

FINANCING CONTRACTS OF OVER 168 MILLION LEI FOR THE ELECTRICITY NETWORKS IN TIMIS AND CONSTANTA, SIGNED BY THE MINISTRY OF ENERGY WITH THE COMPANIES REȚELE ELECTRICE BANAT AND REȚELE ELECTRICE DOBROGEA

Bucharest, November 28, 2023 – The Ministry of Energy and the companies Rețele Electrice Banat and Rețele Electrice Dobrogea signed three non-reimbursable financing contracts through the Modernization Fund, totaling about 168 million lei (VAT included), for projects to modernize electricity distribution networks in Timis and Constanta counties.

Thus, Rețele Electrice Banat will carry out two projects with a cumulative value of about 115.69 million lei (VAT included).

The first of these aims to modernize the medium and low voltage distribution network in Cenad, Timis county, for the benefit of over 1,600 customers. Its value amounts to about 58 million lei (VAT included), and the maximum value insured from the Modernization Fund is about 34.45 million lei.

The works in Cenad consist of modernizing and amplifying eight secondary substations, by moving them from the aerial structure on poles into concrete envelope and inserting them into the remote-control system, so that maneuvers can be performed remotely, from the dispatch center, thus reducing the time needed to identify and remedy in case of incidents. The project also includes the modernization of the low voltage network, by replacing and reconfiguring conductors over a length of 43 km, introducing underground low voltage lines on a route of 2.92 km and a medium voltage line on a length of 8.65 km. In addition, fiber optic lines will be installed to ensure fast communication necessary for remote network monitoring and control activities, as well as electricity quality analyzers in each secondary substation. The connections of the more than 1,600 consumers concerned will be modernized, and the distribution columns will be restored following the removal of the measuring groups (meters) to the property limit.

The second project to be carried out by Rețele Electrice Banat has a total value of 57.6 million lei (VAT included) and the maximum insured amount from the Modernization Fund is 37.8 million lei. The project aims to increase the supply safety of customers in the Trei Ape recreational area in Timiș county by looping the overhead power line (OHL) 20 kV Valiug with the 20 kV OHL Slatina Timiș. Also, the project provides for the modernization of 13 secondary substations, of medium voltage lines segments with a length of 4.4 km, as well as the underground passage of medium voltage lines segments of 10.3 km. Moreover, the network in the area will be strengthened and thus Will become more resilient by building two new medium voltage lines of 17.8 km and 9.2 km, respectively.

In its turn, Rețele Electrice Dobrogea will carry out a project with a cumulative value of 52.3 million lei (VAT included), while the maximum insured amount from the Modernization Fund is 34.66 million lei. The Project consists in modernizing a medium voltage line and improving the quality of distribution service in Valu lui Traian and Murfatlar areas, Constanta county. The overhead line will be passed underground for a length

of 27.53 km, and the secondary substations will be modernised and reconfigured, and also new secondary substations will be set up. The final beneficiaries of the project are over 4,000 customers served by the distribution infrastructure in the area.

The validity of the three contracts ends upon expiry of the durability monitoring period of the projects, i.e. 5 years from the date of commissioning of the investments. According to the implementation schedules estimated by the Rețele Electrice companies, the projects will be completed in the period 2026-2027.

Sebastian Burduja, Minister of Energy: *"The modernization Fund is the guarantee of the development of the national energy system. We have 16 billion euros that can be used for a safe and green energy transition. The contracts signed today concern two counties with great economic potential for Romania. Investments will ensure more secure services, also accommodating a larger number of prosumers. We have in mind the residents of Cenad, but also of Valu lui Traian and Murflatar. The touristic development dimension of the Trei Ape recreation area is also very important. As I have said since taking office, I have three priorities: investments, investments, investments".*

Mihai Pește, General Manager of Rețele Electrice companies: *We are delighted to have secured three other major projects with a grant funding part to help us roll out our plans to modernize our networks. We need resilient networks and solutions that ensure safety in the supply of our customers, especially in moments like those of the past few days, when we fought against the extreme weather in Dobrogea. Works such as those in Valu lui Traian locality, Constanța county, carried out within the framework of this project, which will consist of the underground passage of a portion of the network in that area and the modernization of the secondary substations on the poles by replacing them with secondary substations in concrete tire to the ground, will also help to prevent damages that can be generated by storms or other intense weather conditions because these network elements will no longer be directly exposed to extreme weather conditions. We understand the needs of communities to have access to secure and modern energy infrastructure, so we strive to implement sustainable grid development and modernization solutions for the benefit of customers."*

Until now, the total value of the projects from non-refundable funds signed by the three Rețele Electrice companies amounts to over 503 million lei with VAT, of which the value of the grants is over 347 million lei, without VAT.

The Rețele Electrice companies operate networks with a total length of over 133,000 kilometers in three important areas of the country: Muntenia Sud (including Bucharest), Banat and Dobrogea, covering one third of the local distribution market, and are developing an investment program to improve service quality, network safety and performance and local implementation of PPC Group's environmental standards. The power grids operated by the three Rețele Electrice companies include 287 primary substations and over 24,000 secondary substations.