



4M MC

Opcom

Annual report

2015



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Message from CEO

A year when the energy markets managed by OPCOM recorded outstanding performances, reflected both by the traded volumes that have been steadily rising, month by month, supporting the strengthening of the spot price as a reference for trading energy on term, as well as by the existence of some consistent price signals for various trading horizons, in the context of a real interest of market participants for trading in the organized environments provided by OPCOM.

The projects launched in 2014 and at the beginning of 2015 aimed the same objectives, namely ensuring diversity and guaranteeing the quality of the trading, settlement and reporting services provided to the market participants.

The first year of successful operation of 4M MC has been completed in the context of the Central Eastern European region, that make us look with care and responsibility to the challenges and tasks of OPCOM for the years to come, from the perspective of the designation made by ANRE as the electricity market operator to perform the tasks related to the unique coupling of the day-ahead and the intraday markets according to the European regulations.

2015 was the year of implementation of new term trading mechanisms based on the regulations issued by ANRE, respectively CMBC-EA, CMBC-CN, CMUS, but also the consolidation year for the OTC like market within which the established transactions are subscribed to the bilateral agreements agreed before trading on this market, based on the standard EFET contract.

The process of preparing and certifying OPCOM as a Registered Reporting Mechanism under REMIT was a complex one, the active involvement of the market participants contributing to the successful initiation of the first phase of REMIT reporting in October 2015. Since then, OPCOM is submitting to ACER orders to trade and transactions established on the administered markets, fulfilling the obligations of participants, and is taking into account for 2016, the implementation of the technical and contractual framework to ensure the reporting of standard and non-standard supply contracts for electricity and gas concluded outside of an organized market, of transportation contracts, as well as of the fundamental data required to be reported starting with April next year by the Electricity Transmission System Operators, Natural Gas Transmission Operators and Storage System Operators.

So it awaits us a 2016 year with equal challenges for us, as operator of the electricity and natural gas market in Romania, but also for you, the market participants, with projects in which the partnership and the close cooperation with you, benefiting from the support of all stakeholders, become decisive vectors in the process of successfully developing, implementing and launching market initiatives, local or in partnership with similar entities involved at European level.

Considering the 2015 experiences and the activities where we are already involved in or that are starting in 2016, I can only be full of hope that the partnership with you will bring to the market and, last but not least, to the final consumer the expected benefits from trading energy in transparent and integrity conditions, and my colleagues, to whom I thank on this occasion, will ensure the quality of the services that OPCOM offers to the market with the same professionalism and dedication by working efficiently with you, our participants, and in close cooperation with the authorities and other stakeholders, to whom we are also addressing our thanks for the support expressed in 2015 and in the coming period.

Victor Ionescu, OPCOM

2000 – 2015 OPCOM facts and figures

July, 1998	According to the Government Decision no. 365/2.07.1998 the National Electricity Company was set up, also having the role of commercial operator for the whole energy sector. (July 2)
December, 1998	The Government Urgency Ordinance no. 63 establishes the framework, principles and main directions for action for the liberalisation of the Romanian power market, in accordance with the provisions of the European Directive 96/92/EC. (December 28)
2000	
February	Setting the electricity market opening degree at 10%. (February 18)
August	The Romanian Power Market Operator – OPCOM was set up. (August 15) According to Government Decision no. 627/2000, The Commercial Operator of the wholesale electricity market is separating from CONEL as a joint-stock company, branch of the National Power Grid Company – Transelectrica and remains fully in its ownership. OPCOM is the structure created and authorized to administer, according to primary and secondary legislation, the wholesale electricity market and ancillary services in Romania.
October	Rising the electricity market opening degree to 15%. (October 19)
2001	
	The first year and a half of the existence of the company was characterized by orienting towards short-term and medium-term objectives, without losing sight of the need to prepare long-term perspectives. On the short-term and medium-term OPCOM focused its efforts and resources in such a way that it could respond to all responsibilities for administering the wholesale electricity market, choosing an orientation towards customer demands.
February	OPCOM adheres to the Romanian Member Committee of World Energy Council as a collective member with full rights. (February 21)
October	OPCOM becomes a member with full rights of the International Power Exchanges Association – APEx. (October 1)
December	OPCOM is licensed for the activity of the power market operator by the Romanian Energy Regulatory Authority (ANRE). (December 20) Rising the electricity market opening degree to 25%.
2002	
	Continuing the commitment and the activity of past years, OPCOM reached in 2002 its institutional objective of delivering the operational framework for daily or long-term transactions of the electricity market participants. The basic operation was consolidated by increasing the representation activity done by OPCOM's personnel through the participation in national and international events.
January	Rising the electricity market opening degree to 33%. (January 17)
2003	
	This is the moment when the mechanisms initially used to adapt the formation of the price to the involvement of participants according to the limited degree of the market opening had become evidently old-fashioned, when the support and financing offered by the European Commission and the World Bank matched the political decision in Romania. Under these circumstances, it was decided to remodel the market concept, with the objective of aligning it to the provisions of Directive 54/2003/CE, to the best practices of power exchanges in Europe. It is the period when the concept of the new trading platform was defined, by elaborating the Road Map for energy sector in Romania, together with the opportunities offered by the financings provided by the main donors involved in developing the regional South-Eastern European market, the European Commission and the World Bank. The new trading platform includes rules and regulations which define a new framework for trading electricity which will be applied from the beginning of 2005, as well as the logistics necessary for administering this new regulation framework.
January	OPCOM becomes a member with full rights of the Association of European Power Exchanges – EUROPEX. (January 1)

July	<p>The quality management system (according to ISO 9001 standard) implemented by the company is certified by Lloyd's Register Quality Assurance (LRQA). (July 2)</p> <p>Energy Law no. 318 is published, designed due to the necessity of creating an adequate and unitary legal framework for activities regulation such as production, transport, distribution and delivery of power, keeping in mind the satisfaction of public and private interests, according to the principles of a market economy, to the energy market, and to the assumed EU directives. (July 8)</p>
December	Rising the electricity market opening degree to 40%. (December 18)
2004	
March	OPCOM becomes member of the Romanian National Institute for Energy Development Studies (IRE), full member of the Union of the Electricity Industry - EURELECTRIC. (March 30)
October	OPCOM implements an hourly settlement of trades on the wholesale electricity market. Rising the electricity market opening degree to 55%.
December	OPCOM and Nord Pool Consulting hold the first training seminar dedicated to users for the participants at the new concept of Day Ahead Market.
2005	
	It was the year when OPCOM launched three new products with a major impact on the evolution of the electricity market, as well as on the promotion of energy from renewable sources: the new mechanism for trading on the Day Ahead Market, the Centralized Market for Bilateral Contracts and the Centralized Green Certificate Market.
March	OPCOM becomes member of the Romanian Committee for Eurelectric (CRE) within IRE. (March 9)
June	Rising the electricity market opening degree to 83.5%. (June 29) The first trading day using the new mechanism on the Day Ahead Market. (June 30)
November	Launching the Centralized Market for Green Certificates (CMGC). (November 16)
December	Launching the Centralized Market for Bilateral Contracts (CMBC), concluded by public auction, offering to the participants the possibility of trading on medium and long-term. (December 8)
2006	
	It was the year when OPCOM and the Romanian power market in general consolidated the new trading platform launched in the middle of 2005.
June	Brought important decisions for the liquidity and transparency of the market: all industrial and commercial consumers became eligible, and the five largest producers (Nuclearelectrica, Hidroelectrica, Complexul Energetic Craiova, Complexul Energetic Rovinari and Complexul Energetic Turcenii) were requested to make their trading intentions more transparent by using the platforms administered by OPCOM when trading the available power.
July	OPCOM's quality management system was recertified, according to the standard ISO 9001:2000, performed by Lloyd's Register Quality Assurance (LRQA).
December	Brought the long-awaited general consensus (OPCOM, ANRE, market participants, banks) regarding the "Procedure regarding the posting, verification and use of financial guarantees for participating on the Day Ahead Market" and "Procedure regarding obligations/rights of collection due to transactions on the Day Ahead Market". The implementation of these procedures will allow OPCOM to assume the role of counterparty on the Day Ahead Market.
2007	
	The Energy Law 13/2007 is published, a new law regarding electricity, bringing the obligation of publishing the prices for all trades concluded in the centralized markets. The same period meant the launch of standard contracts of 1 MW with a time horizon of one year, quarter, month and week, with baseload, peak load and off-peak delivery.
February	The procedure for publishing the closing price and complete transparency of the Centralized Market for Bilateral Contracts is approved. (February 13)
March	Launching the Centralized Market for Bilateral Contracts with continuous negotiation (CMBC-CN), allowing the electronic trading of 1 MW contracts with baseload, peak load and off-peak delivery, for intervals of one week, one month, one quarter, one year. (March 22)
June	Complete market opening, which allows all consumers to choose their supplier. (June 29)
August	Signing the official contract with Central Account Bank selected by OPCOM following a competition selection process to perform banking services within the framework of central counterparty assumed by OPCOM for electricity trades on the Day Ahead Market. (August 1)



September	Transelectrica, OPCOM and ESO EAD decided on setting up an implementation group to optimize the allocation of cross-border capacities. (September 13)
2008	
April	High-level meeting in Bucharest. The managers of Nord Pool ASA, Nord Pool Consulting, HUPX, OPCOM, Transelectrica and high-level representatives of MAVIR meet to discuss common interests in markets coupling process. (April 22)
June	Signing the letter of intent by the transport and system operators and by the power exchanges in Romania and Hungary regarding market coupling.
July	Implementing the role of counterparty and the centralized settlement for trades on the Day Ahead Market (DAM), starting with July 1st, three years after the launching of the new trading platform.
August	Training of OPCOM personnel by Nord Pool Consulting regarding the facilities of a new trading platform for DAM.
September	OPCOM, among the first eight power markets in the Data Monitor classification. (September 15) The MOFFATT report places Romania on the ninth place in the European Union with regards to liquidity and efficiency of the power market. (September 22)
2009	
April	Absolute record: as a result of the trades concluded on the centralized market for bilateral contracts (forward trades), it was delivered a quantity of electricity representing a record percentage of 23.07% of the estimated consumption of April. Trades on DAM and CMBC with delivery in April 2009 total a quantity of electricity of 1.443.478 MWh, the share of the two markets in the estimated consumption for this month surpassing for the first time the threshold of 36%.
July	A new recertification of OPCOM's quality management system has been performed, according to the ISO 9001:2008 standard, carried out by Loyd's Register Quality Assurance (LRQA).
2010	
February	Launching the experimental period of a new trading platform for DAM, including more facilities for participants. (February 1)
June	Launching the Trading Platform for greenhouse gases Emission Certificates (TPEC). (June 1) DATAMONITOR: Romania remains in the first eight power markets in Europe. (June 10) 2010 marks five years since the launch of the New Trading Platform and two years since OPCOM assumed the role of counterparty and centralized settlement for DAM trades. (June 30)
July	The first participant registered on the Trading Platform for greenhouse gases Emission Certificates. (July 12)
August	Launching of a new website, the start of a new decade of activity. (August 3) Absolute record: for the delivery day August 7, 2010, the transactions in the Day Ahead Market represent 25.02% of the forecasted domestic consumption. (August 7) Ten years after it has been founded, OPCOM outlines through public declarations the fulfilment of its role and mission. (August 15)
September	BVB – The Bucharest Stock Exchange, CCB – Bucharest Clearing House and OPCOM – Romanian Power Market Operator sign an agreement regarding their cooperation towards the Romanian Electricity Derivatives Market launch. The cooperation of the partners is welcomed by the Ministry of Economy, Commerce and the Business Environment of Romania in its intention that financial market will enhance its dimension and diversity. (September 28)
November	The website of the Ministry of Economy, Trade and the Business Environment announces the signing of the Memorandum regarding the cooperation between Romania and Bulgaria. (November 30)
2011	
	2011 was a milestone in the evolution of OPCOM as operator of the electricity market, a year of consolidating the short and medium term administered products, with new records regarding the number of active participants and the volumes traded on the Day Ahead Market and on the Centralized Market for Bilateral Contracts of electricity, as well as a year of portfolio development of products and services made available to the market participants with those related to a new market, respectively intra-day market of electricity. Also, 2011 was a year of consolidation of the activity carried out by OPCOM to support the efforts

	undertaken at national level in order to create conditions for regional and European integration of the market.
July	The launch of the Intraday Market (IDM). (July 25)
August	Enters into force the new framework for trading electricity bilateral contracts.
December	Romania has formally expressed its interest to join the project for electricity markets coupling from Czech Republic, Slovakia and Hungary. (December 20)
2012	
	2012 was for OPCOM the year when the efforts were directed both towards strengthening nationally as well as towards integration in the framework of projects developed in the regional plan of the organized and administered electricity markets.
July	Engaged on the ambitious way of creating the single European market together with the other Member States, being determined to become one of the pillars of this process whose purposefulness is foreseen for 2014, Romania decided by the legislative framework created following the adoption in July 2012 of the electricity and gas law, enhancing transparency of the national energy market and promoting effective competition between market participants by coagulating trading intentions in centralized environments, ensuring this way not only the increase of market confidence but also strengthening liquidity, precondition for finding energy fair price, for the benefit of the end users.
2013	
	In 2013, OPCOM's efforts were directed towards strengthening the strategic orientations of expanding our products portfolio offered to the market participants and of integration in European developments with relevance for the energy market and the activity domain of the company.
January	Representatives of national regulatory authorities, of transmission system operators and of market operators from the Czech Republic, Slovakia, Hungary, Poland and Romania met in Budapest to agree starting the structured cooperation for the purpose of examining and preparing the integration of electricity markets for the day ahead in the five countries. (January 28)
July	SIBEX – SIBIU STOCK EXCHANGE S.A. and Romanian Gas and Electricity Market Operator "OPCOM" SA signed the framework documents having as objective the partnership development and launching on trading platform of SIBEX the futures contracts having as underlying asset the indices of spot electricity market ROPEX_DAM settled by OPCOM. (July 9) The Czech Republic, Slovakia, Hungary, Romania and Poland signed the Memorandum of Understanding in order to extend CZ-SK-HU Market Coupling towards the markets from Romania and Poland. (July 11) Romanian Gas and Electricity Market Operator "OPCOM" SA was granted with the license of centralized natural gas market administration at the meeting of The Regulatory Committee of ANRE. (July 19)
2014	
	2014 was the year in which OPCOM's efforts aimed specifically at organizing and managing centralized markets in the best conditions, by improving quality of services and portfolio diversification, showed their results.
January	Introducing the regulated tariffs with their three components, registration, administration and execution of transactions for all participants in the administered markets. (January 1) Trayport, a worldwide leading provider of energy trading solutions for traders, brokers and exchanges, and OPCOM signed a contract for the use of the Trayport systems by OPCOM. (January 9) January 16, 2014 - the first day of delivery for the electricity traded on the Intraday Market by continuous correlation up to two hours before delivery. OPCOM provides to the producers of electricity from renewable energy sources and to the economic operators with obligation of purchasing green certificates, registered as participants on the green certificates market, a new way of trading of these certificates in a transparent, centralized and non-discriminatory way (GCBCM). (January 16)
March	Launching the commercial operation of the Centralized Market with double continuous negotiation for electricity bilateral contracts: CM-OTC. (March 3)
May	Launching the trading activity within the Centralized Market with double continuous negotiation for electricity bilateral contracts: CM-OTC. (May 16)



September	OPCOM along with Romanian Energy Regulatory Authority – ANRE and the Transmission System Operator - Transelectrica SA organised the workshop “4M Market Coupling and foreseen changes on Romanian Day-Ahead Market”. The workshop enjoyed the presence of more than half of active participants on the Day Ahead Market of the first half of year 2014, as well as representatives of other interested parties from the country and from abroad, many of them expressing their appreciation regarding the usefulness of the workshop for the market participants, respectively there were present at the event about 300 participants. (September 25)
November	Successfully launching the CZ-SK-HU-RO market coupling, integrating the electricity markets for the day ahead from the Czech Republic, Slovakia, Hungary and Romania and replacing CZ-SK-HU market coupling. (November 19)
2015	<p>2015 marked changes in terms of the regulatory framework which are governing the functioning of the electricity and natural gas administered markets.</p> <p>At the same time, 2015 brought the recognition of OPCOM’s policies in the quality domain and information security by Information Security Management System certification and the recertification of Quality Management System according to ISO 27001:2013 and 9001: 2008.</p> <p>The year 2015 as a year of challenges continued with new responsibilities for OPCOM in the light of the new European regulations:</p> <ul style="list-style-type: none"> - the implementation of the provisions on transparency and integrity of wholesale energy market - Regulation (EU) No. 1227/2011; - the single coupling for the Day Ahead and IntraDay Markets - Regulation (EU) No. 1222/2015;
January	Entry into force of the provisions of ANRE’s Order no. 78/2014 for the approval of the Regulation on ways of concluding the electricity bilateral contracts by extended auction and continuous negotiation, and processing contracts. (January 1)
March	A new product was made available to market participants - Central Market for Universal Service (CMUS). (March 17)
June	Information Security Management System (in accordance with standard ISO 27001) implemented by the company is certified by Lloyd's Register Quality Assurance (LRQA). (June 7)
July	The Regulatory Committee of ANRE approved the new set of procedures and the single Accession Agreement on the Centralized Market for Natural Gas administered by OPCOM, for the three trading mechanisms: PCGN-LP, PCGN-LN and PCGN - OTC. (July 1) OPCOM was registered as Registered Reporting Mechanisms (RRM) by ACER. As a RRM, Romanian Gas and Electricity Market Operator “OPCOM” SA is reporting offers and trades to ACER according to REMIT, on behalf of a market participant. (July 24)
August	August 15, 2015 - OPCOM celebrates 15 years of existence
October	OPCOM successfully initiated the first phase of REMIT reporting. (October 7)
December	OPCOM was designated by the Romanian Energy Regulatory Authority as Nominated Electricity Market Operator (NEMO) for fulfilling tasks related to the coupling of the day-ahead and intraday markets. The designation was performed through the Decision No. 2515/14.12.2015 of the President of ANRE, according to the Regulation (EU) 2015/1222, for an initial period of four (4) years starting with 14.12.2015.

General Shareholders Assembly

Dumitru Barascu	MEIMMMA
Aurelia Stefanescu - Coculeana	MEIMMMA
Simona Mariana Tudor	MEIMMMA

The company Operatorul Pietei de Energie Electrica si de Gaze Naturale "OPCOM" SA was set up according to Government Decision no. 627 / 13.07.2000 – „Decision on the reorganization of the National Electricity Company CONEL”, published in the Official Journal of Romania no. 357 / 31.07.2000, as a subsidiary of CNTEE Transelectrica as legal entity.

The share capital of OPCOM is amounting 8,100,000 lei and is 100% owned by CNTEE Transelectrica SA as single shareholder.

OPCOM was registered at the Trade Register under the no. J40/7542/15.08.2000, and owns the tax registration certificate – tax code RO13278352.

The company's headquarter is located in Bucharest, 16-18 Hristo Botev Blvd, 3rd district.

The responsibilities derive from its role as organizer and administrator of the centralized electricity markets and settlement operator in the wholesale electricity market, according to in force ANRE regulations and License Conditions no. 407 - revision 3/2015 as well as from its role as organizer and administrator of the centralized natural gas markets according to in force ANRE regulations and License Conditions no. 1798/2013.

Board of OPCOM

Anca Ioana Dobrica	MEIMMMA
Cristiana Chiriac	MEIMMMA
Nechita Stefanov	MEIMMMA
Silvia Bianca Nita/Elena Popescu	MEIMMMA
Victor Ionescu	OPCOM

Just a few elements of OPCOM's activity are named below:

- spot trading of the electricity in the day-ahead market (DAM) and intraday market (IDM);
- operating in coupled-mode using the price market coupling mechanism, project known as 4M MC, in compliance with the ANRE Order no. 82 / 03.09.2014 with subsequent amendments;
- term contracting through the centralized market for electricity bilateral contracts (CMBC-EA, CMBC-CN and CMBC-FP);
- term contracting through the centralized market for bilateral contracts for electricity with double continuous negotiation (CM-OTC);
- electricity contracting for the last resort suppliers in order to cover the consumption billed at CPC tariff to final customers served under universal service regime through centralised market for universal service (CMUS);
- term contracting through the centralized market for natural gas (CMNG);
- term contracting through the electricity market for large consumers (LCM);
- environmental certificates trading on the centralized market for green certificates, the centralized market for bilateral contracts of green certificates as well as on the trading platform for greenhouse gases emission certificates;
- settlement of the transactions concluded on Day-Ahead Market and Intraday Market;
- setting the collection rights/payment obligations for transactions established on Centralized Green Certificates Market;
- settlement of the electricity transactions concluded on the Balancing Market organized by CNTEE Transelectrica SA and the Imbalances of the Balancing Responsible Parties;
- administrated markets surveillance and results reporting to ANRE;
- organising and administering ACER reporting activity (REMIT) as Registered Reporting Mechanism;
- providing relevant information to market participants, mass-media and general public.

Executive Management Report

The Romanian Gas and Electricity Market Operator "OPCOM" S.A. was founded with the mission to support the liberalization process of the electricity market, being the main tool for the implementation and consolidation of a competitive electricity market by providing the framework for transparent transactions between licensed participants.

The activity of OPCOM is focused on the organization and administration services for the centralized electricity markets and on the settlement services according to the responsibilities set out by the ANRE through provisions of in force regulations, Licenses Conditions granted by the relevant authority.

OPCOM has the role of the electricity market operator, organizer and administrator of the green certificates market, natural gas market operator according to primary and secondary legislation in force and according to licenses granted by ANRE. OPCOM has the role of organizer and administrator of the trading platform for greenhouse gases emission certificates according to the framework established by the Minister of Economy, Trade and Tourism in accordance with the enforcement of legislation by the Financial Supervision Authority.

OPCOM offers an organized regulatory framework in force, viable and efficient for performing commercial trades on administrated market under conditions of consistency, correctness, objectivity, independence, impartiality, transparency and non-discrimination.

In order to provide these services, OPCOM's activity of organizing and operating the centralized markets is based on the financial and administrative activities, information technology and telecommunications, development, international cooperation and public relations. The compliance of the centralized market operation with the secondary legislation, the markets' performance and the participants' behaviour are overseen by a specialized department that performs continuous activities related to monitoring and reporting. The compliance of the employees' activity with the provisions of the internal rules and procedures is the attention area of the quality assurance activity.

LEGAL, REGULATORY, INTERNAL ADMINISTRATIVE AND BUSINESS FRAMEWORK

OPCOM runs its activity in accordance with the provisions of the Electricity and Natural Gas Law no. 123/2012 with subsequent amendments, Law no. 220/2008 on the system for promoting energy production from renewable energy sources (with subsequent amendments), License no. 407 and the related license conditions - revision 1/2005, respectively 2/2013 and 3/2015 for the administration activity of the centralized electricity markets, License no. 1798/2013 and the license conditions related to the administration activity of the centralized gas markets granted by the Regulatory Authority for Energy (ANRE) and with the provisions of the secondary legislation issued and approved by the relevant authority, the regulations approved by MECMA, the Rules governing the functioning and organisation of OPCOM and the internal rules and procedures.

By Decision no. 2515 / 14.12.2015 of the President of ANRE, OPCOM has been designated as "Nominated Electricity Market Operator" (NEMO) for day ahead market and intraday market for Romania bidding area, as required under the provisions of the Regulation 2015/1222, for a period of four (4) years from the date of this decision. The decision also states that as a "Nominated Electricity Market Operator" the company Operatorul Pietei de Energie Electrica si de Gaze Naturale "OPCOM" SA, has the rights and obligations and exercises the powers provided for in Regulation 2015/1222, without prejudice to the rights and obligations that it owns as holder of the License no. 407 for the administration of centralized electricity markets, with subsequent modifications.

According to Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (REMIT), as well as Commission Implementing Regulation (EU) No 1348/2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency, OPCOM has been approved by ACER as Registered Reporting Mechanism (RRM) and performs reporting activities for orders to trade and transactions executed on the markets administrated by OPCOM.

In accordance with legal framework, the activities of OPCOM are fully regulated, OPCOM's revenues being provided under a regulated tariff established for the organization and administration services for the centralized electricity markets and settlement services in the wholesale electricity market, according to the responsibilities set out by in force ANRE regulations and License Conditions granted by the relevant authority.

The tariffs that apply to the services provided by OPCOM are established by ordinances of Regulatory Authority for Energy. For the period 2010-2012, the tariff approved for the services provided to the participants on the administrated markets was maintained constant, the authority considering the high level of profit should be recalibrated for all regulated activities. In September 2013, applicable since January 1, 2014, the provisions of ANRE Order no. 67 regarding the approval of the Methodology for determining the regulated tariff applied by the electricity market operator entered into force.

Afterwards by Order no. 88/ December 2013, modified by Order no. 7 /February 2014, ANRE approved the regulated tariff applied by the electricity market operator with its three components: registration component at the centralized markets, administration component of centralized markets and trading component. By ANRE Order no. 52/26.06.2014 the tariff was resized, respectively the trading component on the regulated electricity markets where OPCOM is counterparty, beginning with July 1, 2014, from 0.40 lei/MWh to 0.15 lei/MWh, and starting with July 1, 2015 by the ANRE Order no. 94 / June 25, 2015 the new tariffs applied by the electricity market operator were approved.

OPCOM's economic and financial activity for 2015 was deployed in accordance with the applicable legal regulations in force, based on the indicators established in the Income and Expenditure Budget proposed and approved and in compliance with the Collective Labour Agreement of OPCOM and with the protocols concluded with the social partner, being in line with the Development Guidelines for the period 2014-2017 and items regarding the estimation of the main needed investment/upgrades.

QUALITY MANAGEMENT SYSTEM

OPCOM implemented as early as 2003 a quality management system (QMS), certified by the British company Lloyds Register Quality Assurance (LRQA) according to the ISO 9001 standard. During the 12 years of implementation, OPCOM's QMS has been subjected to four recertification audits, in July 2006, July 2009, July 2012 and respectively, July 2015, the last three recertifications being performed by LRQA according to ISO 9001:2008 standard.

The audits performed in 2015 on OPCOM's QMS, both the external (recertification audit by LRQA from 06.07 - 09.07.2015) as well as internal audits (planned audits from 22.06 - 26.06.2015 and 14.12 - 17.12.2015), once again highlighted the concern and commitment of the management to maintain and improve the Quality Management System of OPCOM.

INFORMATION SECURITY MANAGEMENT SYSTEM

OPCOM implemented in 2015 an information security management system (ISMS). During 16-17.11.2015 was held the first ISMS surveillance audit. The audit was performed by LRQA, body which issued the Certificate of Approval attesting that OPCOM's Information Security Management System has been approved in accordance with ISO / IEC 27001: 2013 standard. Following the 2015 audits, no nonconformity / observation report was initiated and no solution to the problem or corrective action was requested.

IT SYSTEM ADMINISTRATION

Having as the main tasks the safely administering of the information technology and telecommunication systems of the company, the implementation of security policies for the information infrastructure and the telecommunication system, as well as the developing of the OPCOM's information and telecommunication network, the IT&C Division has permanently pursued, through its activity, ensuring of the operation conformity of the OPCOM's information and telecommunication systems in accordance to primary and secondary legislation from the energy sector.

The development activity throughout the year 2015 was oriented towards upgrading existing information systems, to allow them to reach a higher degree of performance and flexibility to respond more efficiently to the challenges of the energy market development in Romania, in conditions of increased safety.

2015 presented a very complex and major importance series of new challenges in the development of the company's activity, respectively: optimal administration of the DAM platform in the context of 4M MC coupled mode operation; launching new trading modalities (CMBC-EA, CMUS) in early 2015; OPCOM recognition as Registered Reporting Mechanism (RRM) by ACER in order to report orders to trade and transactions according to REMIT; launching the application for the administration of Green Certificates Register, developed entirely with own resources and currently managing about 27,000,000 nominal certificates for 871 participants, being able to reconstitute the path of each certificate at any time; implementing, administering and upgrading the REMIT reporting system, including the Backloading phase; administering the settlement platform while running a large number of simulations requested by ANRE.

ADMINISTERED MARKETS OPERATION SURVEILLANCE

The market surveillance activity of the markets administered by OPCOM is carried out in accordance with the provisions of the Commercial Code for the wholesale electricity market with subsequent modifications, the wholesale electricity market monitoring Methodology for assessing the level of competition on the market and preventing abuse of dominant position with subsequent modifications and the Operational procedure regarding the surveillance of the administered energy markets, participants' behaviour and anticompetitive actions detect.

The department responsible with the surveillance of the administered energy markets operates independently of OPCOM's operational departments, and the results of its activity meet the information needs of three factors, the OPCOM management, ANRE and market participants.

Starting with October 7, 2015, when entered into force the obligation to report orders to trade and transactions made by participants in organized market places, the orders to trade and transactions settled on the markets administered by OPCOM are submitted to the ARIS system of Agency for the Cooperation of Energy Regulators (ACER), thus fulfilling the market participants' obligations.

The right to report orders to trade and transactions on behalf of a market participant was granted to OPCOM on 24.07.2015, when ACER authorized the first five third parties (Registered Reporting Mechanism –RRM) that are going to report the transactions on behalf of the companies according to REMIT, OPCOM being one of them. The requirement to report transaction records on wholesale energy markets, including orders to trade, is part of the new monitoring framework set up by REMIT to detect and discourage market abuse on wholesale energy markets.

PERFORMANCES OF THE ADMINISTERED MARKETS

The short term markets – Day-Ahead Market (DAM) and Intraday Market (IDM)

The Day Ahead Market (DAM)

This year DAM has also answered to the opportunities and needs for balancing the participants obligations one day before the delivery day, in a context characterized by an increase of both the consumption and the generation of electricity compared to the earlier year. In the last month of 2015 an absolute record number of 234 participants were active on DAM platform, contributing to establish a monthly average trading of 2,877 MWh/h and to consolidate the yearly average of the hourly traded volume, reaching for the first time 2,568 MWh/h.

Annual historical data indicates an increasing of the traded volume for this time horizon from 1.7 TWh in 2005 to 22.5 TWh in 2015, respectively in hourly average values from 388.9 MWh/h in 2005 to 2,568.0 MWh/h in 2015, as percentage of the country domestic electricity consumption – this last value representing 42.20%.

Compared to 2014, the 22.5 TWh quantity traded on DAM has increased with 1 TWh (4.65%).

At the level of the overall 2015 year, the participants number that have been submitted at least one offer was 264 representing a rate for interest that exceeds 84.08% if compared with the 314 companies registered at the market at the end of December 2015. All 264 participants concluded transactions, the hourly volumes varying in a range between 1,251.5 MWh/h and 4,171 MWh/h, this last value being an absolute maximum for the 2005-2015 time horizon. Set in all intervals without exception, the hourly trades reached 2,000 MWh/h in 92% of the cases, while the trades' volume was lower than 1,500 MWh/h (equivalent of 25% from the yearly hourly average consumption) in only 5 of the 8,760 hourly intervals in which there were tradings in 2015.

The yearly weighted average price established on DAM was of 166.35 Lei/MWh (37.40 EUR/MWh), while the yearly arithmetic average trading price was 161.91 Lei/MWh (36.42 EUR/MWh) in 2015, increasing compared to the corresponding value of the year 2014, of 154.00 Lei/MWh (34.66 EUR/MWh). The same increasing trend compared with the previous year was observed in Europe in almost all electricity spot trading environments, being to be remarked this year also a more reduced dispersion of the yearly average prices set by exchanges compared with the European average of 41 EUR/MWh, the price established on OPCOM spot market, being with 10.78% less than the European average.

On the DAMs that are operating coupled with DAM administrated by OPCOM since November 2014, the 2015 annual prices were 40.59 EUR/MWh (HUPX), 33.59 EUR/MWh (OKTE) and 32.35 EUR/MWh (OTE).

The Intraday Market

At the end of 2015, the number of the IntraDay Market participants registers 111, of which 75, respectively 67.57% were active on this market that is designed to facilitate for the market trading the intradaily variations between the available capacity and the delivery obligations, thus contributing to a better management of the potential imbalances and to maintaining a balance of generation and consumption. The traded volume in 2015 (75,779.751 MWh with a weighted average price of 139.46 lei/MWh meaning 31.39 EUR/MWh), however remains low compared to the expected indicator, given that in 2015 the energy produced from renewable sources in the mix of generation increased from 2014.

It is expected that the usage of this final commercial market to heighten from the perspective of the expected development in the years to come regarding the consideration of the interzonal capacities in the process of establishing the result of the trading algorithm.

The Term Markets - The Centralized Market for Bilateral Contracts for electricity: extended auction CMBC-EA, continuous negotiation (CMBC-CN), and with double continuous negotiation (CM-OTC)

Starting with January 1, 2015 there were implemented new trading mechanisms based on regulations established by the Regulatory Authority (Order 78/2014) regarding the ways of completing electricity bilateral contracts by extended auction (CMBC-EA), continuous negotiation (CMBC-CN) and by processing contracts (CMBC-PC).

The Centralized Market for Bilateral Contracts for electricity: extended auction mechanism CMBC-EA

All those 168 participants that expressed interest on using the product within their own contracting strategies in 2015, are representing 47.86% of the 351 companies registered on the market at the end of December 2015. There were concluded 779 contracts, the related weighted average price being of 162.41 Lei/MWh (36.55 EUR/MWh), being traded a total volume of 24.2 TWh.

The analysis shows that through the concluded trades, 2015 assures deliveries for the following year of 16.0 TWh, volume representing a share of around 29.92% of consumption. The weighted average price for the electricity traded in CMBC-EA for delivery in 2015, was of 162.42 Lei/MWh (36.56 EUR/MWh), respectively 163.12 lei/MWh (36.44 EUR/MWh) for delivery in 2017 of 0.2 TWh volume.

The deliveries contracted for 2015 are representing a share of 14.91% of consumption, the weighted average price being of 162.25 Lei/MWh (36.50 EUR/MWh).

The Centralized Market for Bilateral Contracts for electricity - continuous negotiation mechanism CMBC-CN

A number of 110 participants manifested interest for this trading mechanism from those 151 companies registered on the market at the end of December 2015, in 2015 year being concluded a number of 13,935 contracts, the related weighted average price being of 162.27 Lei/MWh (36.46 EUR/MWh), being traded a total volume of 8.9 TWh.

The deliveries contracted for 2015 totalled 5.2 TWh, respectively a share of 9.74% of consumption, the related weighted average price being of 166.06 Lei/MWh (37.39 EUR/MWh), while the the deliveries contracted for 2016 totalled 3.7 TWh, respectively a share of 6.89% of consumption, the related weighted average price being of 156.89 Lei/MWh (35.12 EUR/MWh).

The Centralized Market for Bilateral Contracts for electricity with double continuous negotiation mechanism CM-OTC

In 2015, there were concluded by the 64 active participants on CM-OTC representing 71.11% of the total of 90 participants registered on this market by the end of December 2015, an electricity volume of 23.2 TWh at a related weighted average price of 165.40 lei/MWh (37.18 EUR/MWh).

The deliveries contracted for 2015 totalled 17.5 TWh, respectively a share of 32.75% of 2015 consumption, the related weighted average price being of 167.48 Lei/MWh (37.75 EUR/MWh).

For 2016 the contracted deliveries total 10.5 TWh, respectively a quota of 19.67% of consumption, the related weighted average price being of 164.36 lei/MWh (36.86 EUR/MWh).

The Centralized Market for Universal Service CMUS

This year in February, based on regulations established by the Regulatory Authority (Order 65/2014), there was implemented the mechanism that allows the transparent and competitive acquisition of electricity on the wholesale market by the last resort suppliers in order to cover the electricity consumption of the final clients served in universal service regime, billed at competitive market tariff component.

The number of active participants in the four actions organised in 2015 reached the value of 25, that related to the total number of registered participants on this market indicates a quota of participation of 83.22%.

The deliveries contracted for 2015 totalled 4.6 TWh, the related weighted average price being of 173.06 Lei/MWh (38.90 EUR/MWh).

The Certificates Markets - The Centralized Market for Green Certificates (CMGC), The Centralized Market for Bilateral Contracts of Green Certificates (CMBCGC) and The Trading Platform for greenhouse gases Emission Certificates (TPEC)

The Centralized Market for Green Certificates

In 2015, there were centralized traded, by the 277 active participants of the 829 companies registered on the Centralized Market for Green Certificates at the end of December 2015, 36,618 green certificates at a weighted average price of 130.95 lei/green certificate (29.36 EUR/green certificate, calculated at the exchange rate used for establishing the traded values of green certificates on the green certificates market for 2014 and 2015).

The Centralized Market for Bilateral Contracts of Green Certificates

During January 1 and December 31, 2015, there were traded, by the 481 active participants on CMBCGC, a number of 10,070,686 green certificates at a weighted average price of 131.04 lei/green certificate (29.38 EUR/green certificate, calculated at the exchange rate used for establishing the traded values of green certificates on the green certificates market for 2014 and 2015).

The transactions completed in 2015, cumulated on the two markets, summarize a number of 10,107,304 certificates, representing the obligations assumed by the contract partners for deadlines reaching up to 13 years.

The Trading Platform for greenhouse gases Emission Certificates

From the total of 12 companies registered at the end of 2015 on the Trading Platform for greenhouse gases Emission Certificates, none of them was active, so that transactions with greenhouse gases emission certificates were not completed on the Platform in 2015.

Markets for Natural Gas - Centralized Market for Natural Gas: online auctions and negotiation (PCGN-LN), online public auctions (PCGN-LP)

The National Authority Regulatory Committee endorsed on the 1st of July 2015 the new set of procedures and the single Accession Agreement to participate in the Centralized Market for Natural Gas administered by OPCOM, for three methods of trading: PCGN-LP, PCGN-LN and PCGN-OTC.

At the end of 2015, the number of participants registered for natural gas markets was 21.

Markets for Natural Gas - Centralized Market for Natural Gas: online auctions and negotiation (PCGN-LN)

Out of the total number of registered participants, 4 have manifested the interest of being active on this market. In 2015 the trading sessions ended up with three assigned contracts, at a related weighted average price of 82.00 lei/MWh (18.45 EUR/MWh), an electricity volume of 15 GWh.

Markets for Natural Gas - Centralized Market for Natural Gas: online public auctions (PCGN-LP)

Out of the total number of registered participants, 2 have manifested the interest of being active on this market. By PCGN-LP trading mechanism, there was traded during 2015, at a related weighted average price of 83.00 lei/MWh (18.69 EUR/MWh), an electricity volume of 3 GWh.

The Settlement

The electricity traded value on the Day-Ahead Market totalled 3,742.2 mill. Lei (841.4 mill. Euro), the payments made in two banking days reached 3,351.2 mil. Lei (752.6 mil. Euro), the difference of 390.9 mill. Lei (88.7 mill. Euro) representing the payment obligations value of DAM participants to OPCOM that have been offset either by issuing orders of compensation, either by issuing payment orders.

The electricity traded value on the Intra-Day Market, reached 10.6 mill. Lei (2.38 mill. Euro), the payments made in two banking days reached 10.0 mil. Lei (2.24 mil. Euro), the difference of 0.6 mill. lei (0.14 mill. Euro) representing the payment obligations value of IDM participants to OPCOM that have been offset either by issuing orders of compensation, either by issuing payment orders.

Besides the accomplishment of the responsibilities deriving from the counterparty role assumed by OPCOM in the electricity spot trading process, the settlement activity supposed, in 2015 also, the fulfilment of the responsibilities derived from the process of setting the volumes, respectively the collection rights/payment obligations for:

- The trades on the Centralized Market for Green Certificates, in amount of 4.8 mill. Lei (1.1 mill. EUR), corresponding to the Green Certificates traded in 2015;
- The trades on the Balancing Market administered by C.N.T.E.E. Transelectrica S.A., in amount of 945.8 mill. Lei, corresponding to the upward balancing energy and, respectively 28.1 mill. Lei for downward balancing energy;

- The notification imbalances of the Dispatchable Units, in amount of 0.3 mill. Lei;
- The imbalances of the Balance Responsible Parties, amounting 20.9 mill. Lei corresponding to the positive imbalances and respectively 878.4 mill. Lei corresponding to the negative imbalances.

There were also monthly determined and reallocated, the values of the residual costs/revenues derived from the system balancing, amounts that totalled 58.8 mill. Lei.

ACTIVITIES FOR DEVELOPMENT OF PRODUCTS AND SERVICES OFFERED TOWARDS THE MARKET PARTICIPANTS

A significant part of the activity carried out during 2015 was mainly dedicated for improving trading and settlement mechanisms on the administered markets.

The new trading rules for Centralized Market for Electricity Bilateral Contracts which involved the implementation of three new ways of trading were implemented, respectively Extended Auctions Mechanism (CMBC-EA), Continuous Negotiation Mechanism (CMBC-CN) and Fuel Processing Mechanism (CMBC-FP) and the framework contracts applicable for the CMBC-EA and CMBC-FP trading mechanisms and framework contract applicable for the CMBC-CN trading mechanism were developed in public consultation.

Technical solutions for the fulfilment by OPCOM of the data reporting responsibilities as RRM were implemented in accordance with the Commission Implementing Regulation (EU) No 1348/2014 on data reporting, on implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (REMIT).

OPCOM has developed the necessary contractual framework for providing data accessing, reporting and backloading services, an aspect that also contributed, to the successful launch of the standard contracts starting with 07.10.2015 and the continuous provision of backloading reporting for the standard contracts, concluded before 07.10.2015 and valid at that date. Starting with 07.10.2015 the reporting service is provided daily for the participants registered to the electricity and natural gas markets administered by OPCOM.

Related to market participants, OPCOM contributed to their training by organizing dedicated training sessions to support the fulfilment of the tasks assigned to the participants according to REMIT. Also, OPCOM carried out permanent information of the participants and of the entire business environment, by sending dedicated messages, publishing information on OPCOM's website, providing a permanent feedback to the concerns and questions submitted by the market participants. OPCOM permanently informed ANRE regarding the actions performed by OPCOM in the implementation of REMIT provisions on the wholesale energy market from Romania and in maintaining communication with ACER in order to clarify issues related to the proper implementation of the Regulation.

The new trading rules with the diversification of the mechanisms for centralized natural gas trading by public auction (PCGN-LP), by auction and negotiation (PCGN-LN) and by OTC trading (PCGN-OTC) were implemented.

Also, there were implemented the new rules for the Balancing Market and for BRP imbalances, in accordance with the provisions of primary and secondary legislation in force and with the data submitted by the responsible operators.

The necessary technical solutions were implemented to make available for the participants on the Centralized Green Certificate Market the facility to consult online the accounts held in Green Certificate Register.

OPCOM went through a process of designation as Nominated Electricity Market Operator (NEMO) responsible for fulfilling the tasks related to the coupling of the day-ahead and intraday markets, developing in this respect a documentation package meant to attest the fulfilment by the company of the criteria mentioned in Article 6 from the Regulation (EU) 2015/1222; the documentation package was submitted to ANRE in order to be analysed, process that was concluded by designating OPCOM as NEMO, based on ANRE's decision from 14.12.2015. From the moment of designation OPCOM participated in the joint efforts of all NEMOs (NEMOs designated at European level), ongoing since the entry into force of the Regulation (EU) 2015/1222, respectively August 14, 2015.

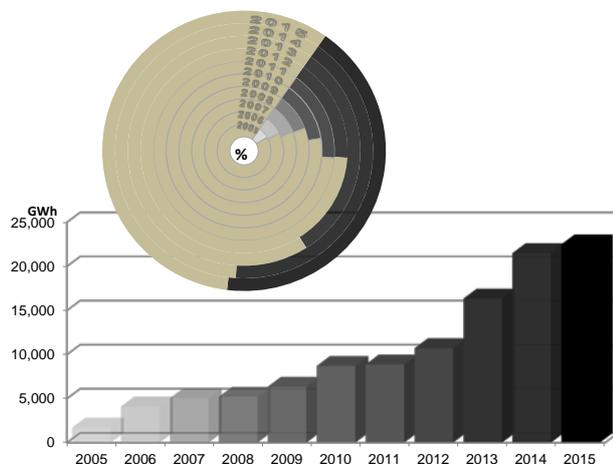
Also, OPCOM joined the existing power exchanges that developed PCR solution, respectively EPEX SPOT, GME, Nord Pool, OMIE, OTE and TGE, becoming a member of this European initiative designed to facilitate the coupling of the day ahead electricity markets at European level, in accordance with relevant regulations in this respect.

Markets: Progress and Results

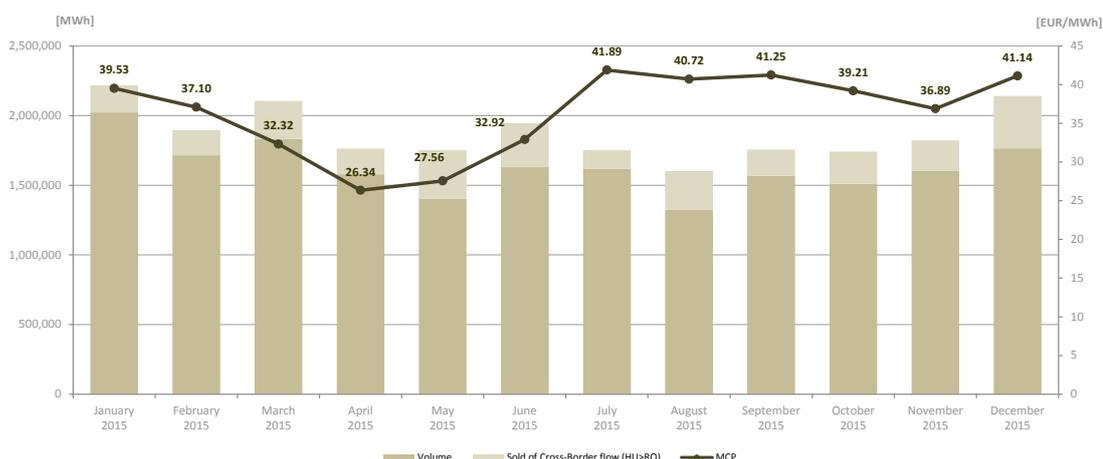
	2010	2011	2012	2013	2014	2015
Day Ahead Market						
Trades						
Total volume [MWh]	8,696,191	8,869,600	10,718,236	16,345,887	21,496,271	22,496,040
Avg. volume [MWh/h]	993	1,013	1,220	1,866	2,454	2,568
Market share [%]	16.56	16.37	19.88	31.27	41.31	42.20
Value [Euro]	322,478,398	461,873,344	538,421,206	609,930,037	768,746,968	841,381,295
Intraday Market						
Trades						
Total volume [MWh]		4,781	7,425	14,152	63,812	75,780
Avg. volume [MWh/h]		1.245	0.845	1.616	7.284	8.651
Market share [%]		0.02	0.01	0.03	0.12	0.14
Value [Euro]		311,661	524,309	614,703	2,338,063	2,378,786
Centralized Market with double continuous negotiation for Electricity Bilateral						
Traded contracts						
Number					1,224	8,098
Volume [MWh]					6,223,970	23,240,271
Value [Euro]					240,504,566	864,100,351
Deliveries						
Volume [MWh]					1,351,035	17,456,079
Value [Euro]					53,042,150	658,905,740
Market share [%]					2.60	32.75
Centralized Market for Electricity Bilateral Contracts - Extended Auctions						
Traded contracts						
Number						779
Volume [MWh]						24,221,929
Value [Euro]						885,250,373
Deliveries						
Volume [MWh]						7,950,562
Value [Euro]						290,197,619
Market share [%]						14.91
Market for Bilateral Contracts attributed through public auctions , in operation						
Traded contracts						
Number	21	80	254	866	1,572	
Volume [MWh]	3,874,480	5,557,220	14,252,684	32,807,210	37,317,677	
Value [Euro]	135,817,241	271,037,236	729,805,608	1,353,757,824	1,417,083,493	
Deliveries						
Volume [MWh]	4,088,250	4,659,945	7,872,825	21,688,671	33,589,464	23,908,273
Value [Euro]	149,296,442	178,338,505	384,714,527	1,026,974,497	1,334,593,544	902,898,071
Market share [%]	7.78	8.60	14.60	41.50	64.98	44.85
Centralized Market for Bilateral Contracts with Continuous Negotiation - in						
Traded contracts						
Number						1,439
Volume [MWh]						8,938,488
Value [Euro]						325,854,144
Deliveries						
Volume [MWh]						5,190,539
Value [Euro]						194,090,491
Market share [%]						9.74
Centralized Market for Bilateral Contracts with Continuous Negotiation, in						
Traded contracts						
Number	110	2,798	1,477	764	5,994	
Volume [MWh]	16,240	625,728	237,119	625,113	4,075,245	
Value [Euro]	566,520	30,888,601	11,540,759	24,220,584	158,643,678	
Deliveries						
Volume [MWh]	16,240	456,078	385,412	271,420	1,612,246	2,837,377
Value [Euro]	566,520	21,940,747	19,371,249	11,089,022	61,217,134	111,649,829
Market share [%]	0.03	0.84	0.71	0.52	3.12	5.32
Centralized Market for Universal Service						
Traded contracts						
Number						3,431
Volume [MWh]						6,478,186
Value [Euro]						255,234,382
Deliveries						
Volume [MWh]						4,592,109
Value [Euro]						178,620,695
Market share [%]						8.61
Centralized Market for Natural Gas						
Centralized Market for Natural Gas - trading mechanism PCGN-LN						
Traded contracts						
Number						3
Volume [MWh]						15,063
Value [Euro]						277,849
Centralized Market for Natural Gas - trading mechanism PCGN-LP						
Traded contracts						
Number						1
Volume [MWh]						3,000
Value [Euro]						56,084
Green Certificates Market						
Centralized Market for Green Certificates						
Trades						
Number	248,694	451,841	1,053,229	4,161,317	2,675,174	36,618
Value [Euro]	13,678,170	25,262,850	59,441,873	177,536,238	96,504,070	1,075,054
Green Certificates Bilateral Contracts Market						
Trades						
Number					21,805,810	10,070,686
Value [Euro]					655,455,501	295,901,846
Emission Allowances						
Trades						
Number		1,500,000				
Value [Euro]		18,820,000				

Day Ahead Market

Starting with 19.11.2014, Day-Ahead Market is operating in coupling mode with Day-Ahead Markets from Czech Republic, Slovakia and Hungary through price coupling mechanism, the project being known as 4M MC. DAM rules are provided in the "Regulation for organization and functioning of the day-ahead electricity market in compliance with the price market coupling mechanism" approved by the ANRE President's Order no. 82/2014 with subsequent amendments and supplements. Firm electricity trades are concluded on DAM every trading day for each hourly interval within the next delivery day based on offers submitted by DAM participants. Offers can be submitted in the trading system only according to the trading schedule pre-established in CET and only if the price scale is available (the exchange rate was published by the Romanian National Bank (RNB) for the relevant trading day). The cross-border capacities available for implicit allocation on both directions: Hungary -> Romania and Romania -> Hungary were determined daily for operating in coupling mode.

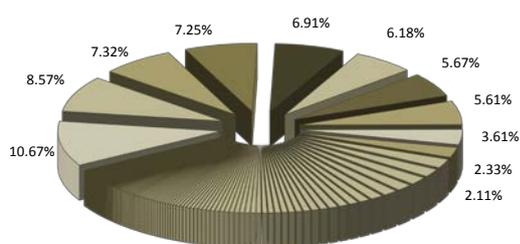


DAM volumes and shares (% from Romanian consumption). 2005-2015.

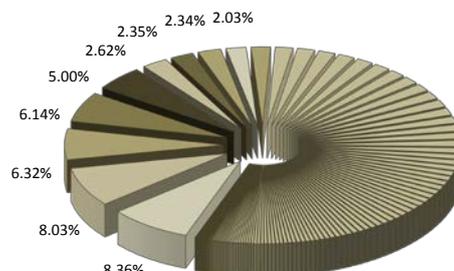


Evolution of price and volumes for spot (DAM)

Volume [MWh]	22,496,040
Avg. volume [MWh/h]	2,568
Market share [%]	42.2
Value [mil.EUR]	841



Sell DAM market shares. 2015
HHI= 489

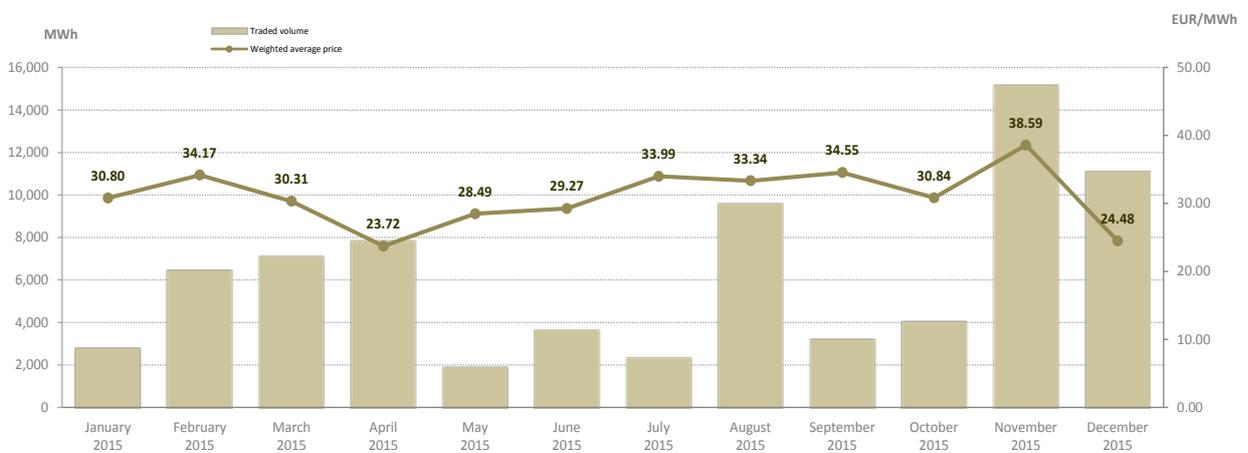


Buy DAM market shares. 2015
HHI= 318

Intra-day Market

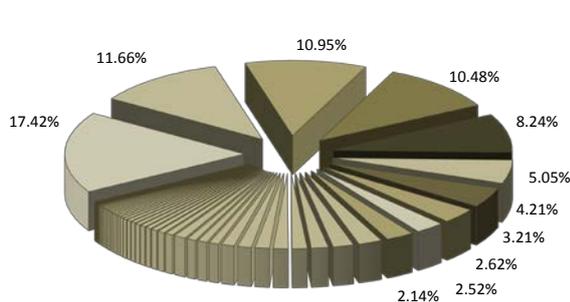
Integrating in the power systems increasing volumes of electricity from renewable sources gave rise to the Intra-Day Market, a new market segment that offers participants the opportunity of trading closer to real time, respectively the moment of delivery/consumption of electricity. On Intra-Day Market firm transactions with electricity are concluded for one delivery day, starting with one day before the delivery day and until two hours before starting the delivery/consumption of electricity. On the basis of trading by continuous correlation mechanism trades with different prices for the same hour interval of a delivery day may result.

Starting with the implementation of continuous correlation mechanism, the aim of Intra-Day Market is to adjust the electricity contracting portfolio as close as possible to real time, fact supported by the daily existence of transactions. The central counterparty mechanism is implemented on Intra-Day Market.

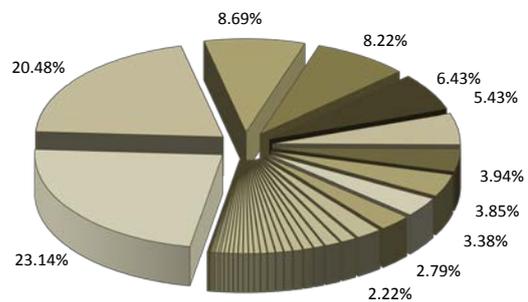


Evolution of price and volumes (IDM)

Volume [MWh]	75,780
Avg. volume [MWh/h]	8.651
Market share [%]	0.14
Value [mil.Euro]	2.379



Sell IDM market shares. 2015
HHI=829

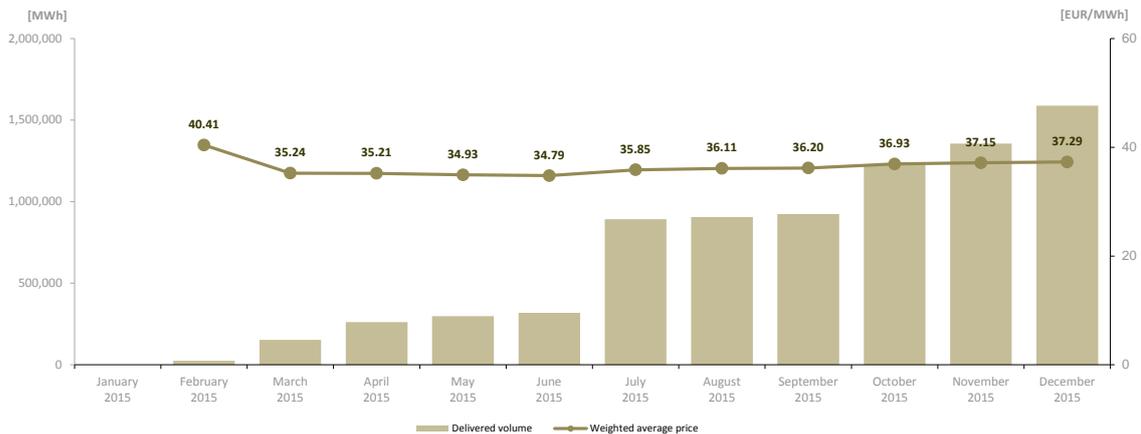


Buy IDM market shares. 2015
HHI=1,231

Centralised Market for Electricity Bilateral Contracts – Extended Auctions Mechanism

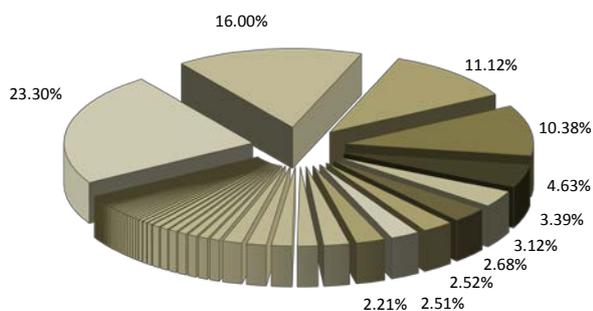
Commercially launched in January 2015, the Centralized Market for Bilateral Contracts for Electricity by Extended Auction Mechanism (CMBC-EA) gives participants the possibility to trade electricity by public auctions based on standard contracts, for delivery periods longer than a month and unlimited as maximum delivery period. Trading by CMBC-EA mechanism provides participants the possibility to trade electricity through extended public auctions that are organised in a centralised and undiscriminating way, based on their submitted offers with firm characteristics. On this market participants have the opportunity to choose the daily delivery profile, to partially or fully trade the offered quantity, to adjust only once the offered price in order to facilitate trade’s closing, to submit co-initiating offers to the already published offers. The trading system establishes the aggregate sell offers’ curve by combining all sell offers sorted in increasing order of prices, as well as the aggregate buy offers’ curve by combining all buy offers sorted in decreasing order of prices. The closing price of the auction session has only one value, that is applied to all bilateral transactions concluded in the auction session and is determined to be the price given by the intersection of the aggregate curves of sell offers and of buy offers.

The trading days are all the working days of a year.

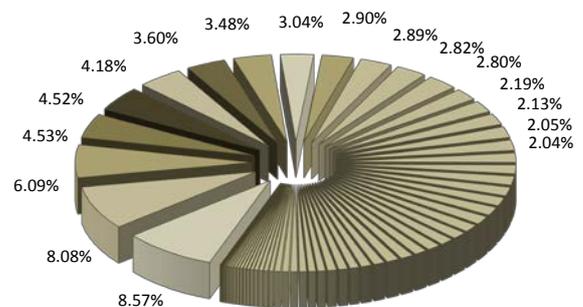


Evolution of price and volumes (CMBC-EA)

	Traded contracts	Deliveries
Number	779	
Volume [MWh]	24,221,929	7,950,562
Value [mil.Euro]	885	290
Market share [%]		36.5



Sell CMBC-EA market shares. 2015
HHI = 1,114



Buy CMBC-EA market shares. 2015
HHI=359

Centralised Market for Electricity Bilateral Contracts – Continuous Negotiation Mechanism

By approving the Regulation concerning the modalities to conclude the electricity bilateral contracts by means of Extended Auctions Mechanism and Continuous Negotiation Mechanism and by means of processing contracts, starting with January 2015, on the CMBC-CN market electricity is traded through electronic auctions organized on OPCOM's trading platform done through a real-time automated correlation process. On the CMBC-CN mechanism offers have firm characteristics, one contract having the hourly average power of 1 MW, the delivery period of one week / one month / one quarter / one year and the delivery daily load shape of baseload, peak or off-peak on the bases of the standard contract. The transaction process will ensure the correlation of all compatible offers considering the ordering rules based on price and time stamp.

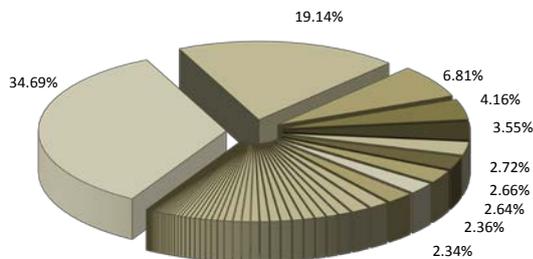
The trading days are all the working days of a year, between 12:00-14:00 (EET).

By implementing the mechanisms of concluding bilateral electricity contracts through an extended auction and by continuous negotiation, it is ensured an efficient and transparent trading framework on the competitive electricity market and the non-discrimination of market participants.

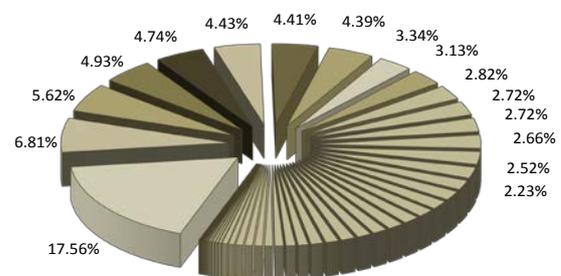


Evolution of price and volumes (CMBC-CN)

	Traded contracts	Deliveries
Number	1,439	
Volume [MWh]	8,938,488	5,190,539
Value [mil.Euro]	326	194
Market share [%]		9.74%



Sell CMBC-CN market shares. 2015
HHI=1,693

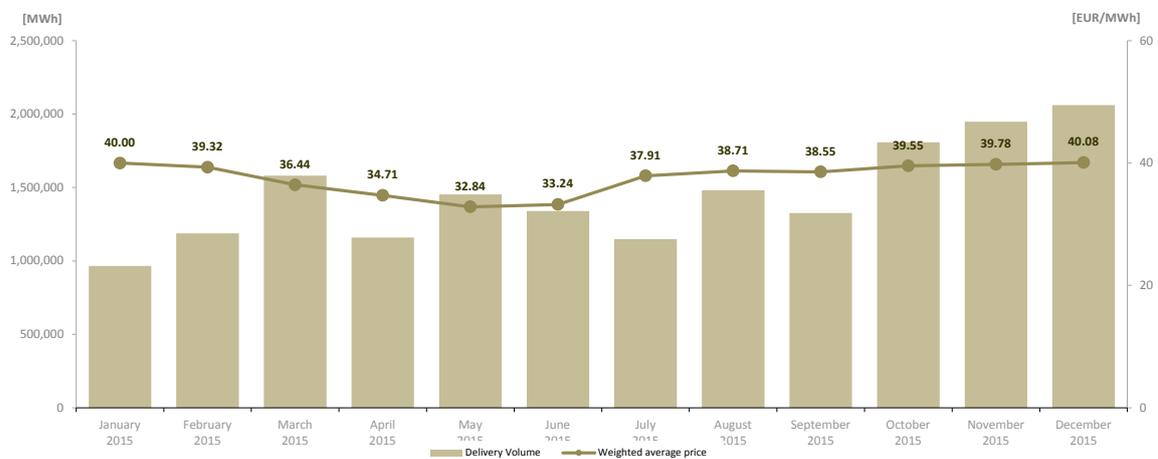


Buy CMBC-CN market shares. 2015
HHI=584

Centralized Market with double continuous negotiation for Electricity Bilateral Contracts

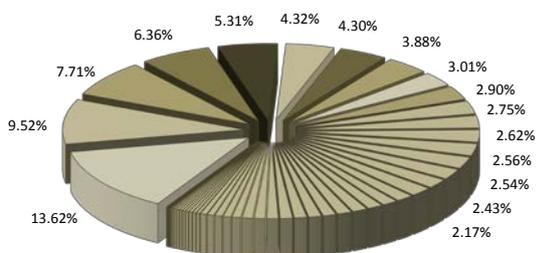
The Centralized Market with double continuous negotiation for Electricity Bilateral Contracts (CM-OTC) was launched on the bases of ANRE Order no. 49/2013 and has been operational since 2014. The mechanism is based on the principles of continuous trading and runs online from the workstations of the registered market participants. The offers are standardized in terms of the offered power, of the delivery daily load shape and of the delivery periods, respectively offers for delivery for baseload, peak load, off-peak load and for subsequent periods of 1 year, 1 semester, 1 quarter, 1 month, 1 week, 1 weekend and 1 day.

The participation on CM-OTC is conditioned by the establishing of eligibility lists notified by each market participant. The eligibility lists had to refer to at least 4 eligible counterparties as potential contractual partners. The transactions concluded on this market will be subscribed to the bilateral contracts agreed before trading that are concluded on the basis of the standard EFET contract.

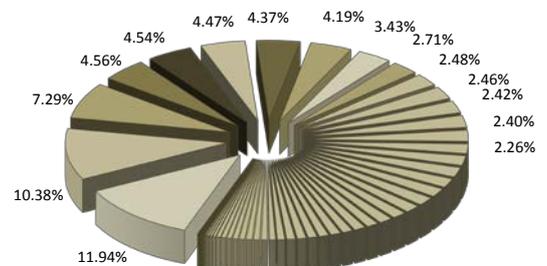


Evolution of price and volumes (CM-OTC).

	Traded contracts	Deliveries
Number	8,098	
Volume [MWh]	23,240,271	17,456,079
Value [mil.Euro]	864	659
Market share [%]		32.75



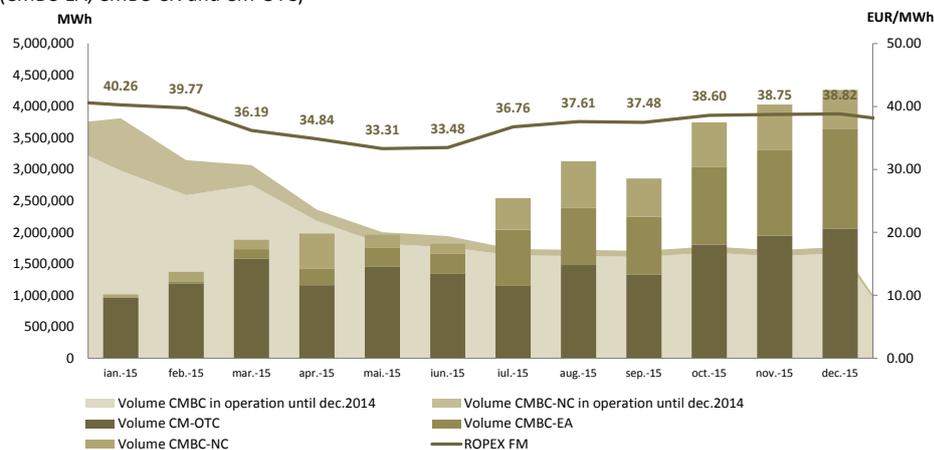
Sell CM-OTC market shares. 2015
HHI = 539



Buy CM-OTC market shares. 2015
HHI = 487

	ROPEX_FM_M												Forward Market 2015-2016 [Euro/MWh]		
	year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
ROPEX_FM_2015	37.36	40.26	39.77	36.19	34.84	33.31	33.48	36.76	37.61	37.48	38.60	38.75	38.82		
ROPEX_FM_2016	36.49	37.54	37.07	36.48	36.00	35.91	35.90	36.25	36.29	36.28	36.25	36.28	36.27		

* The weighted average prices of bilateral contracts with delivery in the month / year, traded on term markets administered by OPCOM (CMBC-EA, CMBC-CN and CM-OTC)



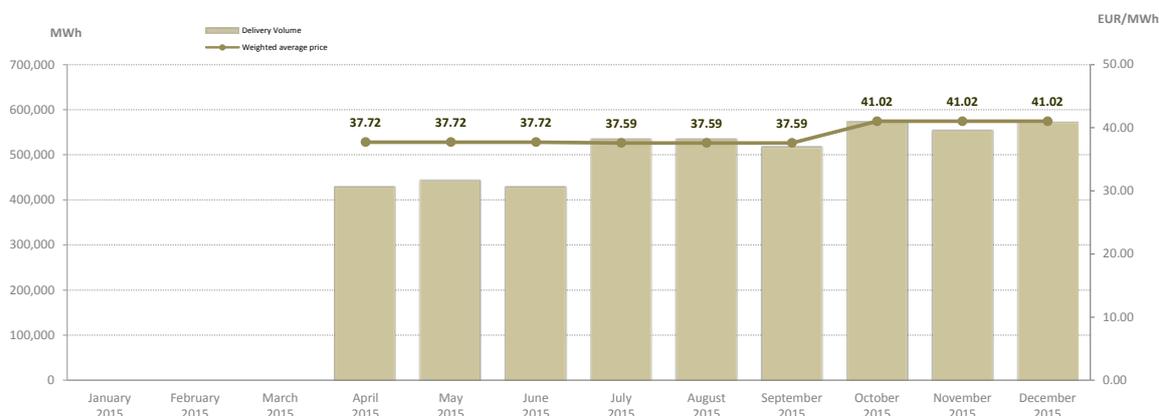
Evolution of price and volumes for term markets

Centralized Market for Universal Service

Launched on the bases of ANRE Order no. 65/22.06.2014, the Centralized Market for Universal Service offers participants the possibility to trade electricity by simultaneous auctions with decreasing price.

By this it was aimed to implement a transparent and competitive mechanism for the purchase of electricity by the last resort suppliers in order to cover the electricity consumption invoiced to the final customers serviced under the universal service regime.

The trades concluded on this market are based on offers for standard instruments established by ANRE for each auction session that are characterized by: hourly average power of 1 MW, delivery daily load shape – baseload / peak load (for each auction session it is established one instrument for baseload and one or two instruments for peak load). The trading runs online based on sell/buy electricity framework contracts with delivery period of one calendaristic quarter. The first auction was in March 2015 for contracts with delivery for the second quarter of 2015.



Evolution of price and volumes (CMUS)

	Traded contracts	Deliveres
Volume [MWh]	6,478,186	4,592,109
Value [mil.EUR]	255	179
Market share [%]		8.61

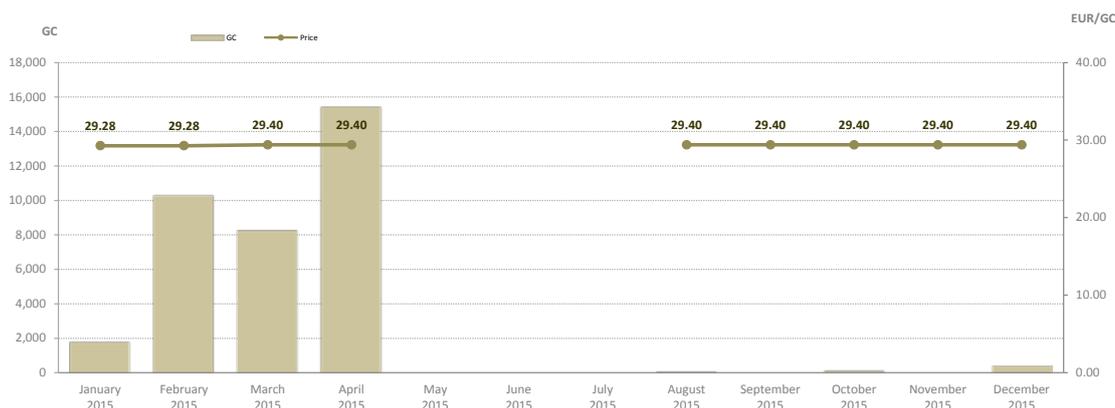
Green Certificates Market

The Green Certificates Market is functioning according to the provisions of Law 220/2008 establishing the system for promoting the production of electricity from renewable sources with subsequent modifications and completions and of the Regulation for organizing and functioning of Green Certificates Market, approved by ANRE Order no. 60 / 2015. The Green Certificates Market is composed of the Centralized Green Certificates Market and the Green Certificates Bilateral Contracts Market.

The Centralized Green Certificates Market is based on closed auction, the transaction price corresponding to the intersection point of the aggregate sell and buy curves for green certificates. The trading system automatically performs the assignment of Green Certificates traded by each seller / buyer who traded, according to the algorithm described in the Transaction Settlement Procedure on the Centralized Green Certificates Market. Once the transaction is closed, OPCOM publishes on its website the number of received and validated buy and sell offers, the number of Green Certificates and the closing price.

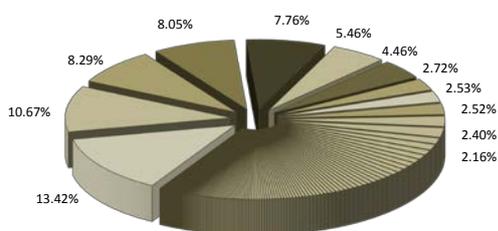
On the Green Certificates Bilateral Contracts Market, in order to trade by bilateral contracts, producers of electricity from renewable sources and the economic operators having obligations to purchase green certificates send requests for organizing auction sessions, requests that are accompanied by offers to be published and by the bilateral contract proposed to be traded. Following the concluded transactions in the auction sessions, OPCOM publishes on its website the result of the transaction, the name of the initiator, the name of the auction winner and the closing price.

Starting with 2015, OPCOM has provided an IT application for participants to view the Green Certificates and their status (valid, canceled, blocked, consumed) on their own accounts.

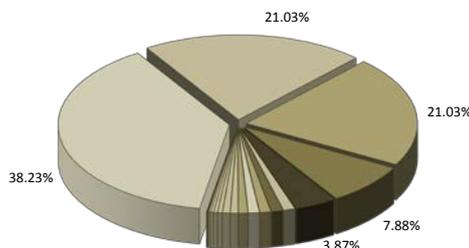


CGCM – Prices and traded green certificates. 2015

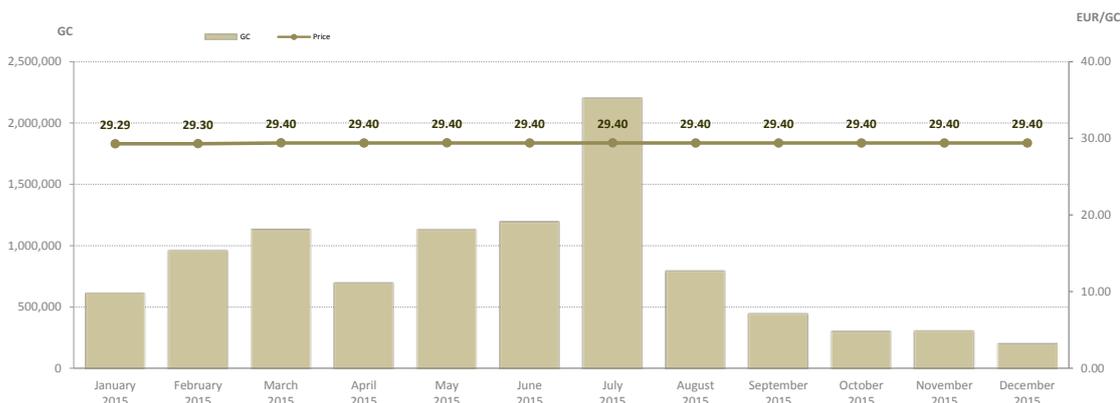
Trade	
Number	36,618
Value [mil.Euro]	1.08



Sell CGCM market shares. 2015
HHI= 582

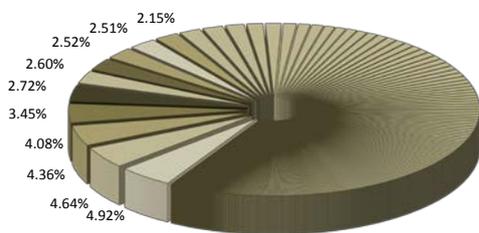


Buy CGCM market shares. 2015
HHI= 2,430



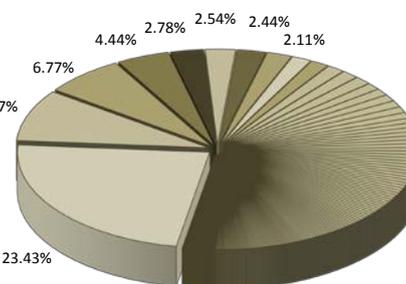
GCBCM – Prices and traded green certificates. 2015

Trade	
Number	10,070,686
Value [mil.Euro]	296



Sell GCBCM market shares. 2015

HHI= 166



Buy GCBCM market shares. 2015

HHI= 745

Centralized Market for Natural Gas

The general rules on the centralized natural gas market were approved by Order of ANRE President no. 50 / 2013 amended by the Order of ANRE President no. 6 / 04.02.2015, and starting with July 2015 three trading mechanisms were implemented for the participants, administrated by specific electronic trading systems, which offer the possibility of submitting offers to sell or buy natural gas, as follows:

- The online public auction of natural gas trading mechanism (PCGN-LP). This trading mechanism allows the initiation of public auction sessions for offers and contracts fully defined by the initiators participants or submitting response offers to the published initiating offers by assuming the proposed conditions of the initiators.
- The online auction and continuous negotiating of natural gas trading mechanism (PCGN-LN). This trading mechanism allows the initiation of trading sessions carried out in two stages, respectively the online open auction and the continuous negotiation, for offers defined according to the weekly, monthly, quarterly and yearly (calendar year and gas year) standard products and for contracts in accordance with the standard contracts approved by ANRE. The trading sessions are organized for each standard product so that within the same trading session more initiators may submit, the responding offers being addressed anonymously to all scheduled initiating offers.
- The OTC gas trading mechanism (PCGN-OTC). On every working day this mechanism allows to place sell and buy offers for standard products for daily, weekly, monthly, quarterly and yearly baseload delivery. The half yearly and yearly products are defined both for calendar and gas periods. Participation in the trading sessions is carried out on the basis of the white eligibility lists communicated by the market participants, established by them on the basis of pre-agreed frame contracts or EFET type contracts.

In 2015 a quantity of 15,062.50 MWh was traded on PCGN-LN, while on PCCB-LP the traded quantity was 3,000 MWh.

Market participants

Similar to other European exchanges, OPCOM's mission is to assure an organized framework for the transparent electricity trading, and of natural gases starting with 2013, providing, at the same time, through the diversity of the products offered towards the market, the reference price (spot trading) and price signals (term trading) whose consistency and credibility were confirmed in 2014 by an increasing liquidity in terms of traded volumes and number of active participants.

The companies interest for becoming participants on the centralised markets administered by OPCOM increased, at the end of 2015 being registered a number of 820 participants compared to around 750 one year before, each one of them having a contribution to the market development and positioning OPCOM this year also, among the European power exchanges with the highest market liquidity – spot market and medium and long term trading – which confirms the benefits of centralized and transparent trading of electricity, gas and environmental instruments.

At the end of December 2015, 314 participants were registered in spot market, 111 were enrolled in the Intraday Market, 351 companies were listed in the Trading registry of Centralized Market for Electricity Bilateral Contracts Extended Auction mechanism, 151 companies were listed in the Trading registry of Centralized Market for Electricity Bilateral Contracts Continuous Negotiation mechanism, one company was listed in the Trading registry of Centralized Market for Electricity Bilateral Contracts Fuel Processing mechanism, 90 companies were listed as registered participants to the Centralized Market with double continuous negotiation for Electricity Bilateral Contracts (CM-OTC), 30 participants were registered in Centralized Market for Universal Service and 2 participants were registered in the Electricity Market for Large Consumers (LCM).

Green Certificates Market had 829 registered participants at December 31, 2015, while 12 companies were listed as registered participants to the Trading Platform for Emission Certificates (TPEC).

At the end of December 2015, 21 companies were listed as registered participants to the Centralized Market for Natural Gas.

ACER Reporting Activities (REMIT)

The Implementing REMIT Regulation (Regulation No 1348/2014) has come into force on 7th of January 2015, the date on which the Agency for Cooperation of Energy Regulators (ACER) published the Manual of Procedures on data reporting, the requirements imposed on Reporting Mechanisms to be registered for reporting according to REMIT, the list of Organized Market Places, as well as the Transaction Reporting User Manual (TRUM).

OPCOM has initiated the registration process as RRM (Registered Reporting Mechanism) on 19/01/2015, by sending ACER the mandatory information for its identification in that capacity. On 12/02/2015 OPCOM was certified by ACER, being requested to continue the registration process of RRM Administrator's account. Documents were produced to certify the fulfilment of the requirements imposed on Reporting Mechanisms and were sent to ACER in order to be assessed so that on 24/07/2015 OPCOM was approved by the Agency as Registered Reporting Mechanism. Along with OPCOM, out of the 34 pre-registered Reporting Mechanisms, in the list of the first five Registered Reporting Mechanisms by ACER at European level there were nominated Nord Pool Spot AS – Norway, EFETnet B.V. – Netherlands, OMI-Polo Español S.A. (OMIE) – Spain and OMIP - Pólo Português S.G.M.R. – Portugal. This approval gave OPCOM the right to report to the Agency orders to trade and trades on behalf of a market participant if the market participant delegates this responsibility to OPCOM. The first phase of REMIT reporting data began on 7 October 2015. For this purpose, it was also necessary to create the contractual framework with the REMIT reporting services provided by OPCOM, including the way to remunerate this activity, in accordance with ANRE regulations and OPCOM Administration Board decisions.

The reporting service is provided daily starting with October, 7 2015, for all active market participants and for all electricity and natural gas administrated markets. In parallel, OPCOM also carried out backloading reporting for a total of 140 participants and 2461 contracts concluded before 07/10/2015, valid at that time.

Subsequent to each reporting operation, OPCOM provides the access of market participants to the data reported to ACER in the format requested by the Agency, as well as the access to the reporting receipts of these data by using the reporting system <https://reporting.opcom.ro/>. OPCOM has continued to prepare for the fulfilment of market participants reporting obligations, on behalf of them, applicable from 07/04/2016.

Website and mass-media, main communication channels used by OPCOM

OPCOM's website, designed to contribute to the increase of the transparency degree, for public information related to the results of the markets competitive trades and for promoting the market and the company image, is also an access gate to the information of the energy markets developed in the European countries.

The information provided for each of the trading environments administered by OPCOM, that are facilitating for the market participants trading in conditions of increased security, as well as the possibility to accomplish the own activities of monitoring, the legislative elements that are governing the markets operation, are few of the important reference points of the website content.

The market participants, and not least the general public, are the target group of the regular press releases, summarizing the markets evolution and the information occasioned by the market events, while the market reports are presenting results, evolution trends and concentration indexes with daily, weekly and annual periodicity. The information, being processed without exception at a level not disclosing the market position of a certain participant, unless the regulations otherwise provide, is submitted toward the press or can be undertaken from OPCOM's website.

The interested stakeholders/the mass-media benefited permanently on information related to the company's activity through the announcements – news as operational messages for each of the markets administered by OPCOM published on company's website, including for the markets being under implementation.

The press grants attention to the daily results from the trading platforms of OPCOM, as well as to the press releases and interviews with OPCOM's management. In 2015, the relationship with the press materialized in the organization of meetings at the company's headquarter and of about 30 interviews / answers to written requests that were granted to specialized journalists from the country and abroad. Also, 30 news and reviews related to OPCOM's activity were published in the daily reports of ICIS Heren during 2015, together with daily information on prices evolution on the electricity market in Romania.

Information technology and telecommunication infrastructure

The breadth of activities dedicated to the development, maintenance and administration of the information and telecommunication infrastructure has found 2015 to be one of its most intense years, the complexity of the society's objectives and the size of the development programs being supported professionally and to a great degree of performance in the conditions of maintaining the permanent technical support necessary for warranting the continuity of an impeccable and successful journey for OPCOM.

While performing development activities, OPCOM has continued ensuring the proper functioning of the administered markets at a high degree of performance, confirming the traditional excellency standard that characterizes OPCOM both technically as well as in the professionalism of its human resources in 2015 as well. The recorded results have added a new year in which the applied approach for supporting current activities while bringing the specialty contribution to the development programmes has been proven to be correct and coherent, ensuring the administration and continual development, reliably and safely, of the IT infrastructure, considering its fundamental role for ensuring the safe, continual and reliable function of the administered markets as well as developing the product portfolio and increasing the efficiency of internal activities in full convergence with the regional and pan-European market integration process.

The maintenance of superior functioning parameters of the IT infrastructure has continued through proper administration of systems as well as designing them to accommodate the evolution of corporative processes and the product portfolio, activities which have involved a significant internal development effort, which has included a great deal of specialized software development. The daily administration of the IT infrastructure necessary in order to integrally and correctly maintain the responsibilities attributed to the society by primary and secondary legislation, with ensuring the 24-hour activity schedule, has been ensured in the current operational plan professionally, correctly and safely.

In the conditions of maintaining permanent high levels of performance and solidity, several programs for the modernization and development of the IT infrastructure have been developed, in full convergence with OPCOM's development objectives considering both the national plan as well as the operational and perspective extension during the regional and Pan-European integration of the administered markets.

The functioning of the day-ahead market in coupled regime with the Romanian, Czech, Slovak and Hungarian markets (4M MC) has marked an increase of responsibilities regarding ensuring the function of the afferent IT platforms in the regional context, the evolution confirming, through the results of the administration of the IT infrastructure in optimal conditions, the high levels of performance OPCOM has achieved in the field.

2015 has brought, in this activity field OPCOM is in, a considerable increase in the complexity of the development programmes which involve the IT infrastructure, as well as their extension.

The IT infrastructure has had necessary developments made in the context of diversifying the portfolio of trading products, dedicated to a new way of trading (CMBC-EA, CMUS), respectively the development and launch of new administration applications for the GCM and the Green Certificates Register. An important component was constituted in the realization and activation of the infrastructure developments necessary for the implementation and administration of the REMIT reporting system, corresponding to OPCOM's Registered Reporting Mechanism (RRM) status, in order to achieve the responsibilities coming from Regulation 1227/2011 about the integrity and transparency of the wholesale energy market (REMIT), as well as ensuring its current activity as well as any upcoming development. At the same time, the management system of information security has been certified according to the 27001:2013 standard.

It needs to be remarked the fact that the solutions implemented in 2015 have been for the most part developed internally, on the foundation of latest generation technologies and on robust and safe architecture IT-wise. The activities undertaken in 2015 has shown the remarkable contribution in the realization of these objectives, in terms of performance, efficiency and precise scheduling, the high level of professionalism and dedication of the implicated teams, including both the OPCOM staff as well as the specialists from the platform suppliers. We send many thanks to all of them.

National and international cooperation

One of the important goals of the activities deployed on 2015 it was the development of the cooperation activity, both national and international, attention being granted to ensure the stable, consistent, coherent and sustainable evolution of OPCOM.

The approach of the activity dedicated to cooperation considered the continuation, in a consistent manner, of the development process on these coordinates, fundamental for the company's results and performance and ensured by the activity and the dedication of the entire team of the company.

According to our area of competency, the cooperation at national level with the involved national authorities was ensured, continuing to be guaranteed the correct fulfilment of the responsibilities granted us by the primary and secondary legislation in force and complying with the operation rules on the Electricity Market established through the Commercial Code of the Electricity wholesale Market, the Orders and Decisions and Endorsements of the Competent Authority. At the same time, special attention was assured for the client relation development, for increasing the level of satisfaction of the participants in the administered markets and for consolidating their trust, as well as for developing the products portfolio entirely complying with the applicable legislation. The results achieved reflected the existence of a continuous improvement process of OPCOM activity, deployed simultaneously with the maturation of the Romanian energy market.

During 2015, the tradition of participation in the activity of the national associations where the company is affiliated, the Romanian National Committee of World Energy Council (RNC-WEC), the Society of Power Engineers in Romania (SIER) and the Employers' Association ENERGIA (APEN), continued, fact that facilitated an appropriate promotion of the company's objectives, products and image.

OPCOM organized in partnership with RNC-WEC the Workshop on „FELR Vision related to the Energy Strategy of Romania”, held on 20.08.2015 under organization of the FELR (Future Energy Leaders in Romania) Programme of RNC-WEC, at ISPE – Martin Bercovici Amphitheatre. The event was attended by approximately 100 participants, representatives of prestigious state owned and private companies, of academic environment, members, collaborators and partners of RNC-WEC. The participation to the event allowed for the younger staff of OPCOM the access to a complex preparation, including the

permanent knowledge of the evolutions and challenges in the energy sector, that lead to an appropriate evaluation and involvement needed for the market adaptation to the real context.

Our company participated, also, to events that provided for OPCOM's results to be recognized by the energy community in Romania, as follows:

- At the 4th annual edition of the Gala of "Romanian Energy Awards 2015", organized by the publication "The Diplomat – Bucharest" at Hotel Crowne Plaza, Bucharest, on 12th of May 2015, Mr. Victor IONESCU, CEO of OPCOM, was designated as the "Energy Manager of the Year" and the "Electricity Project of the Year" was designated for the coupling the day-ahead markets of the Czech Republic-Slovakia-Hungary-Romania successfully launched on 19th of November 2014 (ANRE-OPCOM-Transelectrica);
- At the event "energynomics Awards Evolution 2015", organized by the publisher Wing Media Energy Consulting, held in the Atrium Hall of the National Library of Romania on 3rd of December 2015, the award for the „Manager of the Year” went to Mr. Victor IONESCU, CEO of OPCOM, for the coordination of the activity of organizing and administering the electricity and gas markets, the projects and the development directions of OPCOM for integration within the European single energy market.

The development of the international cooperation relations continued to be performed considering the principles of correctness, pragmatism and efficiency, having permanently in view the role that a careful and balanced approach of the cooperation relations, based on continuity, is having within the overall framework of factors that are contributing to a successful evolution. The evolution of activities deployed from this point of view confirmed, once more, the fact that such an approach, considering, at the same time, the context of the European, regional and national evolutions, as well as the strategic goals of the company, is able to ensure a sound basis for the company's evolution.

In 2015, the activity of international cooperation involved a careful and efficient representation and promotion on bilateral plane, in relations with companies potentially interested on accessing the trading environments administered by the company respectively that expressed interest for their better understanding and with the European counterparts, as well as within the context of fulfilling the responsibilities deriving as affiliate to several international associations - the Association of European Energy Exchanges (EUROPEX), the International Association of Energy Exchanges (APEX) and the World Energy Council (WEC).

During 2015, an appropriate attention continued to be granted to the active positioning and the effective and the correct regional and European integration, considering the dynamic context of the process of creation of the European single energy market. The activity continued to be focused on a pragmatic and constructive approach in the participation at the working and decisional processes deployed under the EUROPEX environment, in the context of ensuring of the Association's participation to the European joint efforts aiming the achievement of this major strategic goal being supported, together with the European Commission, ACER and the other involved European organizations.

We would like to outline also in this context the important contribution of the support provided by the European Commission and the World Bank through the financed development programmes deployed during the previous years, as well as by the consultants and IT technology suppliers, previous and current partners of the company, that contributed to the development of the human resource, from corporate and as well technological point of view, fact that is entitling us thank them all.

European integration

OPCOM continued, in a concrete, coherent and efficient manner, according to its specific role, the activities needed in order to support the integration of the Romanian electricity market in the mechanisms of the European single energy market, in complete compliance with the European process dedicated to this strategic goal and focused in order to ensure a secure, reliable, efficient and correct operation of the trading mechanisms and the coherence of the development programs.

The actions developed by OPCOM, along with all the other Romanian involved stakeholders, as well as with the European partners, are deployed in the context of implementation of the provisions of the European legislation and decisions dedicated to the creation and operation of the European single electricity market, including the participation in bilateral, regional and pan-European cooperation aiming the coupling of the electricity markets on day-ahead and intraday cross border time horizons.

Following the successful launch, on 19.11.2014, of 4M MC (the project of price coupling of the electricity day-ahead markets from the Czech Republic, Slovakia, Hungary and Romania including the implementation of the price coupling mechanism based on the Price Coupling of Regions solution, PCR), the continuous and reliable operation, that involves assuring the accomplishment of the responsibilities of OPCOM in this operational mechanism, confirmed OPCOM's capacity and performance in order to participate at high professional level to the development, implementation and operation of trading mechanisms having a high degree of amplitude and complexity.

Outlining OPCOM's commitment to contribute by a concrete manner to the process of development of the market coupling mechanisms, OPCOM became a full member of the Price Coupling of Regions cooperation (PCR).

The approaches dedicated to the integration in the pan-European mechanisms complying with the target model of the European electricity single market continued in 2015, OPCOM continuing to follow the Central-East European direction in the context of the related development on the path towards the pan-European integration, attention being granted, at the same time, to the developments in the South-East European region.

At the same time, OPCOM was actively involved in the European cooperation process dedicated to the implementation of the European legislation of the single electricity market, considering OPCOM's designation by ANRE as Nominated Electricity Market Operators (NEMO) according to the Commission Regulation (EU) No. 2015/1222, including the participation in the all NEMOs cooperation framework.

These approaches are confirming, once more, the firm determination of Romania to fulfil the European goals, framework and directives, assuming, as Member State of European Union a constructive and consistent contribution to the process dedicated to the achievement of the strategic goal consisting in the creation of the European internal energy market.

Assuring the appropriate level of energy markets integrity and transparency continued to be one of the major activities, OPCOM continuing its efforts of European integration also in this domain. Accomplishing the needed stages, OPCOM was designated by ACER as Registered Reporting Mechanism (RRM), a confirmation of fulfilment of the applicable requirements for the performing the responsibilities provided by the Regulation (EU) 1227/2011 on wholesale energy market integrity and transparency (REMIT). An important component of this process included the deployment by OPCOM of preparatory activities both internal as well as in relation with the market participants. The reporting process for the standard contracts was successfully launched on 07.10.2015, date starting with which the reporting service is provided daily for the participants in the administered electricity and gas markets. At the same time, the development continued for the subsequent stage. These achievements are fully proving OPCOM's determination to support, by a concrete manner, the approaches of supporting the implementation by Romania, as a Member State, of the measures to guarantee the integrity of the internal energy market as provided by REMIT.



Tel: +40-21-319 9476
Fax: +40-21-319 9477
www.bdo.ro

Victory Business Centre
24 Invingatorilor Street
Bucharest - 3
Romania
030922

INDEPENDENT AUDITOR'S REPORT to the shareholders of Gas and Electricity Market Operator „OPCOM” SA

Report on the Financial Statements

1. We have audited the attached Financial Statements of the Operatorul Pietei de Energie Electrica si de Gaze Naturale „OPCOM” SA (henceforth called “the Company”) comprising the Balance Sheet at 31 December 2015, the Profit and Loss Account, the Statement of Changes in Equity and the Cash Flow Analysis for the financial year ended on the same date, as well as a summary of the relevant accounting policies and other explanatory notes. The mentioned financial statements refer to:

- Net Assets/Net shareholders' equity:	22,574,897 Lei
- Net Result of the financial year:	2,344,696 Lei, profit

The Responsibility of the Management towards the Financial Statements

2. The Company's management has the responsibility for the accurate elaboration and presentation of these Financial Statements, according to the Order of the Public Finance Ministry of Romania no. 1802/2014 and for that internal control which is considered by the management necessary to allow the elaboration of the Financial Statements set, which are free of significant alterations, whether caused by fraud or error.

Auditor's Responsibility

3. Our responsibility is that, based on the conducted audit, to express an opinion on these Financial Statements. We have conducted the audit according to the International Auditing Standards. These standards impose us complying with the ethics requirements, planning and performing the audit in such a way that a reasonable level of assurance regarding the lack of significant alterations in the Financial Statements is attained.

4. An audit consists in performing procedures in order to obtain probative data related to the amounts and the information included in the Financial Statements. The selected procedures depend on the auditor's professional judgement, including the assessment of the risks of significant alterations of the Financial Statements due to fraud or errors. In performing the assessment of these risks, the auditor takes into consideration the relevant internal control for the accurate elaboration and presentation of the Company's Financial Statements in order to determine the auditing procedures that are relevant in the given circumstances, but not with the purpose of expressing an opinion on the efficiency of the Company's internal control system. An audit also includes evaluating the degree of adequacy of the accounting policies used and the reasonability of accounting estimates elaborated by the management, as well as assessing the presentation of overall Financial Statements.

5. We consider that the probative audit data that we have obtained are sufficient and adequate for forming the basis of audit opinion.

Opinion

6. In our opinion, excepting the effect of the aspect described in paragraph [6], the Financial Statements provide an accurate image, on all significant aspects, of the Company's financial position as at 31 December 2015, as well as of the financial performance and of the cash flow corresponding to the financial year ended ended to this date, according to the Order of the Minister of Public Finance No. 1802/2014.

Making Evident Several Aspects

7. According to the aspects mentioned in Note 4 – Analysis of Operation Result, the Company was not subject of a fiscal control for a period larger than 5 years. Considering the often changes of the fiscal legislation in this period, an eventual control could lead to differences between the amounts presented in the Financial Statements and the conclusions of the fiscal authorities. Our opinion is not competent regarding this issue.



Other Aspects

8. This Report of the independent auditor is addressed exclusively to the Company's shareholders. Our audit was performed in order to be possible to report towards the Company's shareholders on those aspects that we must report in a financial audit report and not for other purposes. By the measure allowed by the law, we are not accepting and are not assuming the responsibility otherwise than towards the Company and its shareholders for our audit, for the report on the Financial Statements and the report on the conformity or on the formed opinion.

Report on the Administrator's Report

The administrators are responsible for preparing and presenting the Administrator's Report in accordance with Order no. 1802/2014 - Accounting regulations on individual annual financial statements and annual financial statements, points 489-492, that is free from material misstatement and for that internal control as management considers it necessary in order to allow preparing the Administrator's Report, free from material misstatement due to fraud and error.

Administrator's Report is presented from page 1 to 50 and is not part of the individual financial statements. Our opinion on the individual financial statements does not cover the Administrator's Report.

Regarding our audit on the financial statements, we have read the Administrator's Report attached to the financial statements and presented from page 1 to 50 and we report that:

- In the Administrator's Report we did not identify information that are not consequent, in all significant aspects, with the information presented in the accompanying financial statements;
- The Administrator's Report identified above includes, in all significant aspects, the information required by Order no. 1802/2014, points 489-492;
- Based on our knowledge and understanding acquired during the audit of financial statements for the financial year ended on December 31, 2015 on the Company and its environment, we did not identify information included in the Administrator's Report to be significantly erroneous.

On behalf of:

BDO AUDIT Ltd.

Registered to the Chamber of Financial Auditor's of Romania:

By the no. 18/02.08.2001

Name of the signatory:

Silviu Manolescu

Registered to the Chamber of Financial Auditor's of Romania:

By the no. 1481/14.11.2002

Bucharest, Romania

March 30, 2016

This report is a translation of the original report in Romanian, which is solely valid.

BALANCE SHEET

EUR

	December 31, 2014	December 31, 2015
ASSETS		
Intangible Assets	1,002,263	1,897,735
Investment in process	-	-
Total Intangible assets	1,002,263	1,897,735
Property, Plant, Equipment	959,998	1,257,806
Investment in process	-	-
Other Fixed Assets	73,714	72,805
Total Fixed Assets	1,033,711	1,330,611
Financial Investments	3,606	-
Inventories	55,405	53,940
Accounts receivable	8,164,842	24,795,425
Cash	10,054,480	13,281,604
Current assets	18,274,728	38,130,969
Other current assets	37,392	11,723
Total Assets	20,351,700	41,371,038
LIABILITIES & STOCKHOLDERS EQUITY		
Financial Debt	-	-
Accounts Payable, others	13,781,803	32,855,330
Total Liabilities	13,781,803	32,855,330
Provisions and other income in advance	1,928,673	3,526,210
Stockholders' Equity	1,807,189	1,790,253
Reserves, others	3,707,362	3,217,941
Undistributed profit/losses	-821,060	14,938
Profit sharing	52,266	33,633
Total Liabilities & Equity	4,641,224	4,989,499
Total Pasive	20,351,700	41,371,038

Exchange rate (at the end of the period): RON/ EUR

4,4821

4,5245



PROFIT AND LOSS ACCOUNT

EUR

	December 31, 2014	December 31, 2015
Turnover	6,647,476	5,929,645
Own Work Capitalized	-	-
Total output	-	-
Operating revenues	6,647,476	5,929,645
Other Revenues	165,370	186,561
Total operating revenues	6,812,846	6,116,206
Materials	68,237	80,995
Energy	75,922	77,155
Other materials	-	-
Total material costs	144,159	158,150
Services	1,663,259	2,025,798
Taxes	29,554	22,895
Wages	2,247,649	2,528,742
Other operational costs	175,255	8,955
Depreciation cost	595,402	737,838
Total Operating Costs	4,855,278	5,482,378
Profit before tax and interests	1,957,568	633,827
Operational profit	1,957,568	633,827
Financial Income	48,678	19,004
Financial Costs	27,030	34,013
Interests	-	-
Net Financial Income	21,647	-15,009
Extraordinary Income	-	-
Extraordinary Costs	-	-
Net Extraordinary Income	-	-
TOTAL REVENUES	6,861,524	6,135,210
TOTAL COSTS	4,882,308	5,516,391
Profit before Tax	1,979,216	618,819
Corporate Tax	341,872	100,597
Profit after Tax	1,637,344	518,222

Exchange rate (at the end of the period): RON/ EUR

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CASH FLOW STATEMENT

EUR

	December 31, 2014	December 31, 2015
Cash flows from operating activities:		
Net earnings before taxes and other extraordinary items	1,979,216	618,819
Adjustments for:		
Amortization and provisions for intangible assets' depreciation	595,403	737,838
Provisions for receivables	-	4,311
Provisions for risks and charges - net value	-933,887	-30,270
Receipts from sales of intangible assets	-2,503	-1,087
Cost of assets disposed	-	-
Receipts from interests	-44,665	-15,114
Interest payments	-	-
Earnings from investment subsidies	-	-
Operating profit before changes in working capital	1,593,562	1,314,494
Decrease /(Increase) in accounts receivable and of other nature	10,089,016	16,685,252
Decrease /(Increase) in inventories	-11,113	946
Increase /(Decrease) in accounts payable and of other nature	4,189,106	20,882,719
Cash generated from operating activities	7,482,360	5,512,908
Income tax paid	-321,172	135,593
Cash flows before extraordinary items	7,161,189	5,377,314
Net cash flow from operating activities	7,161,189	5,377,314
Cash flows from investment activities:		
Purchase of intangible assets	-733,628	-1,651,694
Proceeds from disposal of intangible assets	2,503	1,087
Interest received	44,665	15,114
Net cash flow from investment activities	-686,460	-1,635,492
Cash flows from financing activities:		
Receipts from share issue	1,015,629	-
Dividends paid	-112,497	-420,476
Net cash flow from financing activities	903,132	-420,476
Increase /(Decrease) in cash and cash equivalent	7,377,860	3,321,346
Cash and cash equivalent at the beginning of the year	2,676,621	9,960,258
Cash and cash equivalent at the end of the year	10,054,480	13,281,604

Exchange rate (at the end of the period): RON/ EUR

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Bd. Hristo Botev 16-18
București 030236
ROMÂNIA