

Opcom 2007

ANNUAL REPORT / RAPORT ANUAL



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"I admire your stamina and persistence and professionalism. OPCOM continues to enjoy the support of the World Bank, in its operations in Romania and in the development of its capability to offer market operations services to other countries in South East and Central Eastern Europe."

Kari Nyman, lead specialist World Bank



"It has been a pleasure to work together with you in the project and to work for OPCOM in general. We have had very good communication with the staff at OPCOM on all levels and have always been met with friendliness and understanding."

Jan H. Andersen, vice-president Nord Pool Consulting

"In 2007 Nord Pool ASA as well as its subsidiary Nord Pool Consulting has continued their strong relation to OPCOM through several common projects. As being OPCOM's consultant, Nord Pool has contributed to the establishment of the OPCOM Day-Ahead Market. Now moving into a new phase, Nord Pool is providing OPCOM with a technical platform supporting their ambition towards becoming a regional service provider for electricity market solutions for the region."

Torger Lien, CEO
Nord Pool ASA,
Nord Pool International Ltd.



About OPCOM

Meant to be a main pillar of the liberalization process in Romania, OPCOM SA was established in 2000 through Government Decision as a subsidiary of the Transmission System Operator Transelectrica. Since then until early 2008 its way is traced by relevant milestones:

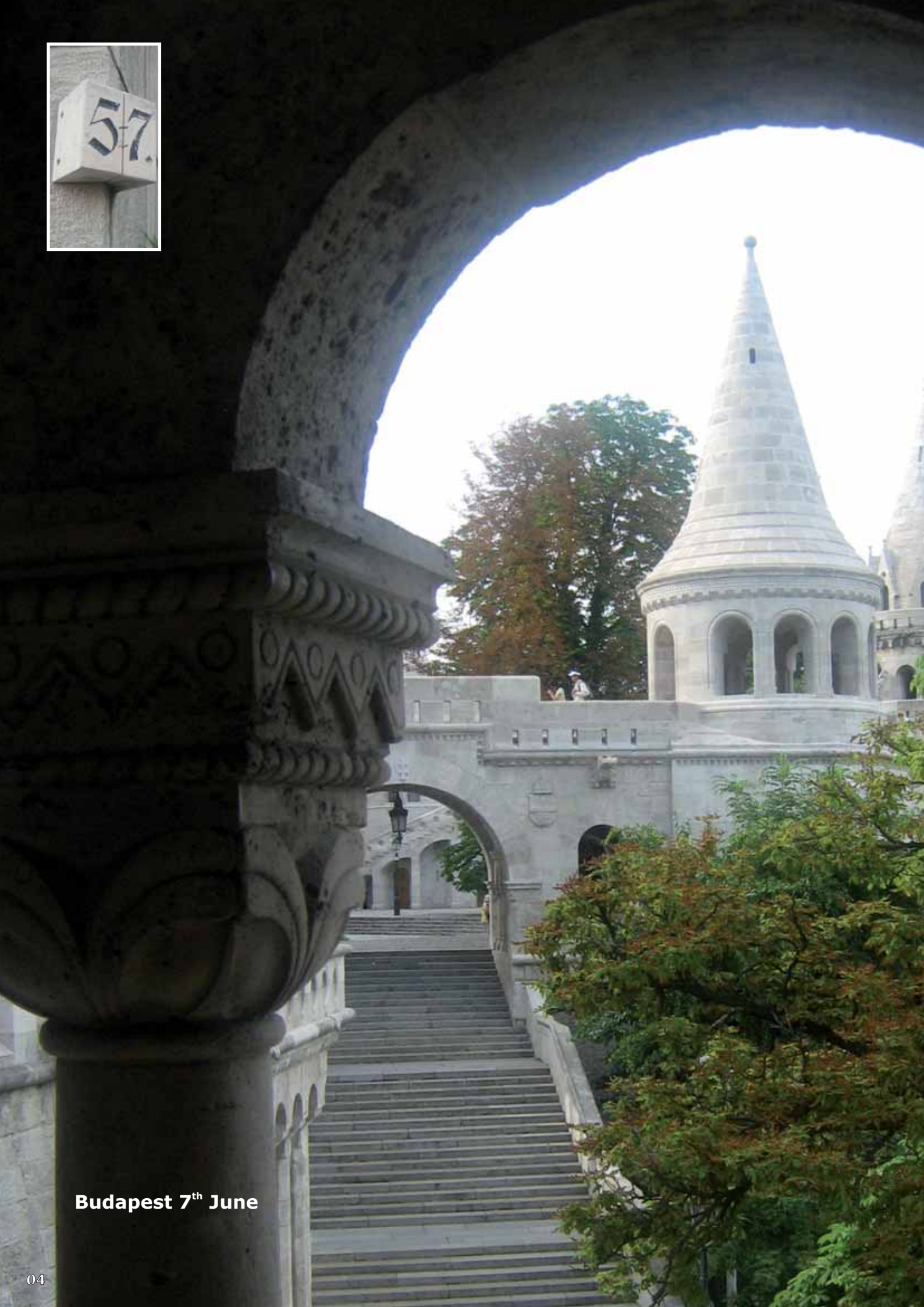
- The initial mechanisms used to make comfortable the price clearing with participants' involvement according to the limited opening degree became more and more obsolete in early 2003 when the EC and World Bank support and subsidies were meeting the Romanian political decision.
- Hence, the market model was decided to be reshaped with the aim to comply with Directive 2003/54/EC and European PXs best practices.
- The years 2001-2005 were representing the period of an intensive cooperation with PricewaterhouseCoopers, Red Electrica de Espana, followed by KEMA Consulting, Nord Pool Consulting, Athos Origin as well as with the IT suppliers AREVA T&D and OMX Technology AB in full synergy with Romanian stakeholders.
- Following these works a careful process to make aware the market participants about the adopted multi market concept and its advantages started.
- 2005 was obviously the most successful period as providing the start of three new products' trading in OPCOM: the two side closed auction in DAM, the green certificates centralized market and the centralized bilateral contracts market.
- The middle of 2006 was bringing crucial decisions for the market liquidity and transparency: all non-households became eligible and the five big generators were coming to trade all their available volumes in centralized bilateral contracts' market.

- In early 2007 a new electricity law was enacted and the obligation to publish the prices for all centralized trades was coming with. The same period implied the launch of the trading of the standard base load, peak and off-peak contracts of 1 MW for year, quarter, month and week.
- In the middle of 2007, by signing the contract with Nord Pool for the SAPRI system delivery OPCOM was providing a strong support to the decision to offer regional services for emergent day ahead markets in the neighboring countries through flexible approach towards appropriated agreements on regional integration.
- These services became more and more attractive in 2007 once the liquidity of the products increased to a market share about 10% in DAM and 15% in CMBC. This is responding to the cornerstone precondition of a market coupling start that at least one of the PXs involved to be the administrator of a liquid market.

Now, the vision of OPCOM is to be the preferred partner of the national power exchanges for the delivery of the overall needed services for DAM trade and settlement and for the market coupling service, as well as of the national authorities and TSOs regarding the negotiation of the agreements towards electricity markets' integration in Eastern Europe.

As soon as the OPCOM's vision becomes true, the regional mission to provide professional power exchange services to Eastern Europe electricity markets which includes DAM price calculations, market coupling/market splitting and clearing services will become daily OPCOM activity.

By providing these services, OPCOM has to act as a regional integrator.



Budapest 7th June

Transparency and Integration

CEO's Statement

The Road Map worked out and adopted in 2003, the commercial code since 2004 and the platforms where the electricity trading is performed since 2005 represent the Romanian willingness to adopt the European market model, the way to implement the principles of unbundling, competition, nondiscriminatory access to the network and the right to change the supplier.

Since its foundation, OPCOM performed according to these principles and achieved not only a relevant market share but also the transparent electricity price setting up for about a quarter of Romanian electricity consumption.

Regional integration was meant as a target of the Road Map and still represents a target for the National Energy Strategy. However, the way to achieve this target has to consider the power market evolution in Europe and in the overall Eastern region.

When this target was outlined, the only regional market in Europe was the Nordic one, with involvement of a single power exchange setting up the price for the four countries. This model was later on used in the Iberian market and in the Irish one. It is hard to believe either this model can be replicated as a rule or that it will represent the first step of a regional initiative in the Eastern Europe.

Meanwhile another regional market was launched in November 2006, by Dutch, Belgian and French markets coupling, but this is supposing three cooperating power exchanges. Each of them might be considered regional as long as the trades in each national bidding area are influenced by trades in the other two. This market coupling represents another regional model, the difference being only of institutional – organizational nature, not as method, this latest one being in essence the same.

Once the Hungarian TSO MAVIR is setting up an electricity exchange and from Bulgaria the signals about intention to build an energy exchange were coming, while in Austria an operational power exchange does exist, OPCOM can not remain captive of the early vision but in contrast, it has to be open to a similar solution towards the one implemented in the Western Europe.

It is expectable that some countries, as Hungary and Bulgaria will agree with a coupling of the markets administered by their own PXs with the spot market in Romania with the support of the IT platform in Bucharest, while other countries in the region may prefer to let their participants to trade directly to Bucharest without another power exchange being involved.

These solutions correspond to the now existing alternatives discussed by ETSO and EUROPEX, having as outcome the elaboration of a common document required by the Florence European Electricity Regulatory Forum.

Victor Ionescu





Denisa Patirlageanu



Radu Chiurtu



Anca Dobrica
Chair



Victor Ionescu



Irina Putineanu

The Administration Board

The Shareholders' General Assembly

Dumitru Barascu



Marius Untescu



Ioana Apan





Remus Barsanescu

Luminita Lupului

Silvia Fediuc

Victor Ionescu

Lucian Palade

The Consolidation of the Financial Position and of the Traded Products' Liquidity

Directors' report

OPCOM has continued, in 2007, its intensive investment program aimed at increasing the performance and the quality of the provided services and at increasing the work conditions of its personnel, and has also continued the efforts deployed in the last years dedicated to the development of the Company's activities. The achieved results have consolidated OPCOM's position from a financial and patrimony point of view, as well as its role in administering the electricity market.

Markets

Day-Ahead Market

Around 5.1TWh were traded in 2007, that have increased the traded volume since the launch of the new platform (June 30th, 2005) to 10.9 TWh. The average hourly traded volume of 576 MWh/h represents an increase of almost 23% compared with 2006.

Reported to the consumption, the volume of transactions in 2007 represented a market share of 9.4%, higher by 21% than the share registered in 2006. The increase in traded volume has lead to a value of 252 million euros, 23% higher than in the previous year, whereas the average price was 158.95 Lei/MWh (47.89 euro/MWh), by only 0.84% higher than the average price of 2006. The increase in the traded volume represents the result of increased interest from the participants (75 of them having trades, in average 52 being daily active).

Centralized Market for Bilateral Contracts by public auctions

2007 ends with excellent results for the Centralized Market for Electricity Bilateral Contracts awarded through public auction (CMBC).

- Increase in transparency has been achieved in the trading of bilateral contracts for electricity in the competitive segment of the wholesale market: centralised trading, based on clear rules and informing the public and participants. The number of contracts concluded in the Centralised Market for Bilateral Contract (with delivery during 2007 and 2008) has increased by 5 times compared to 2006, reaching 158 contracts (11.9 TWh total quantity).
- The relevance of the prices on the Centralized Market for Bilateral Contracts, 167.37 Lei/MWh (48.35 euro/MWh) on average, is demonstrated by the traded volume and by the number of 47 active participants (6 participants/auction, in average).
- During 2007, contracts with delivery during 2008 have already been traded, with a total quantity of 7.6 TWh, representing a market share of 14.24 % out of the net consumption registered in 2007.

Centralized Market for Bilateral Contracts with Continuous Negotiation

On the IT trading platform of the Centralized Market for Bilateral Contracts with Continuous Negotiation (CMBC-CN), commercially launched on the 15th of March 2007, a number of 82 contracts for 1 MWh each were traded as result of standard offers, representing a total quantity of 22,208 MWh.

Centralized Green Certificates Market

The regulatory framework for renewable sources promotion and the marketplace offered by OPCOM have attracted new participants month by month, more and more electricity producers and suppliers having expressed interest in contributing to the establishment of the trading value for the green certificates through the competitive mechanism specific for the centralized market administered by OPCOM.

Settlement Activity

The settlement activity has included determining the quantities and collection rights/payment obligations for:

- regulated electricity sell/purchase contracts between producers and suppliers to captive consumers, respectively between producers and network operators for their own technological consumption in the distribution/transmission networks;
- regulated contracts for the transmission service, G component, ancillary services, transmission services (L component), system services and services provided by the electricity market operator to the wholesale market participants, distribution services;
- transactions concluded in Day Ahead Market and Green Certificates Market administered by OPCOM;
- transactions in the balancing market administered by Transelectrica;
- imbalances of the balance responsible parties and notification imbalances.

The quantities for the bilateral contracts in the competitive market concluded in the centralized markets administered by OPCOM (CMBC and CMBC-CN) or directly negotiated outside of the centralized markets operated by OPCOM and for the import/export contracts have been determined.

Market Surveillance

The reporting framework includes daily and weekly reports addressed to the OPCOM's CEO and weekly and monthly reports addressed to the regulatory authority. Also, primary data are communicated to the Regulatory Authority with the specific frequency (daily, monthly).

Market surveillance has defined:

- reference prices for the Day Ahead Market published on OPCOM's web site beginning with 30th of June 2007;
- average trading prices for the offers (sell/purchase) in the Centralized Market for Bilateral Contracts awarded through public auction and average prices for the instruments traded in the Centralized Market for Bilateral Contracts with Continuous Negotiation, that are published on OPCOM's web site beginning with 1st of September 2007.

Starting with January 2007, Market Surveillance prepares and disseminates, by OPCOM's web site, monthly reports synthesizing the results of the operation of the centralised markets administered by OPCOM.

Policy regarding the development of client relations for the benefit of market development

The liquidity of the centralised markets administered by OPCOM is due to the attractiveness of the trades in these markets for the participants. The active participation in the DAM market has surpassed the threshold of 50 daily offers in 2007. The increase in attractiveness leads to increased liquidity. In this regard, OPCOM has:

- used the framework for the Technical Group, that was initially established for the development of the financial market, and also established a close connection with the representatives of the Association of Electricity Suppliers in Romania, both means of action being dedicated to identifying the participant's needs, in order to take action towards achieving it.
- created a new Product Group for further development of the Day Ahead Market;
- organised meetings with traders who are not yet participating in the Romanian market and has used the participation in conferences and other national and international events in order to make OPCOM's framework and performance known.

Late 2007 increased interest for engaging in trades on the centralised markets administered by OPCOM from active players on European markets has been registered.

Investment Program

OPCOM's investment program for 2007, approved by the Administration Board and by the Shareholders General Assembly, has provided for total investment expenses of 7,021.79 thousand Lei. Each update made during the year has been analyzed and approved by the Administration Board and the Shareholders General Assembly. Until 31st of December 2007, acquisitions amounting a total of 1,408.85 thousand Lei have been contracted, that represents 100% achievement of the investment planned value approved for 2007. The investments performed in 2007 are endowments with the following destination:

1. The continuation of investments begun in the previous years;
2. Ensuring the conditions for the operation of the IT system;
3. Ensuring optimal working conditions for the company's employees and collaborators (working spaces, meeting rooms and waiting rooms).

Financial Position

Short term debts have decreased in 2007, compared to 2006, due to the existent cash flow, which has contributed to the timely payment, as in the previous years, of the Treasury debts and of the debts to the Company's goods and services suppliers, as well as not engaging in any short term loans. At 31st of December 2007, the Company did not register any debts with a maturity longer than 1 year.

The Company has registered an increase in subscribed and paid in share capital as a result to the equity increase made by the company CNTEE Transelectrica SA in 2007. The equity increase was performed with the approval of the Shareholders General Assemblies of Transelectrica and OPCOM, by issuing new shares.

On 31st of December 2007 an increase in reserves compared to 31st of December 2006 was registered, by forming the reserves from profit appropriation.

Personnel Policy

The employees' expertise level has increased through the participation to professional training programs. At the same time, this level of expertise has increased by the deployment of the consultancy projects. The very attractive overall salary package offered represented means to stimulate and increase the loyalty of the personnel.

The Company's Administrators

The Company is managed, according to its Statute, by the Shareholders General Assembly and by the Administration Board. The state's representatives in the Shareholders General Assembly are appointed and recalled, according to the Statute, through the Order issued by the Minister of Economy and Finance. The members of the Administration Board are appointed and recalled, according to the Statute, by the Shareholders General Assembly. The Administration Board is formed by 5 members appointed for a period no longer than 4 years. The CEO of the Company is a member of the Administration Board.

Banca Comercială Română
Banca de Cont Central pentru Piața de
pentru Ziua Următoare

Day Ahead Market

Prezentare intocmita de:

Corina Teodora Licuriceanu – BCR SA, Directia de Decontare
Paula Brindusa Pricop Frunza – BCR SA, Directia Factoring
Mihaela Trasnea – BCR SA, Directia Factoring si Finantarea
Alice Madalina Badalicescu – BCR SA, Directia Group Large

29 – 31 octombrie 2007



Orta,
Energie Electrica
re

ri Intrabancare si Interbancare
si Finantarea Comertului
Comertului
e Corporate

BCR
Gândim la fel.

All participants have to register before they are allowed to trade in the Day Ahead Market.

The Day Ahead Market is organized as a closed auction.

The participants may submit offers until the gate closure in the day before delivery.

As soon as the offer has been received, OPCOM validates the received offers with respect to the format of the bid. At the gate closure time, all accepted offers are considered as binding.

After gate closure OPCOM is performing the matching of the offers for purchase and sale in the auction in the DAM. There is one Market Clearing Price calculated for each hour of the delivery day.

After the Market Clearing Price is calculated the trading schedule for each participant is determined according to its sales and/or purchase offer as validated and traded.

The participants shall check the results and complain to OPCOM any errors in the trade if there are.

After the confirmation of the trades, all contracts in the DAM are binding and will be settled in compliance with calculated prices and volumes for each hour.



The Government establishes a fixed quota of electricity to be produced from renewable energy sources which the suppliers are obliged to buy on yearly basis. The generators of electricity from renewable energy sources in order to receive Green Certificates are qualified by ANRE. The yearly mandatory quota is established according to the target committed by the Romanian Government in the negotiation process of EU accession, namely 33% E- RES out of the national electricity gross consumption, by 2010-2012.

The Producers receive for each unit of electricity delivered into the network (1 MWh), a Green Certificate that can be sold separately from the electricity which they produced, on the Green Certificates Market.

The price of tradable Green Certificates varies in a range established by Government Decision, from 24 €/certificate to 42 €/certificate.

The Green Certificates may be traded through bilateral contracts negotiated between producers and suppliers or in a Centralized Market organized and administered by OPCOM.

OPCOM's roles on this Green Certificates Market are:

- To register the participants in the Green Certificates Market;

- To forecast and publish the demand for and the offer of Green Certificates at the national level;
- To register the bilateral contracts for Green Certificates traded between the electricity producers from RES and the electricity suppliers;
- To set up and administer the Green Certificates Register;
- To provide the trading framework for the Centralised Green Certificates Market

On a monthly basis OPCOM's roles for the Centralized Certificates Market are:

- To receive the sell/buy offers for Green Certificates from the Producers/Suppliers;
- To determine and publish the Centralized Green Certificates Market Clearing Price and the number of Green Certificates traded and also the cumulated demand and the cumulated offer of Green Certificates;
- To determine the payment obligations and the collection rights for the Centralized Green Certificates Market participants.



Green Certificates Market



Centralized Market for Bilateral Contracts

The name and the offering intention of the sellers and buyers are made public towards the whole business community.

The bids and offers are not standardized from the quantities, delivery period and starting time of delivery point of view.

The market is open for participation for producers, suppliers and eligible consumers.

After the opening of the responding offers, these are ranked upon their price in order the winner to be declared.

After the best offer is announced, the name of the winner, the contract price and the list with the names of the companies introducing buy and sell offers are published on OPCOM's website.

Until the entering into delivery the quantities contracted through this market could be resold into a new auction session.



Centralized Market for Bilateral Contracts with Continuous Negotiation

Offers standardized as follows:

- offered power for 1 MW for each hour during the delivery period
- type of daily load to be covered – base load (00:00 – 24:00), offers for peak load (06:00 – 22:00) and offers for off-peak load (00:00 – 06:00, 22:00 – 24:00)
- delivery periods – 1 week, 1 month, 1 quarter, 1 year.

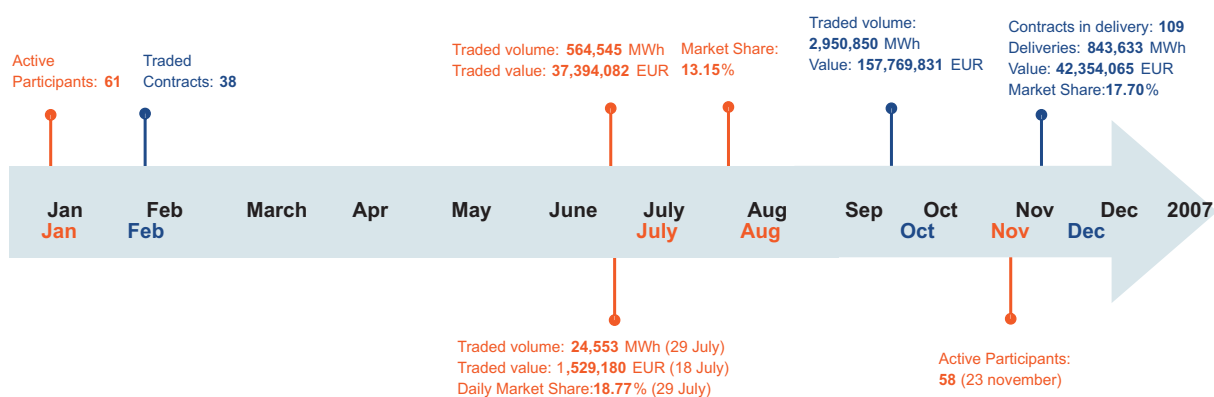
Published selling offer proposes an opening price. Buyers can propose prices lower, equal or higher than the one proposed by the seller, considering the seller's possibility to reduce the initial proposed price if after the first trading session the entire available quantity hasn't been yet attributed.

The trading is performed directly from the participants' offices through the CONDICO system web-interface.

OPCOM Relevant Figures 2007

Day Ahead Market	2007	2006
Trades		
Total volume [MWh]	5,043,193	4,105,931
Avg. volume [MWh/h]	576	469
Market share [%]	9.40	7.88
Value [Euro]	251,683,353	192,495,636
Market for Bilateral Contracts attributed through public auctions		
Traded contracts		
Number	158	34
Volume [MWh]	11,859,780	2,959,125
Value [Euro]	622,711,721	126,177,630
Deliveries		
Volume [MWh]	6,507,638	1,254,579
Value [Euro]	327,648,109	44,973,677
Market share [%]	12.13	2.41
Centralized Market for Bilateral Contracts with Continuous Negotiation		
Traded contracts		
Number	82	
Volume [MWh]	22,208	
Value [Euro]	1,228,489	
Centralized Market for Green Certificates		
Green Certificates Trades		
Number	41,364	20,939
Value [Euro]	1,737,234	879,415

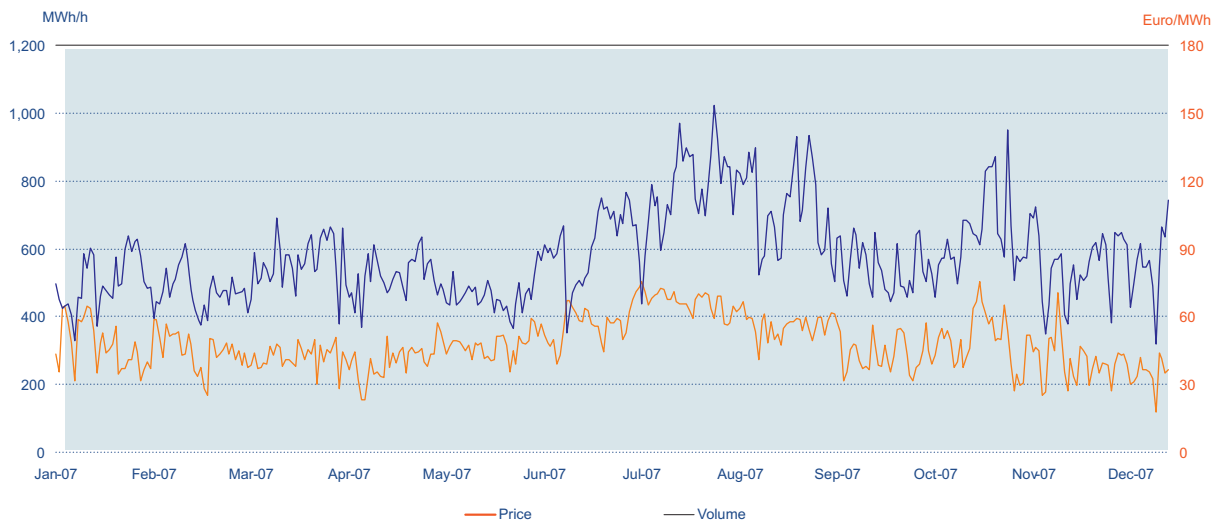
Monthly Records



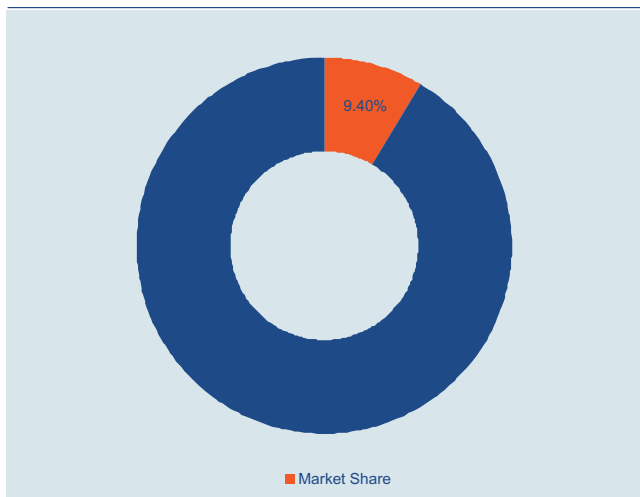
Daily Records

Day Ahead Market
Centralized Market for Bilateral Contracts attributed through public auctions

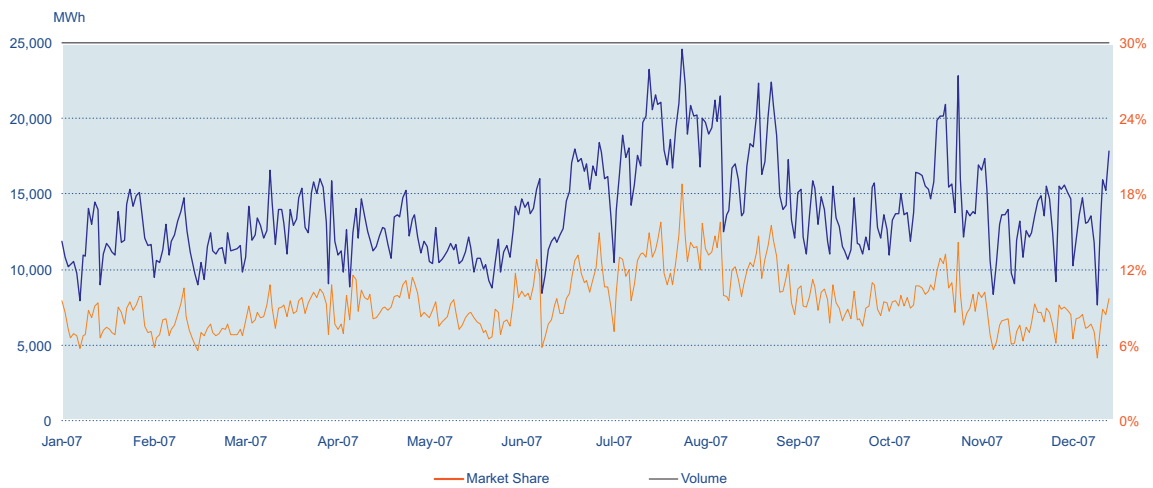
Day Ahead Market
Daily average of the hourly volumes
Daily average of the hourly prices



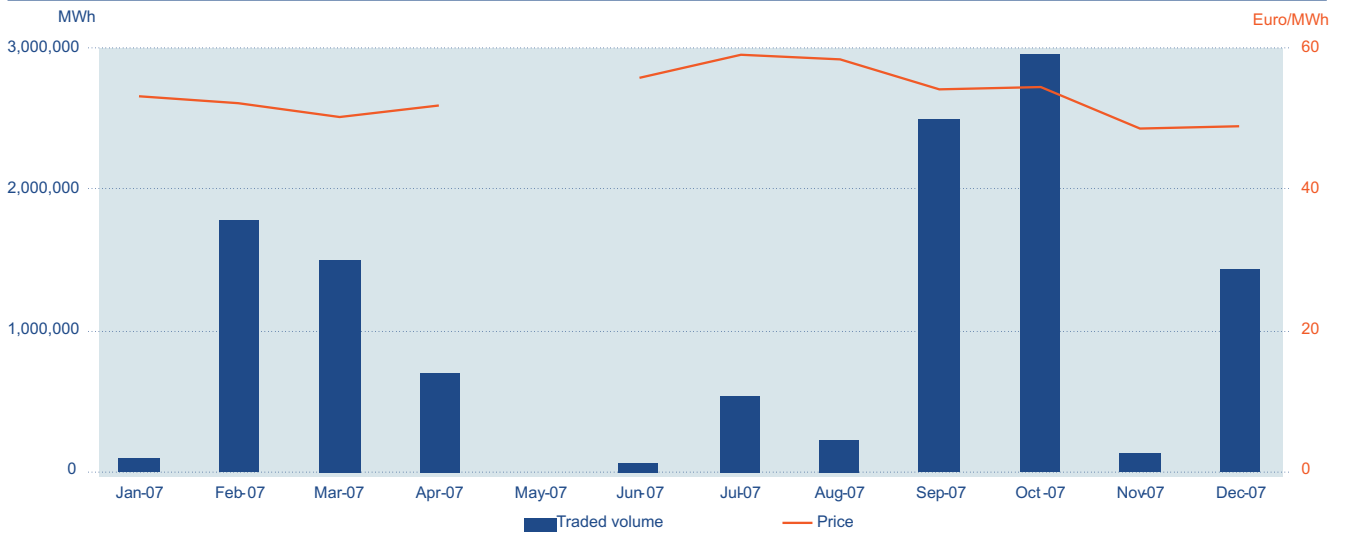
Day Ahead Market
Yearly market share



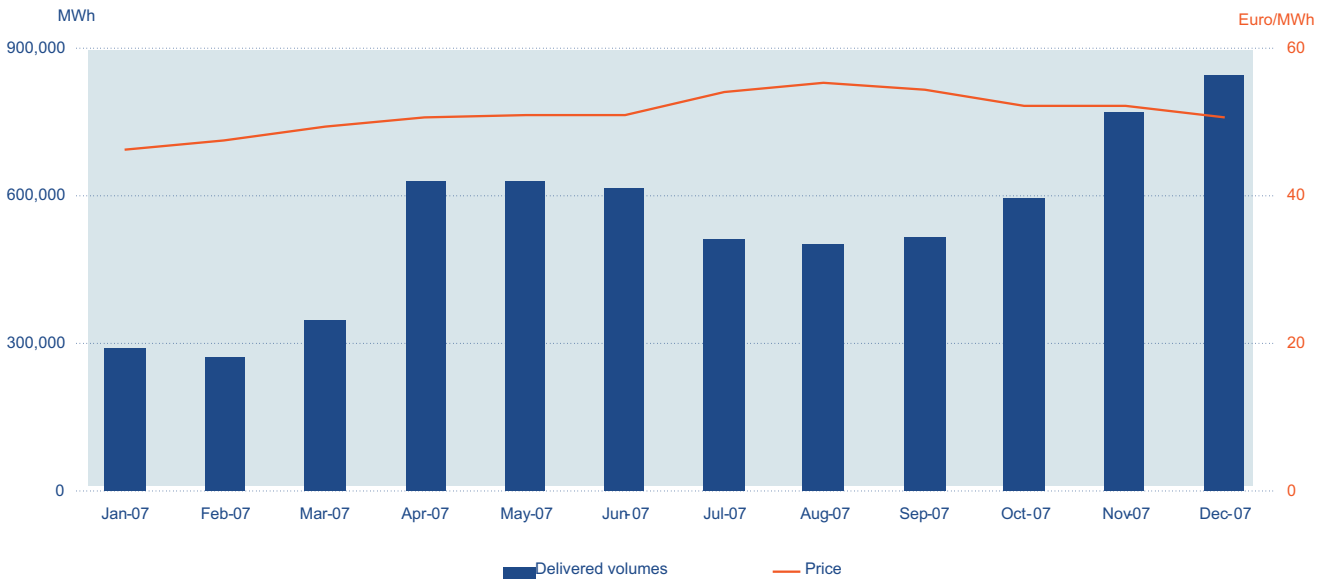
Day Ahead Market
Daily volumes
Market shares



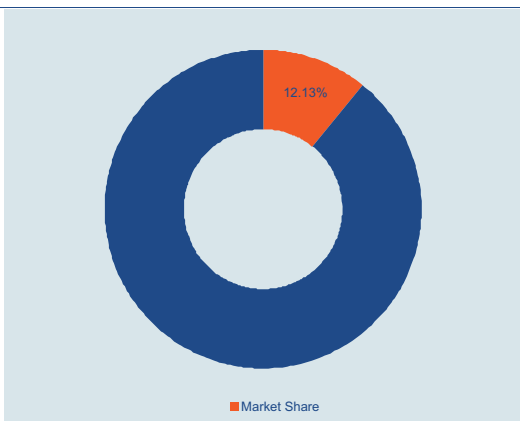
Centralized Market for Bilateral Contracts attributed through public auctions
Traded volume
Average traded prices



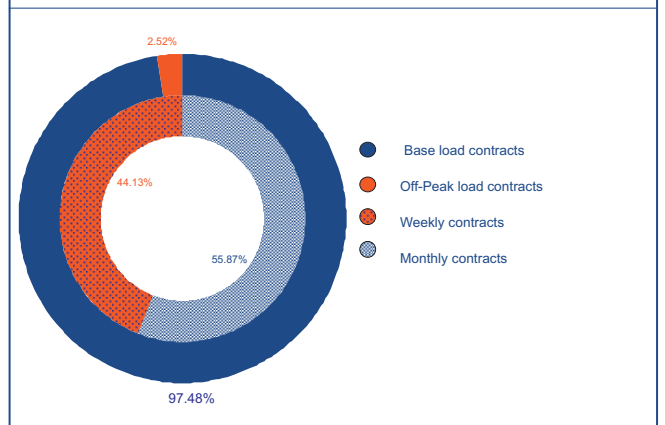
Centralized Market for Bilateral Contracts attributed through public auctions
Monthly delivered volumes
Monthly average prices for delivery



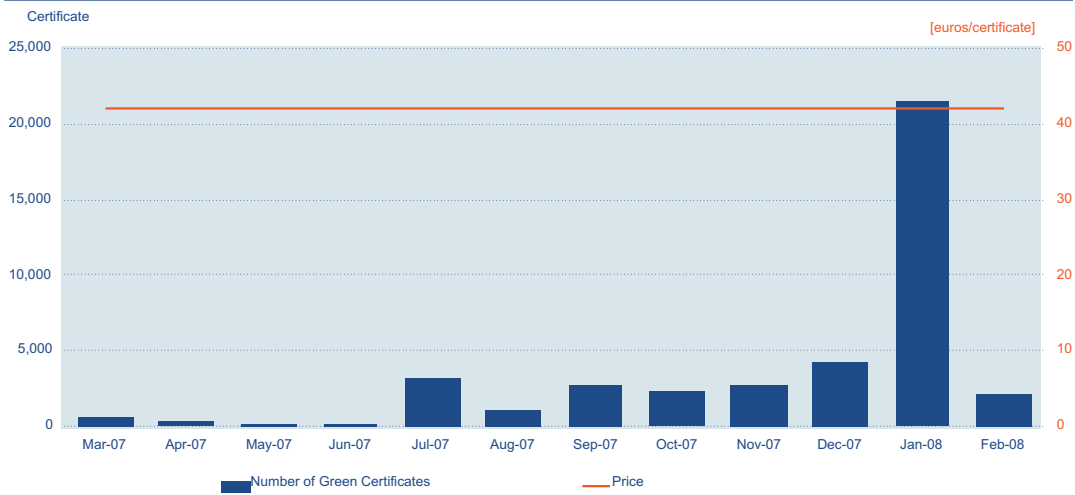
Centralized Market for Bilateral Contracts attributed through public auctions
Yearly market shares



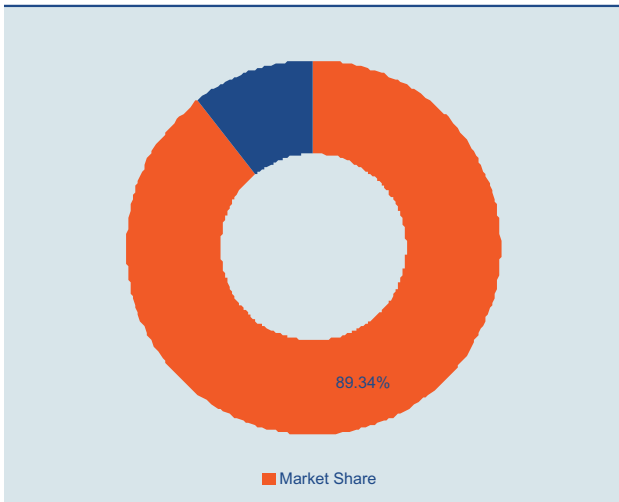
Centralized Market for Bilateral Contracts with Continuous Negotiation
Traded Products



Centralized Market for Green Certificates
 Monthly traded price of green certificates
 Number of montly traded green certificates



Centralized Market for Green Certificates
 Number of traded certificates related to the number of issued certificates



Integrating the Power Markets by Acting as Service Provider







A Regional Service Provider

Late 2007 the only operational and liquid power exchange in the South East Europe region is OPCOM located in Bucharest.

To speed up the establishment of a regional spot market, it is recommended that a decentralized alternative to be used as a point of departure for further deliberations.

It is OPCOM's intention to establish a regional service provider aimed to offer trade and settlement services to the interconnected markets.

In each interconnected national market there will exist a unit that may be a national power exchange or local branch office that will undertake activities that are de-centralized. The national units will operate as interconnected through the services offered by the regional services provider.

The national markets will in this alternative represent bid areas to a large extent be operated by independent national power exchanges. Their cooperation with the regional service provider will target only necessary issues to form one common regional market.

Veliko Trnovo, on the way to Sofia





2007 OPCOM Events

February

OPCOM publishes CMBC price

March

CMBC-NC is launched by OPCOM
Meeting MAVIR-OPCOM in Bucharest

June

Meeting MAVIR-OPCOM in Budapest

July

Hourly records in DAM

August

Contracts:
OPCOM – BCR
Transelectrica, OPCOM-NordPool

Record market share in DAM

September

Set of Implementation Group
Romania-Bulgaria

October

Record volumes in CMBC

December

Lowest monthly average spot price: 37
Euro/MWh

■ February

Improved transparency

In order to improve the trading framework, the management of the Ministry of Economy and Commerce applied to the regulatory authority for the bilateral contracts' prices disclosure and full CMBC transparency. On this background, the request of OPCOM for price disclosure approval received a favorable assent on February 9th. Following the assent and according to the new procedure, since February OPCOM is publishing the traded contracts' prices.

■ March

CMBC - CN

On March 22nd, the Energy Complex Craiova required OPCOM to register the first offer for Centralized Market for Bilateral Contracts with Continuous Negotiation, in order to trade 50 base load forward contracts for 1 month, respectively July 2007.

First meeting OPCOM - MAVIR

On March 8th at OPCOM headquarters the first meeting of the representatives of MAVIR and OPCOM was held.

■ June

MAVIR – OPCOM meeting in Budapest

June 7th. The visit of OPCOM representatives at MAVIR premises in Budapest. It was the first time when the possibility of the market coupling was discussed.

■ July

A month of the hourly records in DAM

The highest electricity volume hourly traded is registered: 1,023 MWh (July 29th) and the highest daily market share: 18.77% (July 29th).

■ August

The Contract OPCOM – BCR

On August 1st the official signing of the contract through which Erste - Banca Comercială Română becomes the Central Account Bank for electricity trades on Day Ahead Market.

The Contract Transelectrica, OPCOM – Nord Pool

On August 28th the meeting dedicated to the project „Development and Implementation of the Regional Power Exchange – OPCOM” launch was held. The project is meant to adapt OPCOM's existent infrastructure to the decisions referring to regional spot market implementation. This project represents a new working stage developed on the Nord Pool partnership basis, and with financial support provided by Transelectrica based on a World Bank loan.

At the event the representatives of the direct involved parties in the project: Nord Pool, OPCOM, Transelectrica, World Bank, as well as of WEC-NCR, Ministry of Economy and Finance, ANRE, IRE (the representative of Romania to EURELECTRIC) and AFEER were participating. The leadership of Ministry expressed his support and trust in the full cooperation between ANRE, Transelectrica and OPCOM, for the project implementation.

Record month for DAM trade

In August the highest yearly market share in DAM was registered of 13.15 %.

■ September

The Implementation Group Romania-Bulgaria

On September 13th, Transelectrica, OPCOM and ESO EAD were establishing an implementation group envisaging the optimization of the cross-border capacity allocation.

■ October

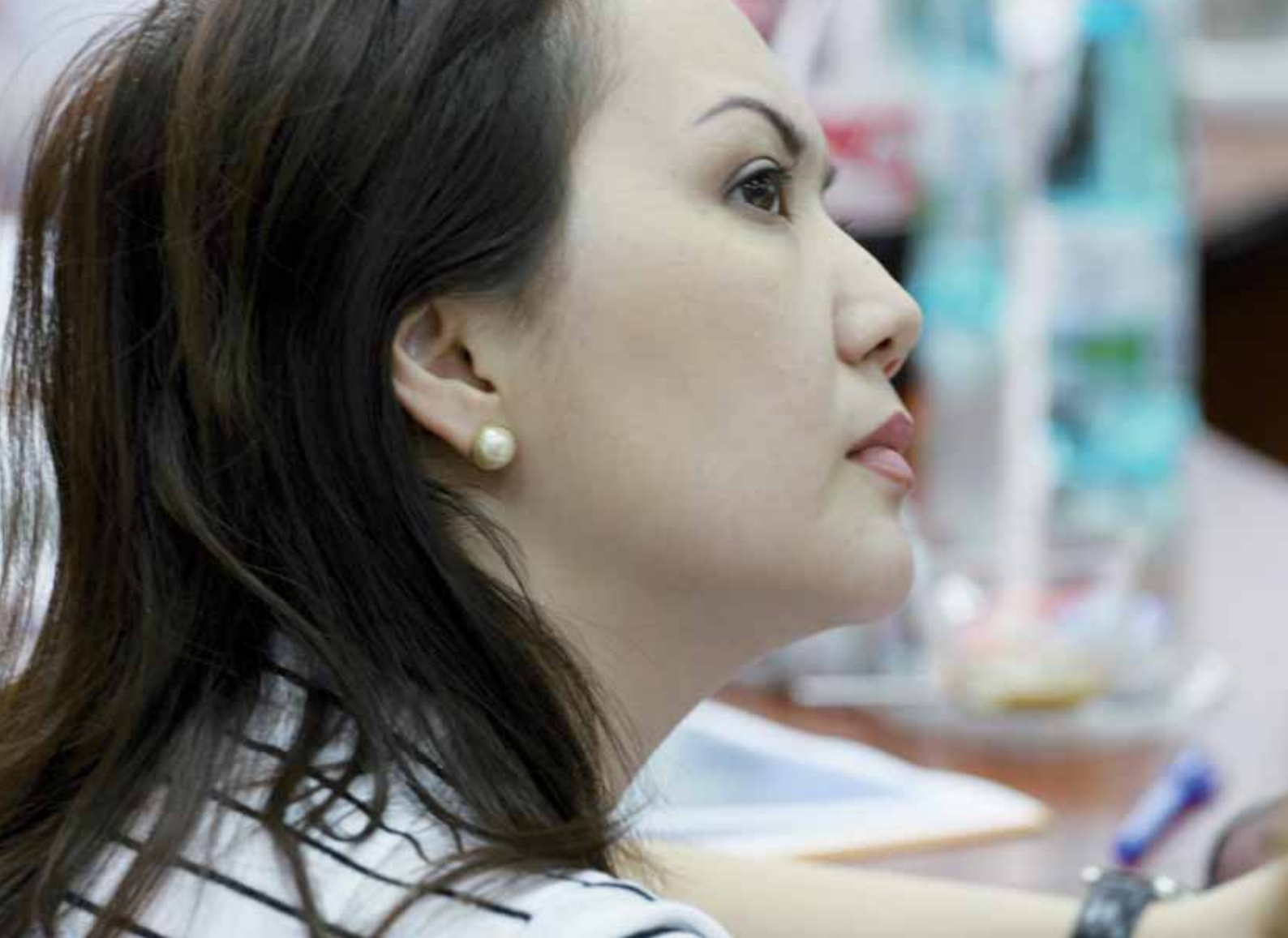
Record Volume in CMBC

Record volume traded on CMBC 2,950,850 MWh – with main term delivery in 2008, represented an increase of 18% comparing with previous month, being also approximately equal with the total volume traded in the entire year 2006.

■ December

The lowest monthly average price in DAM during 2007: 37 euro/MWh.





2007. OPCOM in the World

- 20-Apr-2007 **BUCHAREST.** OPCOM is hosting a meeting of the representatives of the World Bank's offices from Central Asia and Eastern Europe where the „Electricity Market” successful project is presented along with the current electricity market framework in Romania.
- 24,25-Apr-2007 **ATHENS. The 10th Athens Forum meeting in Athens.** As „*Day-ahead markets needed, but most countries/ dominant national utilities focus only on balancing*”, during the forum meeting and the investment seminar, the World Bank representative Kari Nyman recommended to the participants to „*consider the use of OPCOM's power exchange services instead of each country trying to develop its own market operators, probably leading to small, fragmented & illiquid markets*”. During their meeting, the donors “*also noted the opportunities to build on the capacity for regional trading and power exchange development of OPCOM.*”
- 28-May-2007 **LEIPZIG.** USEA is supported by OPCOM during the workshop „Current status and development of the Western and South Eastern markets”.
- 29-May-2007 **BUCHAREST.** Yearly conference of IRE (the Romanian electricity generation sector representative to EURELECTRIC) “**Challenges of the Romanian electricity market integration in the internal European market**”. It was a new opportunity for OPCOM to promote the implicit auctions and its aim for spot market enlargement in the presence of the EURELECTRIC leaders Paul Bulteel and Hans ten Berge.



6,7-Jun-2007

PRAGUE, Synergy organizes the **EFET „Energy Trading” Conference**. As in the previous years, OPCOM is an active participant. ESO EAD representative unveils the close cooperation with OPCOM envisaging the improvement of the cross-border trading towards possible market coupling.

12-15-Sept-2007

NEUM(Bosnia Herzegovina). The Conference **„Creation of the electricity market in Bosnia Herzegovina”**, organized by USAID within the project of assistance for the regulator in Bosnia Herzegovina. OPCOM is explaining to the participants the market framework and milestones of its development in Romania.

14-16-Oct-2007

PARIS, The Yearly Convention & APEx General Assembly (organized by APEx and Powernext).

9,14-Nov-2007

ROME. The World Energy Congress organized by WEC; the first OPCOM's presence in a WEC congress. The regional vision and the OPCOM performance are presented; presentation in sessions and paper on the congress web-site.

15,16-Nov-2007

VIENNA, The “Cross border trading” Conference organized by EnergyForum. Nord Pool Consulting and OPCOM are jointly invited to present the Romanian market.

3-Dec-2007

SOFIA, OPCOM speaker is present in the training sessions framework **„The electricity markets liberalization”**, organized by UCONOMICS and American University in Sofia.

Auditor's Report to the shareholders of SC Electricity Market Operator "OPCOM" SA

(1) We have audited the balance sheet of **SC OPCOM SA** (henceforth called the Company) submitted on December 31st 2007, as well as the profit and loss account for the same financial year. The attached financial statements are the responsibility of the Company's Board. Our responsibility is that we, based on the conducted audit, express an opinion on these statements.

(2) The Company's Board is responsible for the accurate elaboration and presentation of these financial statements, according to OPFM (Order of the Public Finance Ministry) No.1752/2005 regarding "Approving accounting regulations conformant with European directives". This responsibility includes: defining, implementing and maintaining relevant internal control for the accurate elaboration and presentation of these financial statements without any significant alterations due to error or fraud.

(3) Our responsibility is that we, based on the conducted audit, express an opinion on these statements. Except that presented in paragraph (5), we have conducted the audit according to the Audit Standards issued by the Chamber of Financial Auditors of Romania, which are based on the International Auditing Standards. These standards impose complying with the professional ethics requirements and performing the audit in such a way that a reasonable assurance level regarding the lack of significant alterations in the financial statements is attained.

(4) The audit consists of performing procedures with the purpose of obtaining probative data to justify the amounts and the information contained in the financial statements. The selection of the procedures is based on the auditor's professional judgment, including the evaluation of the risk related to the existence of the significant alterations in the financial statements, regardless if these are due to error or fraud. In performing this risk evaluation, the auditor takes into consideration the relevant internal control for the accurate elaboration and presentation of these financial statements in order to determine the relevant audit procedures, given the conditions, but not with the purpose to express an opinion about the efficiency of the Company's internal control system. The audit of the financial statements also implies the evaluation of the accounting principles used and whether the Board's estimations are reasonable, as well as examining their general presentation. We consider that the conducted audit provides a reasonable basis for expressing our opinion.

(5) According to the legal provisions, the Company has not been the object of an audit for the 2006 financial year, and therefore, any necessary adjustment of the opening balance would affect the profit and loss account, the statement of changes in equity and the cash flow statement for the 2007 financial year. Therefore, we can express an opinion only on the 2007 balance sheet.

(6) In our opinion, the 2007 financial statements of SC OPCOM SA were elaborated in an appropriate manner, in all significant aspects, according to OPFM No. 1752/2005 regarding "approving accounting regulations conformant with European directives".

BDO Conti Audit SRL
Bucharest, 3rd of April 2008

(English translation for the only annual report purposes)

ACCOUNTING POLICIES AND METHODS (1)

	EUR	
BALANCE SHEET	31.12.2007	31.12.2006
ASSETS		
Intangible assets	2,885,555	4,834,148
Property, Plant, Equipment	1,972,848	2,653,003
Investment in process	0	0
Other Fixed Assets	190,084	160,657
Total fixed assets	2,162,933	2,813,660
Financial Investments	4,477	0
Inventories	165,385	158,539
Accounts receivable	774,522	694,369
Cash	483,197	444,075
Current Assets	1,423,104	1,296,983
Other current assets	16,989	11,486
Total Assets	6,493,058	8,956,278
LIABILITIES & STOCKHOLDERS EQUITY		
Financial Debt	0	309,791
Accounts Payable, others	307,960	300,069
Total Liabilities	307,960	609,860
Stockholders Equity	982,729	739,524
Reserves, others	1,814,423	1,999,977
Undistributed profit/losses	0	0
Stockholders' Equity	2,797,153	2,739,501
Other Debt	3,387,945	5,606,917
Total Liabilities & Equity	6,493,058	8,956,278
Average annual exchange rate lei/EUR	3.6102	3.3817

Fixed assets

Fixed assets are registered in the balance sheet at their historical (acquisition) cost, less the cumulated depreciation.

The cost of acquisition is equal to the price of acquisition, non-recoverable taxes, transportation and supply costs, along with other auxiliary costs needed for the respective good to be put into service or to be registered.

The linear depreciation method is used for the calculation of depreciation, using the following lifetime for the assets:

Construction improvements	9-15 years
Means of transportation	5 years
IT systems	3 years
Fixtures and fittings	15 years
Software	3 years

Maintenance and repair expenses are registered in the operating expenses when they occur, and improvements which lead to an increase in the lifetime or value of the assets are capitalised.

Inventories

Inventories are registered at the acquisition cost.

The acquisition cost includes, as in the case of fixed assets, the price of acquisition, non-recoverable taxes, transportation and supply costs, along with other auxiliary costs needed for the respective good to be put into service or to be registered.

If the net realizable value of the inventories is lower than the acquisition cost or the production cost, then that net realizable value of the asset is the one presented in the financial statements, the value of the asset minus the established provision, respectively.

Receivables

The receivables are presented in the balance sheet at their historical cost minus the provisions established for the impairment of assets when it has been concluded that the net realizable value is lower than the historical one.

ACCOUNTING POLICIES AND METHODS (2)

Evaluation of receivables and foreign currencies debts

At the closure of the balance sheet, non-monetary fixed assets, inventories and shareholder's equity must be reported using the exchange rate at the date of the transaction, and non-monetary elements registered at fair value must be reported using the exchange rate at the date when the respective values were determined.

Monetary elements, expressed in foreign currency, are reported using the closing exchange rate communicated by the National Bank of Romania (NBR). Foreign exchange losses or gains are registered. The exchange rate communicated by the NBR for the end of the financial year was: 1 USD = 2.4564 RON, 1 EUR = 3.6102 RON.

Income tax

Deferred income tax is calculated using the balance sheet liability method, for all temporary differences which occur between the tax base of the assets and liabilities and their nominal value, for the scope of financial reporting. For determining the deferred tax the annual income tax of 16% was used.

Profit appropriation

Proposed or declared profit appropriations towards the shareholders or employees after the balance sheet date are not recognised as liabilities at the end of the financial year.

	EUR	
PROFIT & LOSS ACCOUNT	31.12.2007	31.12.2006
Turnover	3,177,482	3,167,596
Own Work Capitalized	0	0
Total output	3,177,482	3,167,596
Other Revenues	1,861,722	865,697
Operating revenues	5,039,204	4,033,293
Materials	80,602	129,092
Energy	38,363	25,289
Other materials		
Total material costs	118,964	154,382
Services	528,557	544,190
Taxes	13,529	6,385
Wages	1,626,100	1,219,656
Other operational costs	31,419	39,950
Depreciation cost	2,434,483	1,256,927
Total Operating Costs	4,753,053	3,221,489
Profit before tax and interests	289,977	818,213
Operational profit	286,151	811,805
Financial Income	3,826	6,408
Financial Costs	9,871	66,540
Interests		
Net Financial Income	-6,045	-60,132
Extraordinary Income	0	0
Extraordinary Costs	0	0
Net Extr. Income	0	0
Total Revenues	5,043,030	4,039,701
Total Costs	4,762,924	3,288,029
Profit before Tax	280,106	751,672
Corporate Tax	48,820	128,372
Profit after Tax	231,286	623,300
Average annual exchange rate LEI/EUR	3.6102	3.3817

ACCOUNTING POLICIES AND METHODS (3)

SHARES AND BONDS

The share capital at the 31st of December 2007 was 3,547,850 RON divided in 354,785 registered shares, each having a nominal value of 10 RON.

The shareholder's structure at the 31st of December 2007 was the following:

Shareholder

CNTEE Transelectrica SA
100%

Total
100%

The company has not contracted any loans through bond issuing.

INFORMATION ON EMPLOYEES, ADMINISTRATORS AND EXECUTIVE OFFICERS

Information on administrators and executive officers

The Shareholders General Assembly of "OPCOM" SA is its governing body, and decides upon its activity and economic policy.

No credits were issued to the executive officers and the administrators during the financial year which ended on the 31st of December 2007.

Information on employees

The average number of employees during 2007 was 70.

The total employee related expenses (including employee luncheon vouchers) for 2007 amounted to 5,870,548, as following:

- salaries (including collaborators' salaries): 4,520,241 RON;
- employee lunch vouchers: 111,249 RON;
- social security contributions: 1,239,058 RON.

CASH FLOW STATEMENT	31.12.2007	31.12.2006
	EUR	
Debit	286,151	811,805
Depreciation cost	584,666	462,613
Change in Working Capital	-298,326	-819,148
+/- Inventories	-165,385	-158,539
+/- Receivable	124,129	-694,369
+/- Others current	0	0
+/- Payable	-263,300	30,757
+/- Prepaid expenses	6,230	3,004
1 Operational Cash Flow	572,491	455,270
Capital Expenditure in PPE & intangible	-265,452	-28,053
Capital Expenditure in financial investment	0	0
2 Cash Flow from Investments	-265,452	-28,053
3 Cash flow from operations (1+2)	307,039	427,217
Cash Flow from Financing		
+/- Financial assets	0	0
+/- Loans	0	309,791
Net Fin. Expenses	-6,045	-60,132
Net Extr. Income/(Expenses)	0	0
Corporate Tax	-48,820	-128,372
+/- Equity	0	0
Dividends paid	0	0
+/- Others	235,500	-104,429
Total Cash Flow from Financing	180,635	16,858
Free Cash Flow		
+/- cash	487,674	444,075
Initial Balance	444,075	205,826
End Balance	487,674	444,075
Average annual exchange rate lei/EUR	3.6102	3.3817

