

**Report on the use of revenues from capacity allocation  
interconnection between 1 January 2023 and 31 December 2023**

In accordance with the provisions of Art. 19 para. (2) and (3) of *Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity*, revenues resulting from the allocation of interconnection capacity shall be used by the transmission system operator for the following purposes:

- a) guaranteeing the actual availability of the allocated capacity, including firmness compensation;
- b) maintaining or increasing cross-zonal capacities by optimising the use of existing interconnectors through coordinated remedial action, where appropriate, or covering costs arising from network investments relevant to reducing congestion of interconnectors;
- c) if the objectives related to the priorities set out in points (a) and (b) have been adequately achieved, those revenues may be used as revenues to be taken into account by regulatory authorities when approving the methodology for calculating network tariffs or setting network tariffs, or both;

The residual revenues shall be placed on a separate internal account of the transmission system operator until such time as it can be spent for those purposes.

Also, according to the provisions of Art. 9 para. (1) of *Council Regulation (EU) 2022/1854 of 6 October 2022 on emergency response to address high energy prices*, by way of derogation from Union rules on congestion revenues resulting from the allocation of cross-zonal capacity (revenues from allocation of cross-border interconnection capacities), Member States may use the excess revenues to finance measures to support final energy customers Electrical. Under Article 10(4)(b) of that regulation, those measures to support final customers may consist in using excess revenues from the allocation of cross-border interconnection capacities to reduce network tariffs.

The Romanian transmission system operator, CNTEE Transelectrica S.A., is responsible for managing congestion revenues resulting from the allocation of interconnection capacity between Romania and Serbia, Hungary, Bulgaria, Ukraine and Moldova.

Every year, CNTEE Transelectrica S.A. submits to ANRE the monitoring of the use of revenues obtained from the allocation of interconnection capacities on borders. The mentioned revenues, realized between 1 January 2023 and 31 December 2023, are presented separately by months and by borders, in Table no. 1.

The analysis of the amounts collected indicates that approx. 34.24% of revenues come from the allocation of capacity for export, approx. 47.76% of revenues come from capacity allocation for import and 17.99% from the Flow-Based Market Coupling mechanism on the Romania-Hungary border. The distribution by borders indicates that ca. 50,48 % of revenues shall come from capacity allocated on the border with Hungary, 42,65 % from capacity allocation on the border with Bulgaria, 6,13 % from capacity allocation on the border with Serbia, 0,25 % of capacity allocation on the border with Ukraine and 0,49 % of revenues from capacity allocation on the border with the Republic of Moldova.

At the beginning of 2023, CNTEE Transelectrica S.A. had deposited in the dedicated account the amount of 180,501,945 lei (of which 163,619,697 lei represents the component related to the borders with EU member states, and 16,882,248 lei represents the component related to the borders with non-EU member states).

The aforementioned amount of 180,501,945 lei resulted as a result of the correction in 2023 of the value of the total balance at the end of 2022 of 168,006,436 lei, which was found in the ANRE report for 2022, as follows:

- for the expenses incurred in 2021 for the 400kV OHL Cernavoda – Stalpu project, the operator received as an advance the amount of EUR 8,012,902.4 representing non-reimbursable external funds, considered at that time at the NBR exchange rate of 31.12.2021 of lei 4.9481/EUR. The amount of expenditure related to revenues from capacity allocation was calculated as the difference between the value of works and the value financed from EU funds. It was corrected in 2023, at the time of submission of the reimbursement application no. 3 European funds for this project, by recalculating at EU indications the amount of 8,012,902.4 Euro representing non-reimbursable external funds using the average exchange rate of the European Central Bank, of 4.9285 lei/Euro. Thus, in 2023, an increase in expenses related to allocation revenues of 2021 resulted in the amount of 156,763 lei;
- the change in the legal reserve for 2022 as a result of reaching the legal maximum ceiling of the reserve fund in 2022, resulting in the allocation for 2022 of a lower percentage of the company's gross profit compared to the standard percentage, namely 1,227% compared to 5%.

During the period between January 1, 2023 and December 31, 2023, CNTEE Transelectrica S.A. recorded congestion revenues totaling 343,177,653 lei. Of this amount, 319,607,021 lei represent revenues obtained at borders with EU Member States.

In accordance with the provisions of Art. 9 para. (2) and (3) of Regulation (EU) 2022/1854, congestion revenues amounting to 90,162,436 lei were used in the calculation of the regulated revenue on the basis of which the transmission tariffs applicable in 2023 were established, of which 66,591,814 lei from the revenue component from the allocation of interconnection capacities obtained on borders with EU states.

In accordance with the provisions of the applicable national legislation, the resulting revenues are found within the annual gross result obtained by the company and it is distributed by destination, in accordance with the provisions of *Government Ordinance no. 64/2001 on profit distribution to national companies, national companies and companies with full or majority state capital, as well as to autonomous companies*, as amended.

In 2023, it was not necessary to retain a legal reserve, given that the operator reached the legal maximum ceiling of the reserve fund in 2022.

Thus, after applying the 16% corporate tax, the amount remaining and deposited between January 1, 2023 and December 31, 2023 in the special account intended was 212,532,783 lei.

Between January 1, 2023 and December 31, 2023, the amount of 40,952,655 lei was used to maintain or increase the existing interconnection capacities. This amount was used for projects provided for in the National Development Plan for the period 2022-2031, classified in the category of projects "F -

Increase of interconnection capacity", according to the detailed situation by projects in table no. 2, column corresponding to 2023.

- Positions 2 to 4 of Table 2 are projects part of the *Mid Continental East Corridor* group of projects, included in the TYNDP European Plan (project code 144); the projects were included in the list of projects of common interest approved by *Commission Delegated Regulation (EU) 2022/564 of 19.11.2021 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the list of projects common interest of the Union* (project code 3.22); these are projects in the category "Increase of interconnection capacity" (with codes F.1 to F.3 of the National Development Plan for the period 2022-2031).

These projects contribute to the following European priority objectives:

- increasing the transfer capacity on the East-West corridor in South-East and Central Europe (RO->SB: 844MW, RO->HU: 335MW, SB->RO: 600MW, HU->RO: 617MW). Increasing cross-border transfer capacity allows European countries to exchange more energy, with implications for reducing price differences between EU countries;
- removing congestion and integrating the RES into the European network. Increasing the transfer capacity on the East-West corridor of South-Eastern and Central Europe will lead to supporting a large-scale integration of RES technologies in the South-West of Romania and North-East Serbia.

- Positions 5 to 9 of Table no. 2 are projects within the Black Sea Corridor group of projects, included in the TYNDP European plan (project code 138), are included in the list of projects of common interest approved by *Commission Delegated Regulation (EU) 2020/389 of 31.10.2019 amending Regulation (EU) no. 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest* (project code 3.8); these are projects in the category "Increasing interconnection capacity" (with codes F.4-F.8 within the National Development Plan for the period 2022-2031).

These projects contribute to the following European priority objectives:

- increasing the North-South transfer capacity on the border between Romania and Bulgaria, with implications for reducing price differences between EU countries (RO->BG: 600MW; BG->RO: 600MW);
- congestion removal and integration of the RES into the European network. Increasing the transfer capacity in the predominantly North-South direction at the border between Romania and Bulgaria will lead to supporting a large-scale integration of RES technologies in the Black Sea coast area, in both countries and especially Romania.

- Position 10 of table no. 2 is a project in the category "Increasing interconnection capacity" (code F.9 of the National Development Plan for the period 2022-2031), which contributes to increasing the transfer capacity on the Romania-Moldova border.

This project, together from the picture. 11, contributes to increasing the transfer capacity on the border between Romania and the Republic of Moldova (RO->MD: 350MW; MD->RO: 350MW).

Out of the total amount used, the amount of 40,830,799 lei was used to achieve the priority objectives set out in Article 19 para. (2) of Regulation (EU) 943/2019, i.e. investments to increase interconnection capacity on borders with EU countries set out in headings 2 to 9.

At the end of 2023, at the disposal of CNTEE Transelectrica S.A. remained the amount of 352,082,073 lei deposited in the dedicated account, broken down according to the table below:

January 1, 2023 – December 31, 2023	on borders		TOTAL
	UE	non-UE	
Initial balance	163.619.697	16.882.248	180.501.945
Revenues from the allocation of interconnection capacity, showing separately:	319.607.021	23.570.622	343.177.653
- Revenue used in the calculation of the transport tariff	66.591.814	23.570.622	90.162.436
- Revenue to be distributed	253.015.218	-	253.015.218
- Tax 16%	40.482.435	-	40.482.435
- Income paid into a separate account	212.532.783	-	212.532.783
Payments made	40.830.799	121.856	40.952.655
Final balance = Initial balance + Revenue paid – Payments made	335.321.681	16.760.392	352.082.073

The total revenues transferred to the separate account between January 1, 2013 and December 31, 2023, after applying the corporate income tax and the legal reserve, are 1,007,721,665 lei, of which 889,389,594 lei represents the component of income obtained at EU borders. From the total revenues transferred to the separate account, between January 1, 2013 and December 31, 2023, the total amount of 655,639,593 lei was used, of which 554,067,914 lei to finance investments dedicated to reducing congestion on the borders with EU states, according to the breakdown by year and projects presented in Table no. 2.

For 2023, ANRE issued Decision no. 2322/21.12.2022 approving the expenses for 2023 from the revenues for allocating interconnection capacity. The expenditure forecast by this decision and the expenditure incurred are shown in Table No. 3.

Table No. 1 –Gross revenues obtained from the allocation of interconnection capacities on borders (lei)

		January	February	March	April	May	June	July	August	September	October	November	December	Total 2023
Borders with EU countries	Romania - Bulgaria	1.288.381	994.028	918.341	1.532.986	770.934	840.079	1.040.458	984.926	1091.518	1454.288	1.616.297	1.782.262	14.314.498
	Bulgaria - Romania	14.045.789	12.902.997	10.519.347	9.615.224	9.709.198	10.072.214	10.879.754	10.508.182	10.778.221	10.276.097	10.839.510	11.904.940	132.051.473
	Romania - Ungaria	9.729.366	9.252.965	5.855.741	5.816.100	6.635.870	5.467.858	8.113.940	6.763.796	5.697.546	6.145.616	6.119.669	7.279.689	82.878.157
	Ungaria - Romania	2.640.585	2.622.104	2.162.027	2.044.825	2.095.084	1.867.699	1.898.680	2.701.405	2.193.268	2.779.073	3.126.942	2.491.648	28.623.340
	RO-HU FB MC	9.420.971	7.645.897	4.071.837	8.396.083	320.280	8.164.083	2.120.695	2.581.778	1.616.212	3.566.875	8.103.672	5.731.171	61.739.553
Borders with non-EU countries	Romania - Serbia	4.847.698	1.378.104	1.434.640	1.599.191	1.185.363	1.134.020	1.206.449	1.128.128	1.316.668	1.330.881	1.259.425	1.400.508	19.221.076
	Serbia - Romania	160.430	173.883	193.528	222.724	153.008	124.211	138.173	112.570	127.313	136.308	125.532	136.614	1.804.294
	Romania - Ucraina	-	-	-	-	-	-	-	-	-	-	150.605	622.705	773.309
	Ucraina - Romania	-	-	-	-	-	-	-	-	-	-	84.143	-	84.143
	Romania - Moldova	-	-	7	-	28.621	270.411	527	12.333	-	-	60	15.875	327.834
	Moldova - Romania	-	-	-	449.966	144.581	-	-	-	618.069	136.923	10.437	-	1.359.976
TOTAL		42.133.220	34.969.978	25.155.470	29.677.098	21.042.940	27.940.576	25.398.677	24.793.118	23.438.814	25.826.060	31.436.292	31.365.412	343.177.653

Table no. 2 – Revenue used from 1 January 2013 to 31 December 2023

Nr. Crt.	Project name	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2023												
1	LEA 400 kV interconnection Reșița (România) - Pancevo (Serbia)	356.936	4.018.228	34.716.516	21.361.325	26.138.958	13.185.905	30.850	-	(4.201.871)	(709.695) <sup>2)</sup>	-	94.897.153												
2	Switching the shaft to 400 kV Portile de Fier - Reșița - Timișoara - Săcălaz - Arad:	-	-	-	-	-	-	-	-	-	-	-	Stage I: LEA 400kV s.c. Porțile de Fier - (Anina) - Reșița + Station expansion Portile de Fier + Stația Reșița	2.278.157	6.881.316	63.605.771	-25.646.091	9.995.497	(15.253.698)	35.532.572	14.415.211	22.566.792	24.212.185	57.206.008	195.793.721
3													Stage II: LEA 400 KV d.c. Reșița -Timișoara - Săcălaz + Station 400kV Timișoara+ Station 110 kV Timișoara	-	-	-	-	-	-	3.879.031	3.208.491	1.257.555	(617.731) <sup>3)</sup>	(6.385.703) <sup>4)</sup>	1.341.643
4													Stage III: LEA 400 KV d.c.Timisoara - Sacalaz - Arad + station 400/110 kv Sacalaz + station expansion Arad	-	-	-	-	-	-	-	-	-	248.750	45.750	294.500
5													LEA 400 KV d.c. (1 c.e) Gutinas-Smardan	3.870	19.921	11.838	55.185	467.054	487.522	105.849	136.502	(221.772)	93.164.331	4.967.280	99.197.580
6	Extension of 400 kv Cernavoda substation, et. II: connection of new lines	-	-	-	-	-	974	239.441	5.355.393	967.662 <sup>1)</sup>	-	906.576	7.470.046												
7	LEA 400 KV d.c. Cernavoda - Stalpu and connection in Gura Ialomitei station (new line)	2.389	3.282	9.159	5.892	1.020	2.489.984	1.980.909	78.880.472	68.959.682 <sup>1)</sup>	84.110.771	(12.721.745) <sup>4)</sup>	223.721,815												
8	Extension of 400 kv station Gura Ialomitei with two cells: 400 KV OHL Cernavoda 3 and OHL 400 KV Stalpu	-	-	-	-	-	-	1.132	(357)	10.847.994 <sup>1)</sup>	5.694.336	(3.188.114) <sup>4)</sup>	13.354.991												
9	400 kv station Stalpu (new substation) + Modernization of 110 kv cells and medium voltage	-	89.500	64.000	49.556	56.425	147.408	-	143.424	890.887 <sup>1)</sup>	6.717.839	747	8.159.786												
10	LEA 400 kV Gadalin - Suceava, including interconnection to NPS	317.094	5.126	4.679	715.704	14.700	359.854	506	1.259	20.000	2.359.350	121.856	3.920.129												
11	LEA 400 kV Suceava - Balti, for the part of the project on the territory of Romania	575.207	165.945	940.000	246.374	818.392	8.463	16	-	-	-	-	2.754.397												
12	LEA 400 kV s.c. Oradea Sud - Nădab - Bekescsaba, Final stage: section between pillars 1-42 (48) of LEA 400 kV Oradea Sud - Nădab	10.365	175.562	51.749	(138.340)	50.628	47.897	218.747	2.580.544	1.736.679	-	-	4.733.831												
<b>TOTAL</b>		3.544.019	11.358.880	99.403.712	(3.350.395)	37.542.675	1.474.309	41.989.053	104.720.940	102.823.607	215.180.137	40.952.655	655.639.593												

1) For projects 6-9, after submitting the application for the settlement of non-reimbursable European funds no. 3/29.06.2023 in Brussels, the amount of 8,012,902.40 Euro collected in 2021 was recalculated in national currency at the euro exchange rate of the European Central Bank, so that the amount of expenses for 2021 on projects 6-9 was increased by 156,762.65 lei.

2) For the 400 kV OHL interconnection project Resita (Romania) - Pancevo (Serbia), in the second semester of 2022, the amount of 709695.14 lei constitutes reimbursement of the AC81/2012 adjustment fee according to the civil sentence 43/2022 Caras Severin county

3) The difference between registered costs of 2,088,689 lei and advance return in the amount of 2,706,420.82 lei as a result of termination of the contract by the contractor.

4) Projects benefiting from non-reimbursable European funding and for which funds representing reimbursements of previous expenses or pre-financing with advance titles were received in 2023.

Table no. 3 – Expenses forecasted under ANRE Decision nr. 2322/21.12.2022 and realized values

Nr. Crt.	Project name	Estimated expenses (lei)	Incurred expenses (lei)	Comments on differences in expenditure forecasted vs. achieved
1	Stage I: LEA 400kV s.c. Porțile de Fier - (Anina) - Reșița + station expansion Porțile de Fier + Station Reșița	32.200.000	57.206.008	The estimated expenses were expressed in contractual values and did not include the adjustment of the contract price according to the provisions of GEO no. 47/2022. Thus, they have been updated, including the price adjustment mentioned above.
2	Switching the shaft to 400 kV Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad: Stage II: LEA 400 KV d.c. Reșița -Timișoara - Săcălaz + Station 400kV Timișoara+ Station 110 kV Timișoara	-	(6.385.703)	Returns of non-reimbursable European funds for expenses previously incurred from funds obtained from the allocation of interconnection capacities.
3	Stage III: LEA 400 KV d.c.Timisoara - Sacalaz - Arad + station 400/110 kv Sacalaz + station expansion Arad	1.210.000	45.750	Extension of the duration of initiating procurement procedures due to the need to implement the comments received from ANAP
4	LEA 400 KV d.c. (1 c.e) Gutinaș-Smardan	-	4.967.280	Forecast unforeseen expenses
5	station expansion 400 kv Cernavodă, Et. II: connection of new lines	-	906.576	Forecast unforeseen expenses
6	LEA 400 KV d.c. Cernavodă - Stâlpu și racord în stația Gura Ialomiței (linie nouă)	-	(12.721.745)	Returns of non-reimbursable European funds for expenses previously incurred from funds obtained from the allocation of interconnection capacities.
7	station expansion 400 kv Gura Ialomiței cu două celule: LEA 400 KV Cernavodă 3 and LEA 400 KV Stâlpu	-	(3.188.114)	Returns of non-reimbursable European funds for expenses previously incurred from funds obtained from the allocation of interconnection capacities.
8	400 kv station Stalpu (new station) + modernization of 110 kv cells and medium voltage	43.634.000	747	Contract terminated in 2023 for failure to fulfill contractual clauses.
9	LEA 400 kv Gadalin - Suceava, including interconnection to NPS	100.000	121.856	The amount of 121,856 lei represents expenses for the preparation of real estate valuation documentation with an expert evaluator specialized in real estate valuation, ANEVAR member.
10	Interconnection RO-HU (LEA 400 kv Oradea - Josza, transformator Rosiori, Reconductor LEA 220 kv Urechesti - Tg. Jiu Nord - Paroseni - Baru Mare - Hasdat)	700.000	-	The estimated expenses could not be realized as a result of the non-conclusion of the design and execution contract.
	<b>TOTAL</b>	77.844.000	40.952.655	