required basic facilities and equipment, according to the legislation in force;
- x) to ensure the timely transfer to the state budget of the breakdowns from the annual net profit, established by the Founder;
- y) to approve, after coordination with the Founder, the nomenclature and rates of the provided services, except for those established by the regulatory acts;
- z) to bear responsibility for the failure to fulfil the duties set in the individual employment contract of the general director¹¹.

On the date of submission of the application for certification, the Founder has not appointed any Audit Committee within the SE Moldelectrica.

IV. COMPLIANCE WITH THE CONDITIONS OF SEPARATION AND INDEPENDENCE ACCORDING TO THE INDEPENDENT SYSTEM OPERATOR MODEL BY THE ELECTRICITY TRANSMISSION SYSTEM OPERATOR SE MOLDELECTRICA

4.1. Ownership and use of assets related to the electricity transmission activity.

In accordance with Art. 26¹ of the Electricity Law No. 107 of 27.05.20216, *if the transmission system operator does not own the electricity transmission networks, it may request to be designated as independent system operator in accordance with Art. 25(5)(b) of this Law.* In this regard, ANRE notes that according to Art. 9(2)(i) of the Law No. 29 of 05.04.2018 on delimitation of public property, high-voltage electricity transmission lines (from 35 kV and higher) and the land plots on which the pylons of these lines are located, electric substations, assets that ensure the energy security of the state and the land plots on which they are located, as well as other technical and building infrastructure facilities and land plots related to them, which do not belong to administrative and territorial units or legal persons of private law, *is the property owned by the state.*

According to Art. 2(1) of the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise, the function of Founder of the state enterprise, on behalf of the Government, is performed by the *Public Property Agency*.

According to the Government Decision No. 690 of 30.08.2017 on the organization and operation of the Ministry of Infrastructure and Regional Development (Annex No. 3¹ thereto), *until 14.03.2023* by way of derogation from the Law on the state enterprise and the municipal enterprise, the Ministry of Infrastructure and Regional Development is the successor of the former Ministry of Economy and Infrastructure and carries the duties of Founder of the SE Moldelectrica.

Starting march 14 2023, the duties of the founder are carried out by the Ministry of Energy according to Government Decision no. 118 of 07.03.2023 on organization and operation of the Ministry of Energy.

By point 1 of Government Decision No. 1000 of 02.10.2000 on creation of certain enterprises, the SE Moldelectrica has been created and obtained the assets of the High-Voltage Electricity Networks, the Dispatcher Service and the Training Centre.

¹¹Point 58 from the Status of SE Moldelectrica

In this context, by the MIRD Order No. 155 of 06.09.2022, and starting March 29 2023 by Ministry of Energy Order no. 2 "On the provision of the necessary premises for the certification of SE Moldelectrica by applying the model of Independent System Operator," the TSO was imposed the following obligations:

- to use the assets of the transmission system in order to fulfil the duties of system operator;
- to plan, build and commission the new infrastructure.

By the same Order, the operator was given the rights:

- to make income and profit;
- to grant and manage the access to third-party networks, including to collect access rates.

At the same time, the MIRD attached the list of goods that are property owned by the state that are included in the accounting records of the transmission system operator and which it manages. Point 1 of the Ministry Energy Order no. 2 of 29.03.2023, refers also to receipt attached to MIDR Order no. 155 of 06.09.2022.

Thus, ANRE finds out that, although Art. 26¹(8) of the Electricity Law No. 107 of 27.05.20216 provides for that, *by way of derogation from the provisions of Art. 9(2)(i) of the Law No. 29/2018 on delimitation of public property, the regulatory act/contract of provision for use of assets to the operator to be certified as an independent system operator provides for the goods that are the property of the state included in the accounting records of the transmission system operator on the date of transmission/signing of the contract, the list of the relevant goods is to be updated after the completion of the inventory and their delimitation*, the owner of the assets related to the electricity transmission activity, did not fully comply with the provisions of the Law in the part related to the form of the certificate of transfer of assets for use (regulatory act/contract), as it was drawn up in the form of an Order of the Minister (administrative document).

However, following the analysis of the Law No. 29 of 05.04.2018 on delimitation of public property, the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise, Government Decision No. 690 of 30.08.2017 on the organization and operation of the Ministry of Infrastructure and Regional Development, the Government Decision no. 118 of 07.03.2023 on the organization and operation of the Ministry of Energy, Government Decision No. 1000 of 02.10.2000 on creation of certain enterprises, the MIDR Order no. 155 of 06.09.2022 and the Ministry of Energy Order no. 2 of 29.03.2023 "On the provision of the prerequisites necessary for the certification of SE Moldelectrica by applying the model of Independent System Operator," ANRE notes, *that in fact*, the fixed assets related to the operational activities that constitute public property of the state are included in the accounting records of the TSO from the beginning of its creation that was a result of separating itself from SE Moldtranselectro, and receiving these fixed assets for economic management and use in operational activity.

At the same time, by the MIRD Order No. 155 of 06.09.2022, the existence on the date of its signing of the assets that are the property of the state in the accounting records of the TSO SE Moldelectrica is confirmed. Also, the Status of the enterprise (in the new version) approved by the MIRD Order No. 148 of 26.08.2022, with the changes made by the Ministry Energy Order no. 4 of 29.03.2023 on the approval of the amendments to the Status of SE Moldelectrica, includes the Annex No. 1 *Report on real estate that is public property of the state as of 31.10.2021 under the management of the SE Moldelectrica.*

Considering the above-mentioned, the ANRE finds that:

- the existence of the owner's consent (the Ministry of Energy – the successor of related rights and duties of the Ministry of Infrastructure and Regional Development) to the transfer the public property assets (related to the activity electricity transmission activity) to the SE Moldelectrica for economic management, as well as, the approval to appoint the SE Moldelectrica - as Independent System Operator, conditions for certification based on Government Decision No. 1000 of 02.10.2000 on creation of certain enterprises, and the MIRD Order No. 155 of 06.09.2022 'On the provision of the preconditions necessary for the certification of the SE Moldelectrica by applying the Independent System Operator model';

- the registration in the accounting records of the TSO of the fixed assets necessary for the electricity transmission activity, a fact confirmed by: the Annex to the MIRD Order No. 155 of 06.09.2022 and the Ministry of Energy no. 2 dated 29.03.2023 on the provision of the necessary premises for the certification of the SE Moldelectrica, by applying the model of Independent System Operator and the Financial Statements prepared according to IFRS for the reporting year ended on 31.12.2021;
- the actual disposal by the SE Moldelectrica of electricity transmission networks (electric power stations, overhead power lines, transformers, autotransformers, etc.) and their economic management.

4.2. Compliance by the candidate operator with the requirements provided for by Art. 26¹(2)(a) of the Electricity Law.

In accordance with Art. 26¹(1), the candidate operator shall prove that it meets the requirements provided for in Art. 26(2)(b)-(d) of the Electricity Law, which provides for that *the transmission system operator must be independent from the electric power enterprises that carry out activities other than those related to electricity transmission. To ensure the independence of the transmission system operator, the same person or persons may not:*

- a) exercise, directly or indirectly, control over the transmission system operator or in connection with an electricity transmission network, and exercise, directly or indirectly, control or exercise any right over an enterprise that carries out one of the production or supply activities;*
- b) appoint members of the Supervisory Board, of the Board of Directors or of other bodies that legally represent the enterprise, in the case of the transmission system operator or in the case of the electricity transmission network, and also exercise, directly or indirectly, control or exercise any right over an enterprise that carries out one of the production or supply activities;*
- c) be member(s) of the Supervisory Board, the Board of Directors or other bodies that legally represent the enterprise, both in the case of an enterprise carrying out one of the production or supply activities, as well as in the case of the transmission system operator or electricity transmission network operator.*

To exclude any connections and possible involvements or indirect exercises of control by the persons who exercise, subject to the principle of institutional hierarchy, control over the specialized central bodies, the primary and secondary legislation that regulates the activity of the Government of the Republic of Moldova and of the specialized central public administration, as well as the legislation on denationalization and public property administration, was comprehensively analyzed. As a result, the ANRE notes the following:

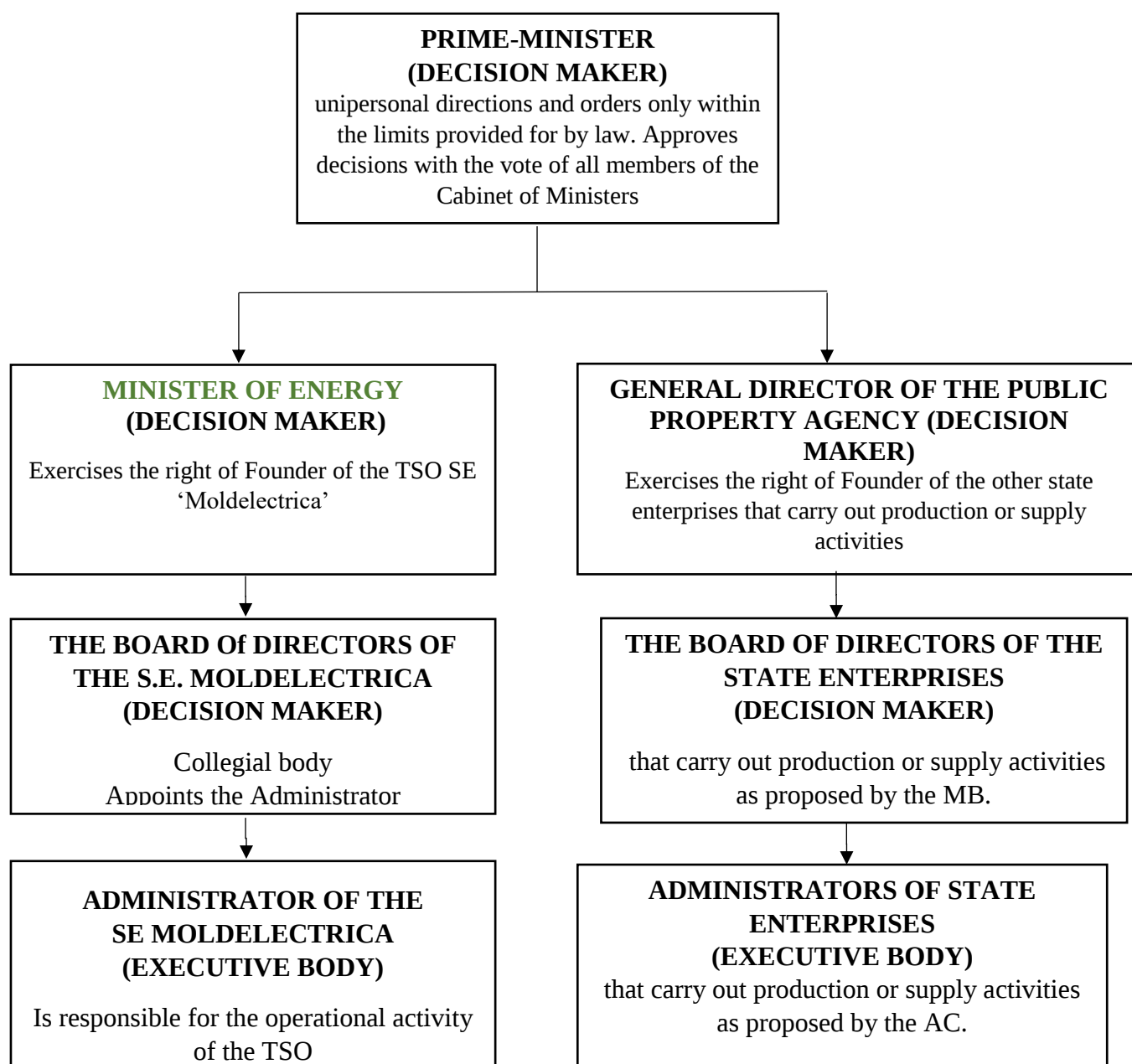
- 1) In accordance with Art. 22 of the *Law on Government No. 136 of 07.07.2017*, the Prime Minister fulfils the following duties:
 - a) represents the Government in relations with the Parliament and the President of the Republic of Moldova;
 - b) represents the Government in the country and abroad;
 - c) convenes and leads the meetings of the Government;
 - d) signs the acts adopted by the Government;
 - e) monitors the activity of members of the Government;
 - f) countersigns the decrees issued by the President of the Republic of Moldova, if the Constitution of the Republic of Moldova stipulates the obligation to countersign them;
 - g) orders performance of audits of the efficient and timely performance by the State Chancellery, ministries, other central administration authorities and organizational structures of their duties that fall within their competence;
 - h) in performing its functions and duties, issues decisions on the organization of the activity of ministries and other central administration authorities and organizational structures that fall within their competence;

- i) signs orders of the Government that are issued for the organization of the internal activity of the Government;
- j) incentivises and applies disciplinary sanctions against members of the Government, heads of central administration authorities and organizational structures that fall within their competence, as well as their deputies;
- k) submits proposals to the President of the Republic of Moldova on the appointment and dismissal of members of the Government;
- l) proposes to the Government, in accordance with the law, the appointment and dismissal, including in the case of a negative result of the professional integrity test, of the General Secretary of the Government, the Deputy General Secretaries of the Government, the heads of central administration authorities and their deputies and, in the cases provided for by law, of the heads of the organizational structures falling within the competence of the ministries and other central administration authorities;
- m) requests the members of the Government and the heads of the central administration authorities and of the organizational structures that fall within their competence to submit activity reports;
- n) informs the Parliament and the President of the Republic of Moldova on matters of major state importance;
- o) performs other duties arising from the provisions of the regulatory framework.

2) To exclude possible involvement on the part of the Government (Prime Minister) in the TSO activities, the following aspects have been additionally analyzed:

- a) Based on Art. 22 of the Law No. 136 of 07.07.2017 on the Government, the Prime Minister leads the Government and coordinates the activities of its members, fulfilling his/her duties. According to Art. 22(2)(h), one of the duties of the Prime Minister is to issue decisions on the organization of activities of ministries and other central administration authorities and organizational structures that fall within their competence.
- b) In accordance with Art. 22 of the Law No. 98 of 04.05.2012 on the specialized central public administration, in his activities, each ministry or other central administration authority complies with the Constitution of the Republic of Moldova, the Law on the Government and other legislative acts, the decrees of the President of the Republic of Moldova, orders and decisions of the Government, as well as its organization and operation regulations approved by the Government.
- c) Art. 6 of the Law No. 121 of 04.05.2007 on the administration and denationalization of public property, strictly lays down the competences of the Government of administration of public property. One of the competences of the Government laid down by Art. 6(1)(e) of the Law No. 121 of 04.05.2007, is adoption of decisions on performance of the function of supervision of the activity of the relevant enterprises.
- d) According to Art. 7(2)(c) of the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise, the Founder appoints and dismisses the chair and members of the Board of Directors. Art.7(3) provides for that the Founder of the state enterprise appoints and dismisses the Administrator of the state enterprise, at the proposal of the Board of Directors. The Founder of the state enterprise transfers the duties of managing the property and carrying out the entrepreneurial activity to the Administrator based on the individual employment contract.

Schematically, based on the provisions above, the hierarchical decision-making structure, starting with the management of the Government up to the state enterprise, can be submitted as follows:



Art. 2(1) of the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise stipulates that the function of Founder of the state enterprise is performed, on behalf of the Government, by the Public Property Agency that reports to the Government.

However, the Government Decision no. 118 of 07.03.2023 on the organization and functioning of the Ministry of Energy (until 14.03.2023 Government Decision no. 690 of 06.11.2017 on the organization and functioning of the Ministry of Infrastructure and Regional Development) establishes by way of derogation from the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise, the List of State Enterprises in which the Ministry of Energy (until 14.03.2023 - MIDR) carries out the duties of the Founder, so that it is the Founder of only one power enterprise – SE Moldelectrica, other power companies with state shareholding such as JSC 'CET-Nord', JSC 'Termoelectrica' (production of electricity), JSC 'Furnizaria Energiei Electrice Nord' (electricity supply) and JSC 'Moldovagaz' (natural gas supply), are included in the list of companies in which the Public Property Agency performs its function of Founder according to Government Decision No. 902 of 06.11.2017 on the organization and operation of the Public Property Agency.

In this way, ANRE finds out that the Government of the Republic of Moldova has ensured the independence of the TSO by excluding the direct or indirect exercise of control by the Ministry of

Energy (until 14.03.2023 - MIDR) as the Founder of the SE Moldelectrica and other enterprises that carry out activities of production or supply of electricity or natural gas.

The Ministry of Energy as a Founder of the SE Moldelectrica carries out its duties in relation to the TSO according to the limits expressly set out by the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise.

At the same time, point 1 of the Ministry of Energy Order no. 2 of 29.03.2023 on the provision of the necessary prerequisites for the certification of SE Moldelectrica by applying the model of Independent System Operator (until 14.03.2023 point 1 of MIDR Order no. 155 of 06.09.2022) sets out a series of rules and prohibitions aimed at preventing any interventions by the minister, secretaries of state, the top management, management of subdivisions, the central apparatus of the Ministry and the officers in the economic and operational activity of the TSO, the influence in any way of the access by third parties to the electricity transmission system, the influence in any way of the operator in planning investments and developing the electricity transmission system.

At the same time, point 3 of the Ministry of Energy Order no. 2 of 29.03.2023 on the necessary prerequisites for the certification of SE Moldelectrica through the application of the model "Independent System Operator" establishes exhaustively the rights of the Ministry of Energy in executing the administration duties of public assets of the state, namely:

- To check the records of goods, inventory, their technical and operational status;
- To receive reports upon request on the state of goods of the accounting records of the TSO;
- To enjoy other prerogatives related to the duty of administration of fixed assets set by law;
- Not to be liable for the damages of the assets managed by the TSO, if such damages are caused by the TSO.

By the same Order, the Ministry of Energy has appointed the person responsible for the administration of the transmission networks. Thus, Mrs. Cristina Pereteatcu, Secretary of State, was invested with the right to manage independently - without being directly or indirectly influenced by the minister, the Secretaries of State, high-level management of the Ministry of Energy or other authorities and institutions.

Point 7 of the Ministry of Energy Order no. 2 of 29.03.2023 on the provision of necessary prerequisites for the certification of SE Moldelectrica by applying the model of Independent System Operator model" provides the prohibitions imposed on the electricity transmission network Administrator appointed by the Ministry.

Thus, the Administrator does not have the right:

- To participate in the development and implementation of the state energy policy on the electricity and natural gas markets and that do not belong to the TSOs of electricity and natural gas - as participants to these markets;
- To give instructions (of any shape or form) to the TSO employees regarding its economic activity, including the operation, maintenance or the development of the electricity transmission system, except the cases provided by the legislation and the indicated acts based on the approval current Order;
- to grant advantages/priorities (of any shape or form) to individual economic entities involved in the production and/or supply of electricity;
- to conclude transactions on behalf of the Ministry of Energy and/or its officials and employees, by which they assume obligations towards the enterprises involved in the production/extraction and/or supply of electricity/natural gas;
- to use its influence on the system operator and his activities - to obtain illegal benefits for himself or for other persons;
- to negotiate with individuals and/or legal entities, enter into transactions that would make the Ministry of Energy directly or indirectly the owner of corporate rights, the investor, the party to a joint venture agreement, etc., carrying out the sole or joint control, using any right - in relation to at least one enterprise that is involved in activities of production/extraction and/or supply of electricity/natural gas;

- to negotiate, to take measures for the appointment or participation in the activity of some bodies (conducting duties as a single body) or hold the majority of shares in an economic entity that is part of a vertically integrated enterprise, which is directly or indirectly related to the current production/extraction and/or supply of electricity/natural gas;
- to try to determine the system operator to undertake discriminatory actions against other enterprises on the electricity markets;
- to undertake actions that may have an impact on the economic activity of the system operator, except cases provided by the legislation and the acts indicated on the basis of the approval of this Order;
- to receive instructions (in any form) from enterprises (their officials and employees) engaged in production/extraction and/or supply of electricity/natural gas activities.

In this context, the Ministry of Energy Order no. 6 of 31.03.2023 on the establishment of the areas of activity of the secretaries of state - establishes the areas of activity assigned to the secretary of state Cristina Pereteatcu, as follows:

- a) coordinates and monitors the Ministry's activities in relations to international organizations, international financial and economic institutions, foreign donors and development partners in the energy sector;
- b) assists the minister in coordinating and monitoring the inter-sectoral activity in all areas of competence of the Ministry in order to digitize the energy sectors;
- c) participates in:
 - determining the objectives and strategic directions of activity of the Ministry in the areas of its responsibility;
 - developing of the Ministry's programs and activity plans, reports on their implementation in the areas of its responsibility;
 - proposing the initiation of projects of normative acts in the area of its responsibility, according to the objectives and strategic directions established by the Minister.

Analyzing the basic duties of the person responsible from the Ministry of Energy for the administration of the transmission networks, ANRE finds - no incompatibilities of the positions held with the prohibitions provided in Art. 26 para. (2) from the Law no. 107 of 27.05.2016 on electricity.

Furthermore, the person responsible for the administration of electricity transmission networks, Mrs. Cristina Periteatcu, State Secretary of the Ministry of Energy, provided on 30.03.2023 her statement regarding compliance with Art. 26 para. (2) of the Law on Electricity.

Analysing the structure of the decision-makers in hierarchical terms, starting with the Prime Minister and ending with the Administrator of the state enterprise, it is found out that the management bodies of the state enterprise do not directly report to the leadership of the Government. Moreover, the Board of Directors of the state enterprise is a collegial body of administration, established in accordance with the Law No. 246 of 23.11.2017 on the state enterprise and the municipal enterprise and is made up of an odd number of members who issue decisions during ordinary or extraordinary meetings with the majority vote of members, and the meetings of the Board are recorded in minutes, which are signed by all the Board members who attended the meeting. This procedure, expressly stipulated by the Law, ensures a high transparency in the decision-making process of state enterprises, excluding any involvement or interference of third parties, each member being responsible for the adopted decisions.

Moreover, Art. 21(2) of the Law No. 174 of 21.09.2017 on energy, expressly stipulates that specialized central bodies, other central public administration authorities, regulatory authorities, other public authorities, local public administration authorities, non-commercial organizations **do not have the right:**

- a) *to involve in the activity of power enterprises;*
- b) *to disturb the personnel of power enterprises from fulfilling their duties;*
- c) *to get involved in the contractual relations between power enterprises and consumers, system users, with the exceptions laid down in the Energy Law and sectoral laws.*

Analyzing the list of members of the Board of Directors of the SE Moldelectrica, to evaluate their independence, including potential conflicts of interest due to shareholdings in enterprises that are engaged in electricity or natural gas production or supply, as well as the measures taken to guarantee compliance with the requirements of Art. 26(2) of the Law No. 107 of 27.05.2016, ANRE found out that to comply with the mentioned legal rules, the Ministry of Infrastructure and Regional Development has made changes in the structure of the Board of Directors of the SE Moldelectrica. Thus, by Order No. 140 of 10.08.2022, the member of the Board of Directors, Mrs. Felicia Cristal – Head of the Division of Capitalization of Goods of State Entities, the Corporate Administration Directorate, the Public Property Agency, has been replaced with another member, Mr. Veaceslav Sipitca – Secretary of State at the Ministry of Infrastructure and Regional Development.

After the transfer of SE Moldelectrica to the Ministry of Energy, the list of the members of the Board of Directors remained unchanged (Order no. 3 of 29.03.2023).

However, when ES Moldelectrica submitted the letter no. 46-77/639 of 29.03.2023, ANRE found that the Chairman of the Board of Directors, Nicolae Olari and the member of the Board of Directors Ion Andronic were not officially transferred (internally) within the Ministry of Energy.

In the same context, based on the fact that the Ministry of Energy is in the process of drafting and approving the internal documents for the organization and operation of its subdivisions, the compatibility of Nicolae Olari and Ion Andronic with the positions they shall hold at the Ministry Energy and their duties as members of the Board of Directors of ES Moldelectrica were examined based on job offers for:

- the Head of the Energy Efficiency Department (accepted by Mr. Nicolae Olari);
- Main Consultant within the Electricity Department (accepted by Mr. Ion Andronic).

ANRE has also analysed job descriptions of the two positions mentioned above, the draft of the Regulation on the organization and operation of the Energy Efficiency Directorate and the draft of the Regulation on the organization and operation of the Electricity Directorate.

The applicant for the certification has provided ANRE the declaration on own responsibility regarding the compliance with the provisions of Art. 26(2) of the Law on Electricity, which have been submitted by the Chair of the Board of Directors of the SE Moldelectrica – Mr. Nicolae Olari, Head of the Directorate of Power Policies of the MIRD and other members of the Board of Directors, as follows:

- Mircea Pascaluta – Secretary of State of the MIRD,
- Angela Turcanu – Head of the Policy Analysis, Monitoring and Evaluation Directorate, the MIRD,
- Ion Andronic – Chief Consultant of the Directorate of Power Policies, the MIRD,
- Liliana Moraru – Head of the Legal Division, the Ministry of Economy,
- Elena Matveeva – Head of the Public Debt Directorate, the Ministry of Finance,
- Veaceslav Sipitca – Secretary of State of the MIRD.

Also, the person responsible for the administration of the electricity transmission networks, Mr. Alexandru Otgon – Head of the Institutional Management Directorate of the MIRD submitted his statement of compliance with Art. 26(2) of the Electricity Law.

Since Nicolae Olari and Ion Andronic are employees of the Directorate of Power Policies of the MIRD and also members of the Board of Directors of the TSO, the aspects of compliance with the requirements of independence of the TSO have been verified, taking into account the specifics of the positions held, in order to exclude conflicts of interest or possible promotion of personal interests or third party interests in the policies and regulatory acts developed by the Directorate of Power Policies of the MIRD.

According to the Job Description of Mr. Nicolae Olari – Head of the Directorate of Power Policies, (*position level - public management position*) he has the following basic duties:

- Coordination of the state power policy development process;
- Coordination of policies of sustainable power development of the national economy;
- Coordination of development of power systems in order to ensure secure and reliable supply of electricity and energy resources;
- Coordination of the development of power regulatory act;

- Coordination of the development/application/implementation of foreign assistance projects and programs in the field of power in accordance with the national social and economic development priorities and monitoring of their implementation.

According to the draft job description of Mr. Ion Andronic – Chief Consultant of the Directorate of Power Policies (*position level – public execution function*), he is responsible for the following basic tasks:

- Participation in the development of the regulatory framework related to energy markets and energy resources;
- Participation in the development of power systems in order to ensure secure and reliable supply of power and energy resources;
- Examination of petitions and development of reports related to power and promotion of energy efficiency and operation of renewable energy sources.

At the same time, analyzing the mission, functions and basic duties of the subdivision ‘Directorate of Power Policies’ of the MIRD, the following can be found out:

In its activity, the Directorate is guided by the Activity Plan, approved by the leadership of the Ministry and by the following legislative acts:

1. Law No. 117/2009 for the adhesion of the Republic of Moldova to the Energy Community Treaty;
2. Law No. 174/2017 on energy;
3. Law No. 107/2016 on electricity;
4. Law No. 108/2016 on natural gas;
5. Law No. 92/2014 on thermal energy and promotion of cogeneration;
6. Law No. 10/2016 on the promotion of use of energy from renewable sources;
7. Law No. 139/2018 on energy efficiency;
8. Law No. 44/2014 on the labelling of energy impact products, etc.

Given that Nicolae Olari and Ion Andronic have accepted to be employed by the Ministry of Energy while being members of the Board of Directors of the TSO, prompted ANRE to thoroughly verify all aspects of compliance with the independence criteria of the TSO, considering the specifics of these positions, and in order to exclude any conflict of interests or the possibility of promoting personal or third party interests in the policies and normative acts developed by the Energy Efficiency Directorate and the Electricity Directorate.

The draft job description of the Head of the Energy Efficiency Directorate of Nicolae Olari, has the following basic duties and responsibilities:

- Coordination of the policy development process related to energy efficiency;
- Coordination and promotion of projects of normative acts related to energy efficiency;
- Coordination of activities related to international cooperation, implementation of the provisions of bilateral and multilateral international agreements and conventions related to energy efficiency, to which the Republic of Moldova is a part of;
- Coordination and monitoring of the implementation process of the legislation related to energy efficiency;
- Managing and organizing the Directorate's activity, the implementation of internal managerial control within the Directorate.

The Directorate’s mission is to implement the government policy in the energy efficiency sector by establishing the necessary policies in the area, which will contribute to the improvement of energy supply security and competition, sustainable development, energy saving and greenhouse gas emissions reduction.

If the draft of the Job Description of the Head of the Energy Efficiency Department and the draft Regulation on the organization and operation of the Directorate shall be approved as it is now – ANRE sees no conflicts of interest between the position of Chairman of the Board of Directors SE Moldelectrica and the position of Head of the Energy Efficiency Directorate.

The draft Job Description for the position of main consultant of the Electricity Directorate (the position accepted by Ion Andronic) includes the following duties:

- Drafting the policies on electricity;
- Drafting and promoting projects of normative acts related to electricity;
- Implementing the provisions of bilateral and multilateral international agreements and conventions related to the electricity, to which the Republic of Moldova is a part of;
- Monitoring the implementation of the provisions of the legislation related to electricity;
- Examining and drafting responses to petitions and providing information of public interest, according to the national legal provisions;
- Drafting reports and informative notes related to the implementation of policies on electricity;
- Monitoring the activity of institutions and enterprises controlled by the responsible Ministry.

The Directorate of Electricity mission is to contribute to the implementation of government policy in the energy sector by developing and creating an efficient, sustainable and competitive electricity sector that guarantees the energy security of the country.

ANRE's analysis of the mission, basic functions and tasks of the Electricity Directorate subdivision within the Ministry of Energy, found that:

The Directorate carries out its activity according to: *the Constitution and laws of the Republic of Moldova, the decisions of the Parliament, the decrees of the President of the Republic of Moldova, the decisions and provisions of the Government, the Regulation on the organization and operation of the Ministry of Energy, approved by Government Decision no. 118/2023, the orders of the Minister of Energy, the Activity Plan of the Ministry and Directorate, as well as, the provisions of this Regulation.*

Considering that the member of the Board of Directors of SE Moldelectrica, Ion Andronic, participates in the process of developing policies in the energy sector as an employee of the Electricity Directorate of the Ministry of Energy, ANRE has analysed his possibilities of promoting the interests of some producers or suppliers of electricity or natural gas, and finds that:

- 1) According to Art. 23(2)(c) of the Law No. 100 of 22.12.2017 on regulatory acts, the Government can initiate the drafting of regulatory acts, including through ministries and other central administration authorities.
- 2) Art. 24(2) of the Law No. 100 of 22.12.2017 on regulatory acts, stipulates that the rules and requirements for regulatory acts apply to the substantiation, development, approval, consultation and approval of the policy documents.
- 3) Art. 32(1) of the Law No. 100 of 22.12.2017 on regulatory acts, stipulates that the draft regulatory act, accompanied by the informative note, is submitted for approval to the public authorities responsible for implementation of provisions of the draft, to the interested institutions, as well as to representatives of civil society that draw up and submit to the author the draft opinions on the draft concerned. Concurrently or before the transmission for approval, the draft regulatory act is subject to public consultation in the manner set out by the Law No. 239/2008 on the decision-making transparency.

Therefore, based on the provisions of the Law No. 100 of 22.12.2017 on regulatory acts, the procedure for development of regulatory acts, is not an administrative operation that could only be carried out with the exclusive knowledge of the civil servants responsible for the process, but involves several mandatory phases, which are filters for exclusion of promotion of group or personal interests. Thus, a draft regulatory act developed including by the employees of the **Electricity Directorate of the Ministry of Energy**, must go through the following stages:

- a) informing the public about initiation of the drafting of the decision;
- b) making the draft decision and related materials available to stakeholders;
- c) consultation of citizens, associations, other stakeholders;
- d) examination of recommendations of citizens, associations, other stakeholders of drafting decisions;
- e) informing the public about the adopted decisions.

At the same time, draft regulatory acts are subject to economic, financial, scientific, ecological, anti-corruption, legal expert examination, expert examination of consistency with the European Union legislation or other expert examination provided by legislation, depending on the type of social relations governed by the regulatory act.

Thus, considering the high level of transparency of drafting policy acts and regulatory acts governed by the Law No. 239/2008 on decision-making transparency and the Law No. 100 of 22.12.2017 on regulatory acts, we note the lack of the likelihood to promote clandestinely (without the possibility of detection outside the Ministry of Energy) conflicts of interest, or the favouring of the interests of some companies that produce or supply electricity or natural gas, both by the Chair and by the member of the Board of Directors of the SE Moldelectrica that works in the Electricity Directorate of the Ministry of Energy.

In addition to what has been described, ANRE ensured during the certification procedure that each member of the Board of Directors submits an Affidavit on compliance with the conditions of independence of the transmission system operator.

With regards to the requirements set forth by law regarding the Administrator (starting March 29 2023, General Director) of the TSO SE Moldelectrica, it also confirmed to ANRE compliance with the conditions of independence, including by submitting the notice on the fulfilment of all the conditions of independence of the TSO and the request to initiate certification No. 46-77/1300 of 07.09.2022 with the documents attached to it, as well as by submitting an Affidavit on compliance with the provisions of Art. 26(2) of the Electricity Law.

All the affidavits submitted by the Board members and the Administrator of the SE Moldelectrica, have been verified by ANRE through open sources of information regarding their wealth and personal interests.

4.3. Compliance by the candidate operator with the requirements set out in Art. 26¹(2)(b) of the Electricity Law on the disposal of the financial, technical, physical and human resources necessary to fulfil the functions and obligations of the TSO

4.3.1. Disposal of financial resources necessary to fulfil the duties and obligations of the TSO

In order to confirm compliance with the certification conditions on the disposal of financial sources according to the Independent System Operator model, the applicant submitted the Independent Auditor's Report and the Financial Statements for the reporting year ended on 31.12.2021 prepared by the company 'Baker Tilly and Partners', according to which the Financial Statements provide a true picture, in all significant aspects, of the individual financial position of the SE Moldelectrica, of its financial results and cash flow statement for the reporting year ended in accordance with IFRS. The financial statements have been prepared based on the historical cost method, except for fixed assets, which are recorded in the revaluation amount.

As of 31.12.2021, the share capital of the SE Moldelectrica constitutes, according to the financial statements, 439,088,471 MDL, the equity amounts to 1,137,094,889 MDL on the same date. The value of assets managed by the company is 2,065,574,400 MDL, including tangible assets worth 1,462,671,695 MDL. At the same time, the last evaluation of tangible assets was carried out in 2010 by an external specialized valuer, i.e. 'Moldauiding' LLC. The revaluation has been carried out on the basis of the market price and the estimated value for which they could be exchanged on the evaluation date between the interested buyer and the interested seller under conditions of normal competition where each participant acts voluntarily and with full knowledge of facts. The fair value of the fixed assets was based on the market approach, using the market price for similar items, or the replacement cost (where applicable). Later, in 2015, the SE Moldelectrica performed a test of annual fixed asset impairment in accordance with IAS 16 and IAS 36, existence of fixed asset impairment indices, while the impairment test was performed by the audit company 'KPMG Moldova' LLC. As a result of these tests, the enterprise acknowledged the depreciation of fixed assets in the amount of 290,468,000 MDL. According to the Report as of 31.12.2021 on the analysis of existence of asset impairment indices, they have not been identified.

Therefore, as of 31.12.2021, the applicant does not have updated estimates of the market value of the managed assets. On the same date, the value of the assets in progress includes the amount of 4,132,598 MDL, which is the payment for the MR-RO asynchronous interconnection feasibility study services. Current assets are reflected in the amount of 531 000 453 MDL.

At the same time, the amount of debts made up 928,479,511 MDL, including 734,066,983 MDL of long-term debts (75% constituting loans), 194,412,528 MDL being current debts.

In the reported period, the enterprise had a profit of 54,339,945 MDL, in the same statement, the value of the current assets of the enterprise exceeded the current liabilities by 336,587,925 MDL. These conditions indicate that the enterprise has the necessary financial position to continue the activity.

Net profit distribution method

In accordance with the articles of association of the enterprise and the Law 246/2017 on the state enterprise and the municipal enterprise, the net profit can be used for:

- a) coverage of losses from previous years;
- b) formation of the reserve for the enterprise development;
- c) breakdowns in the state budget;
- d) payment of rewards to members of management and control bodies;
- e) other purposes, if they are not contrary to the legislation.

The net profit distribution decision is approved by the Founder. From the net profit, the enterprise makes up a reserve capital, the amount of which will be 10% of the share capital of the enterprise. The reserve capital is formed from annual breakdowns from the net profit until reaching the amount provided for by the articles of association of the enterprise. The amount of breakdowns is determined by the Founder and will make up no less than 5% and no more than 10% of the annual net profit of the enterprise.

4.3.2. Disposal of technical and physical resources necessary to perform the functions and obligations of the TSO. Description of the technical provision required for the conduct of the electricity transmission activity and the centralized management of the electricity system

The SE Moldelectrica carries out its activity throughout the territory of the Republic of Moldova; its organizational structure is composed of: the central apparatus, which includes 26 services and divisions, as well as 4 branches organized subject to the territorial principle and without legal personality.

1. The **‘North-West HVEN’ branch** carries out the operative management of high-voltage electricity networks, the transmission of electricity through the 35-330 kV networks, the operation and development of the HVEN in the north-western area of the Republic of Moldova (Donduseni, Soroca, Drochia, Edinet, Briceni and Ocnita districts). The balance sheet of the branch includes:

43 substations with a total power of 560.7 MVA, of which,

- | | |
|---------------------------------|--------------|
| - 6 substations of 110/35/10 kV | - 198 MVA; |
| - 17 substations of 110/10/ kV | - 222.0 MVA; |
| - 1 substation of 110/6 kV | - 12.6 MVA; |
| - 15 substations of 35/10 kV | - 103.8 MVA; |
| - 1 substation of 35/10-6 kV | - 10.3 MVA; |
| - 1 substation of 35/6-0.4 kV | - 4.4 MVA; |
| - 1 substation of 35/6 kV | - 4 MVA; |
| - 1 substation of 10/6 kV | - 5.6 MVA. |

821,598 km of power lines along the route, including,

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

2. The **‘North HVEN’ branch** carries out the operative management of high-voltage electricity networks, the transmission of electricity through the 35-330 kV networks, the operation and

development of the HVEN in the northern area of the Republic of Moldova (Balti municipality, Glodeni, Falesti, Ungheni, Sangerei, Floresti, Rezina, Soldanesti and Rascani districts).

The balance sheet of the branch includes:

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

- 1 substation of 330/110/10 kV - 600.0 MVA;
- 11 substations of 110/35/10 kV - 291.6 MVA;
- 19 substations of 110/10 kV - 292.5 MVA;
- 1 substation of 110/10-6 kV - 16.3 MVA;
- 23 substations of 35/10 kV - 132.7 MVA;
- 4 substations of 35/10-6 kV - 28.3 MVA.

1092.93 km of power lines along the route, including,

- 330 kV OPL - 48.65 km;
- 110 kV OPL - 676.32 km;
- 35 kV OPL - 367.96 km.

3. **The 'South HVEN' branch** carries out the operative management of high-voltage electricity networks, the transmission of electricity through the 110-400 kV networks, the operation and development of the HVEN in the southern area of the Republic of Moldova (Cimislia, Basarabasca, Comrat, Leova, Cantemir, Taraclia, Ceadar-Lunga, Vulcanesti and Cahul districts). Additionally, it manages the 400 kV Vulcanesti-MGRES OPL, which crosses the territory of Ukraine in some areas, but is managed and operated by the SE Moldelectrica.

The balance sheet of the branch includes:

34 substations with a total power of 1063.1 MVA, of which,

- 1 substation of 400/110/35 kV - 500.0 MVA;
- 8 substations of 110/35/10 kV - 240 MVA.
- 25 substations of 110/10 kV - 323.1 MVA;

989.57 km of power lines along the route, including,

- 400 kV OPL - 203 km;
- 110 kV OPL - 755.27 km;
- 35 kV OPL - 31.3 km.

4. **The 'Centre HVEN' branch** carries out the operative management of high-voltage electricity networks, the transmission of electricity through the 35-330 kV networks, the operation and development of the HVEN in the central area of the Republic of Moldova (Straseni, Calarasi, Nisporeni, Telenesti, Orhei, Hancesti, Ialoveni, Stefan-Voda, Causeni and Anenii Noi districts).

The balance sheet of the branch includes:

47 substations with a total power of 1740.2 MVA, of which,

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

1149,71 km of power lines on the route, including,

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

In addition to the submitted technical data, on the date of submission of the application for certification by the SE Moldelectrica the following transmission infrastructure development projects are being developed:

1. Vulcanesti Back-to-Back Station (2x300 MW) (commissioning is planned in 2023)

2. 400 kV Vulcanesti - Chisinau OPL with a length of approx. 158 km (commissioning is planned in 2023).

4.3.3. Interstate networks

The interstate connections include 7 OPLs of 330 kV and 12 OPLs of 110 kV with Ukraine, 4 OPLs of 110 kV and 1 OPL of 400 kV with Romania.

Overhead power lines (OPLs) of interconnection with the Electricity System of Ukraine:

The South Electricity System (ES) (Odessa city):

- OPL 330 kV SRPP Moldoveneasca – Novoodeskaia,
- OPL 330 kV SRPP Moldoveneasca – Usatovo,
- OPL 330 kV SRPP Moldoveneasca – Podolskaia,
- OPL 330 kV SRPP Moldoveneasca – Artiz,
- OPL 330 kV Podolskaia – Ribnita 1,
- OPL 330 kV Podolskaia – Ribnita 2,
- OPL 110 kV SRPP Moldoveneasca – Beleaevka,
- OPL 110 kV SRPP Moldoveneasca – Razdelinaia,
- OPL 110 kV SRPP Moldoveneasca – Starokazacie,
- OPL 110 kV Vasilievka – Kr. Ochni,
- OPL 110 kV Vulcanesti – Bolgrad 1,
- OPL 110 kV Vulcanesti – Bolgrad 2,
- OPL 110 kV Vulcanesti – Bolgrad 3,
- OPL 35 kV Etulia – Nagornaia.

The South-West Electricity System (Vinita city):

- OPL 330 kV Balti - HEP Dnestrovsk,
- OPL 110 kV UZ Briceni - HEP Dnestrovsk,
- OPL 110 kV Ochnita – Sahti,
- OPL 110 kV Otaci – Nemia,
- OPL 110 kV Larga – Nelipovti,
- OPL 110 kV Poroghi – Soroca,
- OPL 10 kV Mamaliga – Criva.

Overhead power lines (OPL) of interconnection with the Electricity System of Romania:

- OPL 400 kV Vulcanesti – Isaccea,
- OPL 110 kV Costesti – Stanca,
- OPL 110 kV Ungheni – Tutora,
- OPL 110 kV Cioara – Husi,
- OPL 110 kV Gotesti – Falciu.

Relations of the Republic of Moldova with the Transnistrian region:

The SE Moldelectrica carries out the operative management and dispatching of the transmission system in the Transnistrian region, but it does not own any transmission systems in this region, as their actual operation is carried out by an enterprise created and controlled by the so-called Transnistrian authorities: ‘Dnestrenergo’ (ГК ГУП „Днестрэнерго”).

4.3.4 Duties of the System Operator

As part of its activity, the TSO SE Moldelectrica is responsible for organization and fulfilment of two basic tasks:

- electricity transmission;
- implementation of the single operative and technological management of the power system of the Republic of Moldova.

Electricity transmission is carried out in strict accordance with the relevant legal provisions, electricity market rules and technical standards of electricity transmission networks.

For this purpose, the SE Moldelectrica:

- services in minimum timeframe, modernizes, rehabilitates and expands the transmission networks;
- ensures the reliable operation of the power system of the Republic of Moldova and the quality of electricity in accordance with the established parameters;
- monitors the actual technical condition of electricity installations, including detects violations that affect the reliability of the system;
- manages the electricity flows in electricity transmission networks;
- operates in parallel with the Electric Systems of the neighbouring states.

4.3.5. Single operative and technological management of the power system of the Republic of Moldova:

As part of the single operative and technological management of the power system of the Republic of Moldova, the SE Moldelectrica carries out:

- the coordination of optimal working load curves of power stations, electricity networks and consumers;
- the calculation of electrical modes;
- the electrical frequency control, ensuring the operation of the automatic control system of current frequency and electrical power, of system and emergency automation;
- training, maintaining, increasing the professional level of the staff.

As part of ensuring the reliable operation of the power system of the Republic of Moldova, the SE Moldelectrica, as a TSO, manages the system's electricity mode and performs the following functions:

- management of the technological working modes of the electricity facilities;
- compliance with the established parameters of reliability of operation of the power system of the Republic of Moldova and of the quality of electricity;
- participation in the organization of the activity of forecasting the volume of electricity production and consumption;
- coordination and performance of connections, repeated connections to the electricity transmission networks, disconnection from them or their repair subject to the rules and terms set in the Code of Networks, as well as in other applicable regulations;
- issuance for the entities of the electricity sector of mandatory operative dispatcher orders and directions, related to the performance of the functions of the system operator;
- development of optimal daily work load curves of power stations and electricity networks;
- participation in drawing up and issuance of technical conditions for the connection of entities from the electric power sector to the electricity transmission network;
- operation of transit electricity interconnections in parallel with the power systems of other countries;
- management of overloads in the electricity transmission networks, including connection lines between systems, in accordance with the Electricity Market Rules, Technical Norms for Electricity Transmission Networks and other regulations governing the access to the network;
- organizes the operative and technical management of the electricity system and the management of electricity flows from the electricity systems of the neighbouring countries;
- ensures the provision of system services, including electricity balancing;
- performs the monitoring of the actual technical condition and level of operation of the electric power facilities.

To ensure that the aforementioned functions and duties are performed, the SE Moldelectrica has premises for the location of dispatch offices (excerpt from the immovable property register is attached) in the following localities:

- the Central Dispatch Office – Chisinau;
- the territorial dispatch offices – Balti, Donduseni, Vatra, Comrat.

4.3.6. Description of the technical competences of the TSO

The SE Moldelectrica is provided with data collection and processing systems as well as with remote power facility control systems. The SE Moldelectrica has implemented an operative management system through the SCADA/EMS dispatcher.

EMS/SCADA refers to real-time information systems and all elements necessary to support the relevant operational activities and functions used in automation of electricity transmission at the level of dispatch centres and control rooms. EMS/SCADA improves the information available to dispatch centre operators, on-site teams, and entities connected to electricity transmission networks such as distribution network operators, electricity producers, etc.

The EMS/SCADA system provides the following important functions for an TSO:

- SCADA monitoring and control functions (remote control) in real time;
- advanced network applications (EMS-type functions), including network modelling;
- management of maintenance, including of on-site teams and resources;
- work management.

The EMS/SCADA system is supported by the automation, protection and control systems of the power stations. Data and information on the current state of the transmission networks are available online at the dispatch centres.

The electricity transmission network is operated and controlled through remote-controlled circuit breakers at dispatch centres. The EMS/SCADA systems also provide dispatch centre operators with relevant information on power flows/circulations in the network, both during normal network operation and in emergency situations.

The corporate network of data transmission and IP telephony is built on the basis of VPN channels leased from operators and has own cable lines, made of copper or fibber optic conductors. Ten telephone stations provide dispatch and automated communication. A backup IP telephony system has been arranged to ensure dispatcher communication.

In 2016, the Stells Line complex was put into operation, consisting of 20 servers and a number of GSM communication network gateways, for the recording of operative calls of dispatchers from dispatch centres of different hierarchical levels. This complex ensures that calls from all types of terminals (IP, GSM, analogue ones, etc.) are recorded. At the same time, the PHOBOS complex is also used to record the calls of dispatchers from the Central Dispatch Office through the Minicom DX-500 dispatcher telephone station.

All digital telecommunications equipment is provided with power supply: online UPS installations, built-in 48 V DC storage batteries, inverters and diesel generators. The system additionally uses 220 V DC 'ELTEC' storage battery installations and KAY50-220 installations to supply the machines with DC voltage.

Information on provision with transport, machinery and mechanisms for harmless operation, maintenance and repair of the electricity transmission networks

As of 01.01.2022, the balance sheet of the enterprise includes 255 vehicles, mechanisms and machines, which are distributed among four HVEN branches and the Production Base.

Table No. 1

No.	Type of transport unit (mechanism)	BRANCH					Total per enterprise
		North-West	North	Centre	South	Production Base	
1	Motor trucks	7	23	3	10	6	49
2	Cars	8	8	14	11	19	60
3	Busses				1	2	3
4	Minibuses		2		1		3
5	Special passenger vehicles	15	5	29	15	1	65
6	Cranes	3	1	2	2	1	9
7	Tower wagons	2	4		1		7
8	Hydraulic car lift			3	3		6
9	Laboratories	2	2	3	2		9
10	Tank trucks	1	1	1	1		4
11	Car trailer	5	3		1	1	10
12	Tractors	2	2	4	1		9
13	Tractor trailer			1	1	8	10
14	Scooter				1		1
15	Autoloader			1	1	1	3
16	Welding machines	1	1	2	1		5
18	Car with drilling device					1	1
19	Motor press		1				1
	Total	46	53	63	53	40	255

4.3.7 Laboratories of primary electrical equipment diagnostics

The SE Moldelectrica has specialized laboratories and equipment for the diagnostics of the primary electrical equipment necessary for the effective management of the assets and ensuring the necessary level of reliability of the transmission system operation.

The system of technical diagnostics of electrical equipment established within the SE Moldelectrica consists of two main levels:

1. The first level is active and consists in obtaining the technical parameters of the primary electrical equipment based on classical methods during planned trials.

These works are carried out by four territorial subdivisions of the HVEN branches. Each subdivision has two mobile electro-technical laboratories as follows:

List of mobile electro-technical laboratories (ETLs) of the subdivisions of the Overvoltage Protection Isolation Service

Table no. 2.

Subdivision	ETL	Manufacturer	Year of manufacture
North-West HVEN	ЭТЛ-35-02	ХК Ярославский ЭМЗ	1990
	ЛВИ 3	ООО Харьков Энергоприбор	2012
North HVEN	ЛВИ 3М	ХК Ярославский ЭМЗ	2004
	Astra-Megger	ООО Megger Rus	2019
Centre HVEN	ЛВИ 3	ХК Ярославский ЭМЗ	2003
	Astra-Megger	ООО Megger Rus	2019
South HVEN	ЭТЛ 35	ХК Ярославский ЭМЗ	1990
	ЛВИ 3М	ХК Ярославский ЭМЗ	2007

The equipment of the mobile electro-technical laboratories allows performing the following basic tests and trials:

- Measuring the insulation resistance of electrical equipment;
- Measuring the tangent of the dielectric loss angle of the insulation at voltages up to 12 kV AC;
- Measurement of the ohmic resistance in direct current;
- Measurement of the ohmic resistance of current paths and contact joints;
- Verification of the characteristics of medium- and high-voltage switches;
- Verification of the transformation ratio and of the connection group;
- Verification of electrical equipment parameters in idle mode;
- Measurement of basic electrical values;
- Testing of the isolation of the electrical equipment with the voltage applied by the industrial frequency;
- Testing of the isolation of the electrical equipment with the applied direct current voltage;
- Testing of the isolation of electrical equipment with the voltage applied by the low frequency 0.1 Hz with measurement of the level of partial discharges;
- Location of insulation defects in medium and low voltage electrical cables;
- Thermo-graphic control of electrical equipment.

At the same time, considering that in the majority of the electrical equipment managed by the SE Moldelectrica mineral transformer oil is used as an insulation and cooling medium, each territorial subdivision has a chemical laboratory provided with everything that is necessary for basic physical and chemical analysis of the oil. The provided equipment enables checking the following parameters of the transformer oil:

- Physical and chemical analyzes of the transformer oil;
- Dielectric strength of the transformer oil;
- Tangent of the dielectric loss angle of the transformer oil at different temperatures;
- Moisture content in the transformer oil.

2. The second level of the technical diagnostic system of the electrical equipment is responsible for the technical condition of the assets of the Electricity Transmission Network and the assessment of the risks of their failure and safety aspects of operation by detecting defects at their initial stage and development of corrective and preventive maintenance measures based on new diagnostic methods.

The specific works of this level are executed by the central subdivision of the SE Moldelectrica which evaluates the specific parameters of the electrical equipment and the transformer oil as follows:

- Verification of the voltage regulation switches under load at power transformers;
- Evaluation of the mechanical condition of the active part of power transformers by obtaining and analysing the frequency response characteristics;
- Evaluation of the humidity level in the solid insulation of electrical equipment by the dielectric response method;
- Localization of partial discharges in the power transformer tanks;
- Chromatographic analysis of gases dissolved in transformer oil;
- Analysis of the total content of dissolved gases and moisture content in the transformer oil by the chromatographic method;
- Analysis of moisture content of the transformer oil based on the Karl Fischer titration method;
- Chromatographic analysis of the content of furan derivatives in the transformer oil;
- Chromatographic analysis of antioxidant additive content in transformer oil.

All the works are carried out by the qualified staff of the SE Moldelectrica consisting of engineers, chemical analysis and electrical motor technicians who ensure that data on the state of the primary electrical equipment are obtained; the obtained data are evaluated and the recommendations are developed for preventive and corrective maintenance actions in order to ensure effective management of assets and the required level of reliability in the electricity transmission system.

4.3.8. Metrological support of the SE Moldelectrica

The metrological support of the SE Moldelectrica is provided by the Metrology Service (MS). In its activity the MS is guided by the legislation in force, the Metrology Law No. 19 of 04.03.2016.

The basic task of the MS is to ensure the uniformity and necessary (regulated) accuracy and authenticity of all types of measurements at the enterprise, raising the level of development of the measurement technique. Organization of implementation and control over compliance with legislation and regulations applicable to the field. Organization and implementation of the record keeping, keeping and operation of the means of measurement at the enterprise. Organization and performance of the repair and verification/calibration of the measuring instruments taken under control. Implementation of modern technologies, methods and means of measurement, automated control and measurement systems.

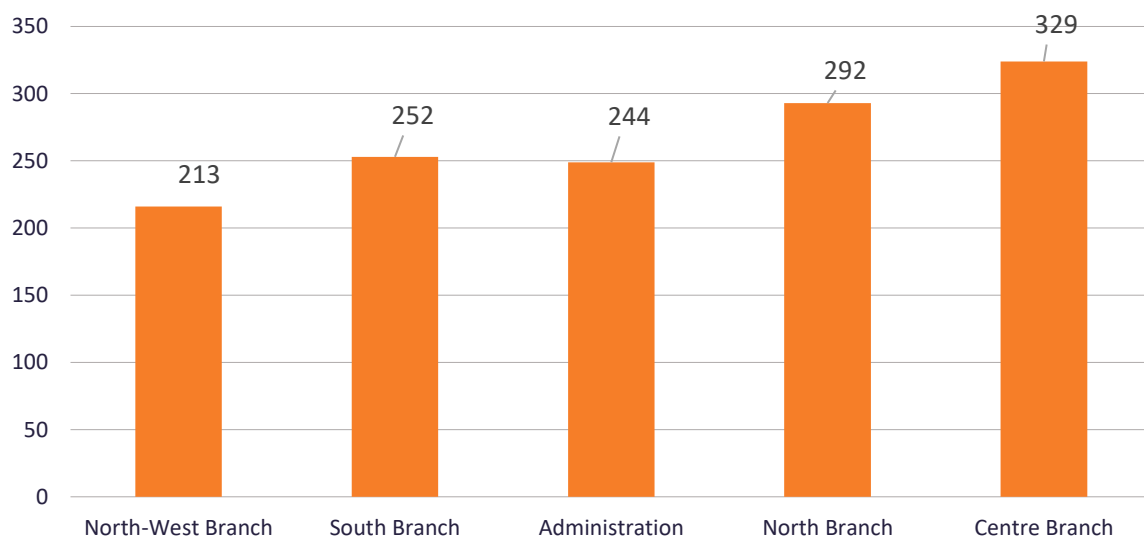
There are 2,0781 measuring units managed by the Metrology Service.

The Metrology Service has also been developed and implemented by the Management System of calibration works of the measuring instruments of the enterprise according to the provisions of the standard SM EN ISO/CEI 17025:2018 General requirements for the competence of trial and calibration laboratories. According to the requirements of the SM EN ISO/CEI 17025:2018 standard, three lines of action implementation are foreseen: regulatory basis; equipment and locations; personnel and training.

4.3.9. Human resources necessary to perform the functions and obligations of the TSO

The organizational structure of the enterprise provides for a personnel of 1365 members. As of 01.01.2022, the statutory personnel of the SE Moldelectrica makes up 1330 persons. Of the total personnel, 7 persons ensure the overall management of the enterprise, 208 persons ensure the management at the level of subdivisions, 382 persons are involved in the administrative activity and 733 persons ensure the operational activity.

Figure 1. Statutory personnel of the enterprise as of 01.01.2022



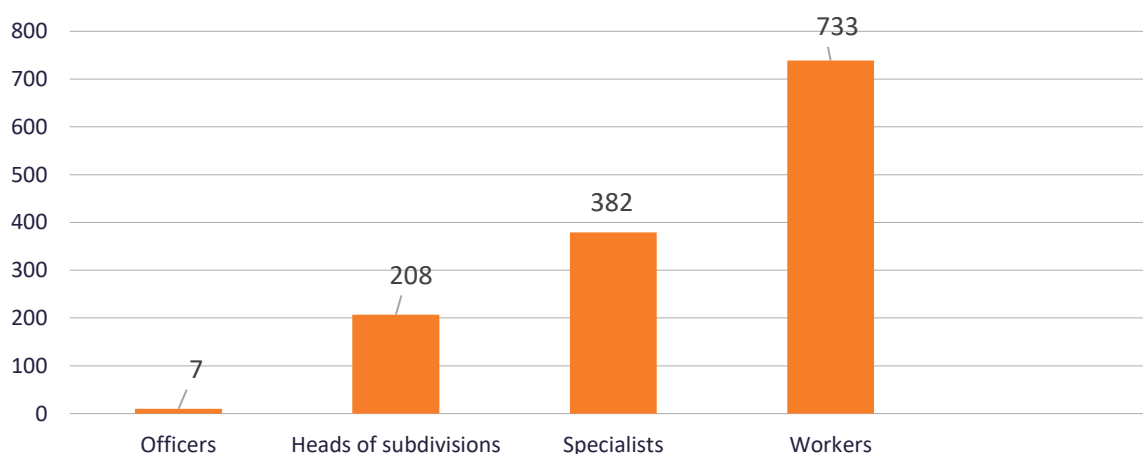
Of the total employees of the enterprise, 15% hold management positions, 28% are specialists and 55% are workers.

Figure 2. Professional development of employees according to education
(the information in the table reflects the situation as of the date of submission of the application for certification)

Education	Number
Beginning	1
Incomplete secondary education	47
General education	111
Incomplete education with Technical Vocational School	48
General education (with Technical Vocational School)	261
Special secondary education	268
Incomplete higher education	2
Short-term higher education	42
Higher education	537
Total:	1327

According to the submitted data, approx. 58% of employees of the SE Moldelectrica have higher and specialized secondary education. The qualification of the employees corresponds to the needs of the works performed by them.

Figure 3. Distribution of the personnel of the SE Moldelectrica by categories



4.4. Compliance by the candidate operator with the requirements provided for in Art. 26¹(2)(c) of the Electricity Law, regarding the assumption of the commitment to comply with a development plan for the electricity transmission network for 10 years.

In accordance with Art. 34(4) of the Electricity Law, the TSO is obliged to submit the development plan to ANRE for examination and approval. In this regard, the SE Moldelectrica submitted for approval the Development Plan of the Electricity Transmission Networks for the period 2018-2027, which was approved by the Decision of the Administration Council of ANRE No. 523/2017 of 27.12.2017.

The Plan has been developed taking into account the fact that the Republic of Moldova, having a common border with Romania to the west and with Ukraine to the north and east, had the electricity systems of these states, which did not work in parallel, and were synchronized only on 16 March 2022. At present, the power system of the Republic of Moldova operates in parallel with the power system of Ukraine, being interconnected through 7 very high-voltage (330 kV) and 11 high-voltage (110 kV) overhead power lines (OPLs). At the moment, the connection at the Moldova - Romania border is made only through the 400 kV Vulcanesti-Isaccea OPL, while the 110 kV OPL is not operated due to technical constraints on the part of Romania. These lines can only be operated in radial mode, supplying consumption islands.

4.5. Compliance by the candidate operator with the requirements provided for in Art. 26¹(2)(d) of the Electricity Law, through the confirmation by the owner of the electricity transmission networks of the ability to fulfil its obligations.

In accordance with Art. 26¹(5) of the Electricity Law, the network owner shall fulfil with the following obligations:

- a) to fully ensure the cooperation and support necessary to the independent system operator for fulfilment of its duties, providing it, in particular, with all the relevant information;
- b) to finance the investments decided by the independent system operator and approved by ANRE or to consent to them being financed by any stakeholder, including by the independent system operator;
- c) to bear liability for the goods/assets of the electricity transmission network, except for the liability for the goods transferred to the independent system operator;
- d) to offer guarantees for the facilitation of financing of possible expansions of the electricity transmission network, except for investments for which it has consented to be financed by any stakeholder, including by the independent system operator.

According to [Annex no. 6 from the Government Decision no. 118 of 07.03.2023 on the organization and operation of the Ministry of Energy \(the date the certification application was submitted\)](#), Annex No. 3¹ to Government Decision No. 690 of 30 August 2017 ‘On the organization and operation of the Ministry of Infrastructure and Regional Development’, Ministry of Energy carries out the duties of the sole Founder of the SE Moldelectrica.

In order to confirm fulfilment of obligations of the owner of the electricity transmission networks, the articles of association of the SE Moldelectrica have been amended by introducing an additional point (Point 16.1) with the following content:

‘**16.1.** The owner of the transmission network has the following duties according to Art. 26¹(5) of the Electricity Law 107/2016:

- to fully ensure the necessary cooperation and support for the enterprise to fulfil the duties of independent system operator, providing, in particular, all the relevant information;
- to finance the investments decided by the enterprise as an independent system operator and approved by ANRE. The relevant financing measures are subject to approval by the Agency. Before approving such measures, ANRE shall consult both the owner of the assets and the other stakeholders;
- to bear liability for the goods/assets of the electricity transmission network, except for the liability for the goods transferred to the enterprise as an independent system operator;
- to offer guarantees for facilitation of financing of possible expansions of the electricity transmission network, except for investments for which it has consented to be financed by any stakeholder, including by the enterprise as an independent system operator.

At the same time, by point 1(e)-(h) of [the Ministry of Energy Order no. 2 of 29.03.2023 on ensuring the necessary premises for the certification of SE Moldelectrica by applying the ISO model \(until 14.03.2023 by MIDR Order no. 155 of 06.09.2022\)](#) the Ministry of Energy undertakes the duties to ensure the execution of the provisions of Art. 26¹ para. (2) lit. d) and respectively para. (5) of the same Article.

4.6. The compliance by the candidate operator with the requirements provided for in Art. 26¹(2)(e) of the Electricity Law, on proving the ability to fulfil the obligations of cooperation between transmission system operators at the European and regional level by the candidate operator.

To confirm its ability to fulfil the obligations of cooperation between the transmission system operators at the European and regional level, the applicant has submitted the following agreements to ANRE:

- Agreement on the conditions of the future interconnection of the power systems of Moldova with the power system of Continental Europe, signed on 29.06.2017 with 30 ENTSO-E members;

- Agreement on the operation of 400 kV Isaccea (Romania) – Vulcanesti (Republic of Moldova) OPL concluded in May 2004 between C.N.T.E.E. Transelectrica SA (Romania) and SE Moldelectrica;
- Operation Agreement on the creation of the regulation block of the power systems of Ukraine and the Republic of Moldova (Эксплуатационное соглашение о названии блока регулирования в союзе энергосистем Украины и Республики Молдова), signed on 10.12.2018 between the SE Moldelectrica and ГП ‘НЕК Укренерго’;
- Contract No. MD001/31.05.2022 and Contract MD002/31.05.2022 signed between the SE Moldelectrica and the SE ‘NPC Ukrenergо’ (ГП ‘НЭК Укренерго’) in order to ensure the parallel activity of the power systems in Ukraine and the Republic of Moldova, synchronously in the common regulation block of ENTSO-E and for the financial settlement of intentional and unintentional deviations FSkar, (Agreement with Ukrenergо on Settlement of unintentional deviations according to FSkar methodology)
- Capacity allocation agreement signed in 2022 by the SE Moldelectrica and the C.N.T.E.E. Transelectrica SA (Romania), on the introduction of bilateral coordinated allocation for the available interconnection capacities (AIC) at the border between the Bidding Zones of Moldelectrica and Transelectrica; these capacities are accessible to market participants in a non-discriminatory way by organizing transparent auction procedures.

4.7. Compliance by the candidate operator with the requirements provided for in Art. 26¹(7) of the Electricity Law, on the obligation to develop and implement the compliance program that contains the measures taken to guarantee the exclusion of discriminatory behaviour and practices, as well as ensures the monitoring of compliance with this program.

The obligation of development and approval of the Compliance Program as well as ensuring the monitoring of compliance by the transmission system operator with the compliance program by the compliance agent, whose candidacy is approved by ANRE, has been included in the Electricity Law by the Law No. 20 of 03.02.2022 on amendment of some regulatory acts. Based on this fact, the applicant submitted to the SE Moldelectrica the Order ‘On the Compliance Program’ No. 327 of 27.08.2022, whereby the enterprise Administrator approved the Program and obliged the relevant subdivisions to inform each employee of its content in order to be applied in the activity.

Following the analysis of the content of the Compliance Program, we find out that it corresponds to the requirements provided for by Art. 26¹(7) and Art. 41 of the Electricity Law No. 107/2016, as well as the Regulation on the manner of monitoring of compliance programs, approved by Decision of ANRE AC No. 482/2017 of 13.12.2017. The applicant transposed into the Program the conditions to be complied with in order to ensure the independence of the TSO and to exclude any discriminatory treatments regarding third party access to the transmission network. Thus, in accordance with point 3.1. of the Program

- a) The TSO cannot carry out the economic activity of production, distribution and supply of electricity;
- b) In order to ensure the TSO's independence from other electricity market companies, and compliance with the principle of non-discrimination and fair relations with market companies, the TSO shall operate in spaces separated from other companies of the sector.
- c) Data and information resources of the TSO are stored separately from other electricity market enterprises and are protected against unauthorized access.

The applicant also established in the Compliance Program a mechanism for preventing and eliminating discrimination against the electricity market participants, which provides for:

- displaying information on its website in a non-discriminatory manner;
- concluding agreements for electricity transmission, control of (operational and technological) dispatchers, solving electricity imbalances, participation in the balancing market in accordance with ANRE Decision no. 283/2020 of 07 August 2020;
- ensuring the allocation of cross-border transmission capacity;

- planning and purchasing electricity to cover technological costs in the most transparent and optimal conditions for the purchase of electricity on the market of bilateral contracts, the day-ahead market and the intraday market;
- ensuring the operation of the auxiliary services market in accordance with the legislation in force.

The Compliance Program contains a series of obligations and restrictions concerning the persons with management positions and the personnel of the TSO, a fact that will contribute to the implementation and compliant application of the rules of the Program by them.

Through the request No. 46-77/2008 of 14.11.2022, the SE Moldelectrica requested the approval of the candidacy of Mrs. Natalia Ilasciuc as a compliance agent of the transmission system operator and the approval of the Service Contract in accordance with Art. 26¹(7) of the Law No. 107/2016.

In accordance with Art. 26¹(7) and Art. 41 of the Law No. 107/2016, points 17, 18, 20 of the Regulation on the procedure for monitoring compliance programs, approved by Decision of ANRE AC No. 482/2017 of 13.12.2017, the compliance agent must meet the following requirements:

- a) for at least 3 years until the date of appointment, he/she has not held any position in the vertically integrated enterprise or in any of its enterprises, except for the operator where he/she is to perform the functions of the compliance agent;
- b) during its term of office, but also for 4 years after termination of his/her term of office, the compliance officer may not hold any position, may not have any professional responsibility or interest, may not be engaged in any direct or indirect business relation with the vertically integrated enterprise, with any of its enterprises, with its majority shareholders or with its founders, except for the operator by which he/she has been appointed¹².

The individual that shall perform the functions of the compliance agent must meet the following professional capacity criteria:

- a) to have higher education in the field of energy, law or economics;
- b) to have at least 3 years of experience in the field of energy, law or economics;
- c) to have a good reputation¹³.

Good reputation is considered to be all official information about a person that confirms the professionalism, good faith, honesty and other qualities that give assurances that the person concerned as a compliance officer will act in accordance with the law and will not act in favour of discriminatory practices or failure to achieve the objective of independence.

In order to confirm compliance with the requirements listed above, the transmission system operator shall submit the following documents:

- a) the application signed by the head;
- b) the questionnaire completed by Mrs. Natalia Ilasciuc;
- c) the copy of the documents certifying the education and, as the case may be, the training and/or professional improvement;
- d) the affidavit on compliance with the conditions of independence.

Analyzing the documents submitted by the candidate operator in order to fulfil the requirement of ensuring the monitoring of the Compliance Program, as well as other relevant data from open sources of information, it has been found out that Mrs. Natalia Ilasciuc graduated from the Technical University of Moldova, Faculty of Energy and Electrical Engineering and obtained in 2010 the degree of master in Engineering and Engineering Activities. Based on the provided information, the candidate for the position of compliance agent worked at the Agency for Consumer Protection and Market Surveillance, the National Social Insurance House and the Preator's Office of Ciocana sector of Chisinau municipality.

¹²Point 17 from the Regulation on the manner of monitoring compliance programs, approved by ANRE's decision no. 482/2017 of 13.12.2017

¹³Point 18 of the Regulation on the manner of monitoring compliance programs, approved by Decision CA of ANRE no. 482/2017 of 13.12.2017

Considering the conformity of Mrs. Natalia Ilasciuc to the conditions and legal requirements established by Art. 26¹(7) and Art. 41 of the Law No. 107/2016, points 17, 18, 20 of the Regulation on the procedure for monitoring of compliance programs, ANRE approved the candidacy proposed by the SE Moldelectrica for the performance of functions of the compliance agent and the draft service contract, which has to be concluded with her¹⁴

At the same time, according to point 4 of Government Decision no. 118 of 07.03.2023 on organization and operation of the Ministry of Energy, as the founder of the SE Moldelectrica, the Ministry of Energy will develop, until 01.05.2023, a compliance program, which will contain the necessary measures to guarantee the exclusion of discriminatory behaviour and practices, as well as, ensure a proper monitoring of compliance with the respective program.

V. CONCLUSION:

Based on the information and evidence submitted within the procedure for applying for the certification of the transmission system operator in accordance with the Art. 25, Art. 26(2)(b)-(d), Art. 26¹ and Art. 27 of the Electricity Law No. 107 of 27.05.2019, the following was found out:

- 1) The SE Moldelectrica is organized as a specialized and independent electric power enterprise, with legal personality, and holds licenses for performance of the activity of electricity transmission and centralized management of the electricity system of the Republic of Moldova;
- 2) The SE Moldelectrica does not carry out other activities in the electricity or natural gas sector and is independent from other electricity or natural gas enterprises;
- 3) The State, through the Ministry of Infrastructure and Regional Development, in its role of owner of the electricity transmission networks of the Republic of Moldova, has transferred for economic management to the electricity transmission system operator SE Moldelectrica the assets related to the electricity transmission activity and has documented compliance with its obligations and restrictions in accordance with Art. 26. (2)(b) – (d) and Art. 26¹(5) of the Electricity Law No. 107 of 27.05.2019;
- 4) According to Government Decision no. 118 of 07.03.2023 on the organization and operation of the Ministry of Energy (on the date of submission of the application for certification Government Decision no. 690 of 30 August 2017 on the organization and operation of the Ministry of Infrastructure and Regional Development), Ministry of Energy conducts carries out the duties of founder only at the SE Moldelectrica and does not control other enterprises involved in the production or supply of electricity and natural gas;
- 5) The SE Moldelectrica has proved that it has the financial, technical, physical and human resources necessary to perform the functions and obligations of electricity transmission system operator;
- 6) The SE Moldelectrica has a Development Plan for electricity transmission networks for the period 2018-2027, which was approved by the Decision of the Administrative Council of ANRE No. 523/2017 of 27.12.2017;

¹⁴ANRE Decision no. 877 of 18.11.2022 on the approval of the compliance officer at SE Moldelectrica

- 7) The SE Moldelectrica has proved its ability to fulfil its obligations of cooperation between transmission and system operators at the European and regional level, by submitting bilateral agreements and contracts, which ensure the management of electricity flows from the electricity systems of the neighbouring countries or directed to them, in a fair, transparent and non-discriminatory manner, in accordance with the clauses of the contracts concluded by the participants of the electricity market, in accordance with the requests submitted by the parties that have concluded contracts in this regard.

Considering the above, according to art. 25, 26 par. (2) let. b)-d), 261 and 27 of the Law no. 107 of 27.05.2019 on electricity, the National Agency for Energy Regulation has determined that SE Moldelectrica fulfills the necessary conditions for the designation and certification of the electricity TSO according to the model of Independent System Operator.