

DECISION No. 540 / April 7th, 2004

To approving the REGULATION regarding the procedures for granting licenses and authorizations in the sector of electricity

Issued by: Government of Romania

Amended by **DECISION No. 553/June 6th, 2007**

To modifying and completing the REGULATION regarding the procedures for issuing licenses and authorizations in the sector of electricity approved by Decision No.540/ April 7th,2004

REGULATION

concerning the procedures for issuing licenses and authorizations in the sector of electricity

CHAPTER I

General provisions

Art. 1. (1) This regulation is issued in accordance with Art. 14 par. (4) of the Law of Electricity No. 13 /2007, with its subsequent amendments.

(2) As the Competent Authority, The National Energy Regulatory Authority is entitled to grant, modify, suspend or revoke authorisations and licences, in the electricity sector, governed by The Law of Electricity 13/2007, with its subsequent amendments, and by this Regulation.

(Art. 1, was modified by Section (1), Art 1, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007).

Scope

Art. 2. –(1) The present Regulation pertains to:

- a) The Romanian Energy Regulatory Authority to fulfilling its tasks as specified by Art.1 par. (2);
- b) Legal persons, when applying to the Romanian Energy Regulatory Authority for the issuing, modification or revocation of the authorisations requested by the law for certain investments within the electricity sector and/or the cogeneration sector;
- c) Legal and natural persons, when applying to the National Energy Regulatory Authority for the issuing, modification or revocation of the licenses requested by the law for commercial operation of the energy capacities or for certain services within the electricity and/or the cogeneration sectors.

(2) The undertakings are responsible for requesting a license and/or authorization, and must act accordingly, prior to developing activities requiring authorization in accordance with the Electricity Law Nr.13/2007.”

(Par (2) of the of Art. 2, was introduced by Section 2, Art.1, of the Decision 553//June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Purpose

Art. 3. – The present Regulation lays down the:

- a) General conditions for granting authorisations and licences by the National Energy Regulatory Authority, in accordance with its competences;
- b) Procedure for requesting and granting authorisations and licences;
- c) Conditions under which an authorisation or a licence is to be modified;
- d) Circumstances in which The National Energy Regulatory Authority may decide the temporary suspension or the withdraw of the authorisations and licences;
- e) obligations for the applicants, respective license/authorizations holders regarding payment procedures for granting or modifying authorization/licenses, as well as annual contributions, charged- by The National Energy Regulatory Authority.

(Art.3, item e) was modified by Section 3, Art. 1, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.)

Abbreviations

Art. 4. – The following abbreviations were used within The Regulation:

- a) MW - megawatt;
- b) SEN – National Energy System;

(Art. 4 was modified by Section 4, Art. 1, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.)

Definitions

Art. 5. – For the purposes of this Regulation, the definitions subsequently set out shall apply:

- a) Competent Authority – National Energy Regulatory Authority;
- b) Auto-producer of electricity – Legal or natural person which, apart from its main activities, is also a electricity producer, who (co)generates electricity (and heat) mainly for its own purposes; this category includes, by assimilation, any undertaking holding and using on its premises generating units (with or without cogeneration) that (co)generate electricity (and heat) for own purposes, provided those units comply with the following conditions:
 - Were built, financed, developed and operated for a certain period of time by investors and subsequently are going to be transferred, in operational condition and free of any duties and debts, to the consumer company, according to the pattern “build, operate and transfer”, and
 - Are connected to the national grid via networks owned by the customer undertaking;
- c) Establishment authorisation/ authorisation – technical and legal document, granted by the Competent Authority, which, following the application of a Romanian/ foreign natural/legal person, enables the latter to build, refurbish or operate (co)generation, transmission or distribution electricity capacities;
- c¹) contribution- amount charged, on an annual basis, by the Competent Authority to license holders and to other legal/natural persons, that develop activities in the electricity sector, in compliance with the regulations laid down by the competent authority, which are not license holders, according to their classification as duly justified exceptional cases ;”

(Item c¹) was introduced by the DECISION No. 553/June 6th, 2007.

Item d), was repealed by Section 5, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

- e) Licence - technical and legal document, granted by the Competent Authority, which, following an application submitted by a Romanian/ foreign natural/legal person, enables the latter to commercially operate electricity/electricity and heat cogeneration capacities, or to provide coordinated ancillary services and to ensure the efficiency of the electricity market, respectively;
- f) Authorisation/ licence modification – Competent Authority decision that modifies the previously granted authorisation/ licence, or that modifies authorisation/ licence conditions, as a result of circumstances or conditions changes as against those existing at the authorisation/ licence granting date;
- g) Commissioning– the set of activities stipulated by the design (technical documentation) and the regulations in force developed in order to prove that the equipment and its associated systems of an electric installation is able to operate according to the project, when they are about to be labelled as appropriate for commercial operation;

(Item h), was repealed by Section 5, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

- i) Case study – technical and economical documentation which, starting from the data and the specific conditions required for the developing or refurbishing of power installations, identifies, analyses and recommend reasonable alternatives, technically and economically feasible for the project under investigation;
- j) Authorisation/ licence suspending –Competent Authority decision issued in order to partially or totally suspend one or more rights of the authorisation/ licence holder (as granted in that document) for a certain time period; the Competent Authority is entitled to consent that the activity could be resumed under its supervision, so that the interests of electricity (and heat) customers should not be affected;
- j¹) tariff-amount annually charged by the competent authority to legal/natural persons which apply for licenses, authorizations, permits; tariff also includes , fees corresponding to the analysis of the documents provided in this purpose by the applicant;

(Item j¹, was introduced by section 6, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

- k) Authorisation/ licence holder – Natural/ legal person who holds an authorisation/ licence granted by the Competent Authority.

General conditions for issuing authorisations/licences

Art. 6. (1) The Competent Authority grants establishment authorizations for:

- a) Building new energy capacities consisting of one or more generation units for electricity or electricity and heat cogeneration, for an overall installed electric power of over 1MW;
- b) Refurbishment of an energy capacity consisting of one or more generation units for electricity or electricity and heat cogeneration, for an overall installed electric power of over 1 MW;
- c) Building a new high voltage line or substation having a nominal voltage of at least 110 kV;
- d) Refurbishment of a high voltage line or substation having a nominal voltage of at least 110 kV.

(2) The period within, the establishment authorization, shall be in force is decided by the Competent Authority, considering the period necessary for the construction as well as the commissioning of a capacity according to the schedule included in the documentation provided by the applicant.

(3) Activities that do not require an establishment authorization:

- a) Cases listed under (1) b) and (1) d), if the respective works are solely directed to the refurbishment of the monitoring/control systems of the energy capacities or of their telecommunication systems.
- b) works that are solely directed to modify some networks of 110 kV and lower, which exist in the substations that are part of the electricity transmission system;
- c) establishment works for some new energy capacities, or replacement of the existing ones, in an electricity or electricity heat (co)generation capacity with the installed electric power lower or equal to 1 MW.

(4) The grid operator, as license holder, has the obligation to provide information to the Competent Authority, regarding generation capacities for electricity/electricity and heat cogeneration set into operation by household customers. Those information shall be provided to the Competent Authority through the “Annual Activity Report” or in the specific statements, annexed, regarding these energy capacities, set into operation during the year under report.

(Art. 6 was modified by s. 7, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Art 7 (1) If the construction or refurbishment works of the energy capacities are partially or entirely financed through public funds, in accordance with the legal requirements, the owner shall submit to the Competent Authority-when appropriate-the study of the variant solutions for that project 60 days before the approval of the technical and economical performance ratios of the project., the feasibility study, respectively, 30 days before requesting the approval of those ratios pursuant to the legislation into force.

(2) Having received the documents mentioned under (1), the Competent Authority shall provide within 30 days the owner of assets with the result of the assessment of the project conformity and compatibility with the regulations in force. Hereunder, the Competent Authority shall notify the possible shortcomings of the project, which may prevent the grant of the establishment authorization and/or the license for the commercial operation of the energy capacities, which are to be set into operation in accordance with the project.

(Art 7, was modified by ,section 8, , of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Art.8.- (1) The activities developed under a license granted by the Competent Authority shall be:

- a) the commercial operation of electricity generation capacities;
- b) the commercial operation of electricity cogeneration capacities, and of some separated heat generation capacities situated in the same plant, using the same equipments and facilities.
- c) transmission of electricity service and the system services supply;
- d) electricity distribution service;
- e) managing centralized electricity markets;
- f) the electricity supply;

(2) A license shall continue to be in force for a period of maximum:

- a) 25 years, for any of the licenses, mentioned under (1) a)-e),
- b) 10 years, for electricity supply in accordance with (1) f).

(3) The commercial operation of the capacities of the electricity sector is possible without a license for the activities mentioned at:

- a)par.(1) item a), by the owner of electricity generating capacities, which can be started isolated from the SEN/ automatic starting units he uses for the security of supply, for his own equipments and utilities;
- b)par. (1) item a) and b), by the household customer who owns some electricity generation capacities/ electricity and heat cogeneration capacities;
- c)par.(1) item b), by a self-producer of electricity and heat in cogeneration, if from the total amount of electricity produced annually, the cogeneration heat that he trades is less than 20%;
- d)par. (1) item d), by the owner of one/several distribution networks, if, the technical permits granted for connection, allow a power under 3MW for the users of this networks, save the owner.

(4) The activity of a natural or legal person, consisting of electricity resale to the users of the network he possess may be carried on without a license for the activity mentioned under par. (1) item f), but in accordance with the specific regulations.

(5) The activity mentioned under par. (1) item f) may be developed in Romania by a foreign legal person, without holding a license granted by the Romanian Competent Authority, as long as all the following conditions are fulfilled:

i. between Romania and the state in which the legal person is registered as a license holder, there is an agreement into force, regarding the reciprocal recognition of the licenses in force granted for developing commercial activities in the sector of electricity, on the national territory.

ii. the legal foreign person holds a license in force for that activity, granted by the Competent Authority of the State in question, under a commitment, similar to Romania, mentioned under item i., and that authority provides a written statement that the license holder was not convicted for violating the regulations applied in the sector of electricity in that state.

(Art. 8 was modified by section 9, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Art. 9. (1) Natural or legal, foreign or Romanian electricity undertakings can apply for an authorization or license.

(2) A legal foreign person may apply for an authorization/license only if he established in Romania, according to legal provisions, a second address throughout the entire validity period of the authorization/license necessary for developing his activity.

(3) If he decides to develop in Romania the activity of electricity supply, within the framework of the provisions set out in Art. 8 par. (5), the legal person must address to the Competent Authority for:

- a) confirming the fulfilment of the conditions mentioned under Art. 8 par. (5),
- b) registering as license holder
- c) laying down the terms necessary for the communication between the Competent Authority and the delegate representative of the license holder

(4) Natural persons can require to the competent authority, licenses for the commercial operation of electricity generation units/electricity and heat cogeneration, for an installed electric power lower or equal to 1 MW.

(5) The applicants mentioned under par. (4) may be Romanian citizens or citizens of other Member States of EU, which can prove to the Competent Authority that they have fulfilled the legal requirements regarding the development of economic activities by natural persons, on Romanian territory.

(Art. 9 was modified by s.10, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Art. 10. – The Competent Authority shall not grant authorisations/ licences for the following categories of applicants:

- a) electricity undertakings, who entered into insolvency proceedings;
- b) applicants who, within 5 years before registering their application, have had their authorisation/licence revoked by the Competent Authority.

(Item, a), Art. 10, was modified by s.11, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Art. 11. (1) Authorizations and licenses are granted and modified on the basis of specific tariffs, approved upon the order of the President of the Competent Authority.

(2) Throughout the entire period in which the license shall be in force, including the suspension period, the license holder pays an annual contribution to the Competent Authority.

(3) Tariffs and contributions, as well as the terms for payment are established in accordance with Art 8, par (2) of the Electricity Law No.13/2007 and are to be published annually.

(Art.11 was modified by s. 11, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June15th 2007.).

Art. 12. - (1) In order to grant and modify authorizations/licenses, the Competent Authority shall send out invoices to the applicant for the amounts established within the framework of the provisions set out in Art.11; the applicant will provide the Competent Authority with the payment document.

(2) The applicant's payment in due time of the sums invoiced by the Competent Authority is a prerequisite for granting or modifying the authorisation/ licence that was applied for.

(Par.1, Art.12, was modified by s.13, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June15th 2007.).

Art.13. (1) The Competent Authority shall issue the Decision concerning the granting of the authorization/license requested, no later than the 60th day following the day of the confirmation that:

a) the applicant has annexed to his application all the documents requested, pursuant to the provisions of this Regulation and

b) the applicant released the payment of the invoices sent by the Competent Authority, fulfilling the conditions in accordance with Art.12. item (2)

(2) In compliance with the policy of electricity generation from renewable sources, as well as high efficiency cogeneration, in case of applying for establishment authorizations, upgrading some generation units/capacities, as well as obtaining licenses to commercially operate them, the 60 day period, mentioned upon par. (1) will be shortened to 30 days, if the conditions are fulfilled.

(Art. 13, was modified by s. 14, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June15th 2007.).

CHAPTER II

The procedure of applying for/ granting of authorisations / licences

The procedure of applying for authorisations / licences

Art. 14. – (1) In order to obtain a license, the applicant forwards to the Competent Authority an application in compliance with the framework provided by the example that best suits its purpose, examples of applications can be found in Appendix no.1. The application, all the documentation attached by the applicant, in compliance with the provisions of this Regulation, as well as all the communication shall be written in Romanian.

(2) The applicant will submit the documentation attached to the application on paper support or in electronic format.

(3) On a non discriminatory base, after registering the request for grant of a license/authorization, the competent authority shall send to the applicant the invoice for the analysis of the documents.

(4) The competent Authority shall send back to the applicant the license/authorization application, and all the associated documents, if this didn't pay the tariff, for the inspection of the documents within 12 days from the day the invoice was sent.

Art. 15. – The following documents are to be attached to the application, if the applicant is a legal person:

a)The articles of incorporation (duplicate);

b)Originals (or notary public certified duplicates) of the document certifying the company's registration and the standing of the applying legal person, issued by the Trade Register not earlier than 10 days prior to the day when the application is submitted to the Competent Authority;

c)The Tax Registration Certificate (original or notary certified duplicate) of the applying legal person, issued by the County department for Public finance, Bucharest department for Public finance or Department of administration of large size contributors within Bucharest and Ilfov county area, respectively.

d)The environmental permit or authorization;

e)Photocopies of the financial statements of the applicant, of the previous year, in accordance with the Accounting Law, No. 82/1991, republished; in what regards subsidiary companies, registered the year of the requests for a license, shall add the photocopy of the previous year financial statement of the company/parent company, save the situation when that company/parent company is a license holder; if the applicant is a company entirely owned by a company/foreign company, he must annex to the application the previous year financial statement of the company/foreign company, as an authorized translation from a notary public in Romania;

f)Curriculum vitae for the general manager of the undertaking, describing his or her managerial training and experience in that field;

g)Curriculum vitae for the manager responsible for the development of the activity that is to be authorised/licensed, describing his or her experience in that field.

(2) When the applicant already owns a licence granted by the Competent Authority, there is no further need to attach to his application the documents mentioned under par. (1) a) and e).

(3) For the commercial operation of electricity/electricity and heat cogeneration capacities, having an electric installed power lower or equal to 1 MW, at his request for granting one of the licenses mentioned under Art. 8 par. (1), item a) or b), the applicant, legal person, shall attached the documents mentioned under Art. 15, par (1) item. b), c) and d).

(Item e) of the par. (1) and par. (3), were introduced by s. 16,17, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June15th 2007.).

Documents describing the activity to be authorised/ licensed

Art. 16. – In order to obtain an establishment authorisation, a legal person shall attach the following documents, apart from the documents mentioned under Art. 15:

a) documents-photocopy- certifying-where applicable- the rights of ownership, concession or user of the applicant upon the land/ lands where the refurbishing or establishing electricity capacities, are constructed;

b)notifications- photocopy- submitted to the natural or legal persons, who's premises are to be affected when applying the legal rights stipulated under Art.16, par. (2) and (4), art. 19 par.

- (1), (3), (6) and art. 20, par (3) from the Electricity Law, No 13/2007, throughout the entire period of refurbishment and operation of the electricity capacity/capacities;
- c) the list of the rights that can be exercised, in accordance with art 16, 19, 20 from The Law of Electricity, No 13/2007, during the construction, refurbishment and commissioning of the capacity/capacities;
- d) the feasibility study, drawn up by an authorized design engineer in accordance with the law into force; for the establishment authorization requested for the construction/refurbishment of a generation capacity entirely financed through foreign capital, the feasibility study drawn up by a foreign company authorized, in compliance with the international laws, translated into Romanian shall be accepted; if the activities that request an authorization are considered public procurement (acquisitions), the feasibility study shall be drawn up in accordance with the appropriate methodological standards;
- e) documents confirming the availability of the financial resources for the development or the refurbishment of the energy capacity;
- f) the connection approval to a public electricity or heat network issued within the National Grid connection by the Transmission System Operator or by a distribution operator, as appropriate, or by the heat transmission operator, for the cogeneration units that are to be connected to the heat network;
- g) the Technical approval of the Transmission System Operator on the design solution for the connecting within the SEN, for the lines or substation for which the technical approval for connecting to the National Grid as stipulated by item f) is not required;
- h) the environmental certificate;
- i) the construction plan of the energy capacity, clearly showing the protection and safety zones, as established according to the legislation in force;
- j) the limits, determined according to the technical legislation in force, for the protection and safety zones;
- k) notification regarding the compliance with the conditions stipulated by the technical permit for the connection of the capacity/capacities to the public electricity network, and to the heat transmission system, where appropriate;
- l) the schedule of the stages of the activities that are to be developed as a result of the establishment authorisation;
- m) the list of the appropriate measures to avoiding electricity unavailability or other incidents that could affect the activity of the network users during the construction or refurbishment of the energy capacity, when the applicant is the Transmission System Operator or a distribution operator;
- n) the explanatory report that includes all the data estimated by the applicant as necessary, regarding the submitted documents regarding the options and actions mentioned by any of the above documents;
- o) the staffing report, staff selected by the owner or by the contractors that he hired in order to carry out/supervise/control/approve the activities under the establishment authorization-its structure, according to specialization, that certifies its qualification;
- p) the organizational chart of the applicant or provided by its contractors, being valid at the date of the request for authorization, emphasizing the departments responsible for carrying out/supervising/controlling/approving the activities concerning the granting of an establishment authorization;
- q) the Organisation and Operation Rules or the Quality Manual (whole document or excerpts only) to describe the responsibilities of the departments involved in the activity to be licensed;, in possession of the applicant or its contractors, aiming at presenting the attributions and responsibilities of the departments responsible for carrying

out/supervising/controlling/approving the activities concerning the granting of an establishment authorization;

r) excerpts from the tender book or duplicates of the agreements with the contractors - where applicable - in order to certify that in carrying out/supervising/controlling/approving the activities object of the authorization will be employed contractors/subcontractors authorized in accordance with the law into force.; are and

(Items o),p),q) r),were introduced by s.19,art. 1, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June15th 2007.).

Art. 17. – (1) In order to obtain a license for the commercial operation of the electricity generation units, the applicant, legal person, shall attach to its application, apart from the documents mentioned under Art. 15, the following:

a) a description, for each headquarter, of the capacities for:

- electricity generation/heat and electricity in cogeneration and, where appropriate,
- for the electricity transmission, that is, substations and transformer substations, electric lines, used by the applicant including for providing distribution to some operators of electric networks or to some other users; the documentation shall include, the single wire diagrams of the above mentioned capacities, and shall indicate the separations points between the applicant's facilities and those belonging to the network operator and also the separation points from the applicant's facilities and those belonging to the users linked by direct lines;

b) the applicant organisational chart describing the organisation's structure at the moment of application, emphasizing the responsible department for the activity to be licensed;

c) a staffing report, describing the staff's structure, for each speciality and proving the staff's training for the activity to be licensed;

d) the Organisation and Operation Rules or the Quality Assurance manual (whole document or excerpts only) to describe the responsibilities of the departments implied in the activity to be licensed;

e) a business plan for the activity to be licensed, for the application year and for the next two years.

(2) In order to obtain a licence for the commercial operation of a generation unit, for an overall installed electric power lower or equal to 1 MW, the applicant,legal person, shall attach to its application, apart from the documents mentioned under art.15, par. (3), the documents mentioned under art. 16, items a), b), c), f), i), j) and art. 17 par (1) item a) and c).

(Art. 18 repeals, under s.21,Art. 1, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June15th 2007.).

Art. 19. – (1) In order to obtain a license for the transmission of electricity service and the system services supply, the applicant shall attach to the application, apart from the documents listed under Art. 15, a description of the existent framework for these activities.

(2) According to par. (1), the description of the technical framework shall include:

- a) a table comprising all the transmission lines and substations of the transmission system;
- b) the installed power of the transformers within the substations of the transmission system;
- c) single wire diagrams to indicate the separation points between transmission network operated by the applicant and the installations owned by transmission system operators of the neighbouring countries, or of the electricity producers, distribution operators, and consumers connected to the electricity transmission network;

- d) site maps for the electricity transmission capacities;
- e) data about the operated dispatching centres.

(3) According to par. (1), the organisational and human resources frameworks description shall include:

- a) the organisational chart of the applicant, describing the organisation's structure at the moment of application;
- b) a staffing report, describing the staffs' structure, for each speciality and proving the staff's training for the activity to be licensed;
- c) the Organisation and Operation Rules or the Quality Assurance manual (whole document or excerpts only) to describe the responsibilities of the departments involved in the activity to be licensed, connected with quality indicators observance, the staff commitment and training;

(4) According to par. (1), the applicant's documents shall include a business plan for the activity to be licensed, for the application year and for the next two years

Art. 20. In order to obtain a licence for the managing centralized electricity market(s), the applicant should attach to the application, apart from the documents listed under Art. 15, a description of the framework of this activity.

(2) Pursuant to item (1), the description of the framework shall include:

- a) the organisational chart of the applicant, valid at the moment of application;
- b) the Organisation and Operation Rules Code or the Quality Assurance manual (whole document or excerpts only) to describe the responsibilities of the departments involved in the activity to be licensed, reference is to be made to the staff's commitment and training;
- c) a staffing report, describing the staff's structure, for each speciality and proving the staff's training for the activity to be licensed;
- d) the notification of the energy centralised markets, that the applicant intends to manage in accordance with the license;
- e) the list of the main software resources routinely used by the applicant in managing the electricity market/centralised markets in accordance with item d), certifying that these are licensed software resources;

(3) In accordance with par. (1), the documents attached by the applicant to his application shall include a business plan for the activity to be licensed, for the application year and for the next two years, apart from the proof that the applicant has the financial resources to develop this activity, in accordance with the legislation into force. Accordingly, the applicant will attach to his application documents certifying that the value of :

- a) the shareholder's equity and/or
- b) the financial resources available from bank loans

represent at least 500.000 euros, using the exchange rate of the National Bank of Romania, valid the day of the application's registration, as well as a written statement, through which the applicant takes a commitment to maintain, during the entire validity period of the license, the cumulative level of the resources classified, under items a) and b), at least at their initial value. The amounts similar to those mentioned under item a) and b), that the licence holder disposes, can be included into the financial guarantee, under the obligation to create and maintain them, throughout the authorization period.

(Art. 20 was modified by, s.23, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Art. 21. – (1) In order to obtain a licence for the electricity distribution service, a legal person applicant shall attach to his application a description of the framework of the activity, apart from the documents listed under Art. 15.

(2) In accordance with par.(1), the description of the technical support shall include:

a) a table comprising all the high voltage and medium voltage distribution lines, substations and transformer substations, with the specification of some technical data, for instance the nominal voltage, the installed power of the transformers within the substations of the distribution network, the lengths of the network's lines;

b) single wire diagrams for high voltage side and medium voltage side, indicating the separation points between distribution installations operated by the applicant and the installations owned by transmission system operator or of the electricity producers or other distribution operators, respectively;

c) maps at a suitable scale for the geographical zone(s) covered by the distribution activity; the maps should show the location of the high voltage and medium voltage distribution facilities;

d) the technical connection approvals provided to the applicant by the network operators to whom he is connected.

(3) Pursuant to par. (1), the description of the framework shall include:

a) the organisational chart of the applicant, valid at the moment of application, pointing out the department responsible for developing the activity to be licensed;

c) a staffing report, describing the staff's structure, for each speciality and proving the staff's training for the activity to be licensed;

b) the Organisation and Operation Rules Code or the Quality Assurance manual (whole document or excerpts only) to describe the responsibilities of the departments involved in the activity to be licensed, reference is to be made to the staff's commitment and training;

(4) Pursuant to par. (1), the documents attached by the applicant to his application shall include a business plan for the activity to be licensed, for the application year and for the next two years.

Art. 22. – (1) In order to obtain a licence for electricity supply, a legal person applicant shall attach a description of the framework of the activity to the application, apart from the documents listed under Art. 15.

(2) According to par. (1), the description of the organisational and human resources framework shall include:

a) a list of the applicant's headquarters where the electricity supply activities are to be carried out;

b) the organisational chart of the applicant, describing the organisation's structure at the moment of application, pointing out the department responsible for developing the activity to be licensed;

c) a staffing report, describing the staffs' structure, for each speciality and proving the staff's training for the activity to be licensed;

d) the Organisation and Operation Rules Code or the Quality Assurance manual (whole document or excerpts only) to describe the responsibilities of the departments involved in the activity to be licensed;

(3) In accordance with par (1), the documents attached by the applicant to his application shall include a business plan for the activity to be licensed, for the application year and for the next two years, apart from the proof that the applicant has the financial capabilities required by the electricity supply activity according to the regulation in force. Accordingly, the applicant will attach to his application documents certifying that the value of :

a) the shareholder's funds and/or

b) the financial resources available from bank loans

represents at least 500.000 euros, using the exchange rate of the National Bank of Romania, valid the day of the application's registration, apart from, a written statement, through which the applicant takes a commitment to maintain, during the entire validity period of the license, the cumulative level of the financial resources classified, under items a) and b), at least at their initial value. The amounts similar to those mentioned under item a) and b), that the licence holder disposes, can be included into the financial guarantee, under the obligation to create and maintain it, throughout the period in which the license shall be in force

Art. 23. – In order to obtain a licence for the commercial operation of heat cogeneration capacities, a legal person applicant shall attach the following documentation to the application, apart from the documents listed under Art. 15:

- a) a description for each of the applicant's headquarters where the cogeneration activity is carried out, including separate heat generation units established in the same headquarters, the pertaining thermal-dynamic diagrams; these diagrams shall include the heat transport systems provided by the public heat systems pertaining to the centralized system, apart from the separation points between the applicant's installations and those of the heat system operators;
- b) the organisational chart of the applicant, describing the department responsible for the development of the activity, object of the license;
- c) a staffing report, describing the staff's structure, for each speciality and certifying its training for the activity to be licensed;
- d) the Organisation and Operation Rules Code or the Quality Assurance manual (whole document or excerpts only) to describe the responsibilities of the departments involved in the activity to be licensed ;
- e) a business plan for the activity to be licensed, for the application year and for the next two years.

(2) In order to obtain a licence for the commercial operation of some heat cogeneration units, having installed an electric power lower or equal to 1 MW, the legal person applicant shall attach to his request, apart from the documents mentioned under Art. 15, par. (3), the documents mentioned under Art. 16, item a), b), c), f), i), j) and under Art. 17 par. (1) item a), c).

(Art. 23, was modified under s. 26, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.)

Art. 24. – (1) For the commercial operation of an energy capacity, either new or refurbished, its holder shall apply to the Competent Authority for:

- a) the grant of a licence for that specific activity, if being not a holder of such a licence and if the exempting conditions mentioned under Art. 8 (3) are not met; or
- b) the modification of the licence conditions, in order to update it, taking into consideration the condition of the energy capacities operated.

(2) Under the circumstances from par. (1), to the application for a new licence or in order to modify an existing one, the following shall be attached, apart from the additional documents requested by the present Regulation:

- a) the acceptance report certifying the completion of the works; the acceptance report certifying the setting into operation of an energy capacity, laid down throughout the development of the works at the capacity/capacities, set into operation, in accordance with the provisions of the Government Decision No. 51/1996 concerning the approval of the Acceptance Regulation of the machineries, equipments, technological facilities installation works, and generation capacities setting into operation, regarding new or refurbished energy capacities;
- b) documents certifying the ownership of assets or the right to use those energy capacities, for which's commercial operation the licence is requested;

- c) new or renewed grid connection approval, granted by the network operator where the energy capacities are connected, if these were transferred from a legal/natural person to the licence holder;
- d) the new or renewed environmental permit/authorization, for developing the activities, subject of the license, concerning new or transferred energy capacities, where applicable.

(Art. 24, was modified, by, s 28, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Art. 25. – When applying for a licence for operating electricity generation capacities, a natural person shall attach the following to the application:

- a) the duplicate of the identity card (for a Romanian person) or the duplicates of the passport and of the documents certifying the Romanian residence;
- b) criminal record (original document) issued no earlier than 90 days prior to the application's registration;
- c) documents (legal duplicates), certifying the professional training;
- d) Curriculum vitae;
- e) certificate stating that the natural person is registered as such for an independent economic activity ; it should be issued by the Trade Register, no earlier than 10 days prior to submitting it to the Competent Authority (original or legal duplicate);
- f) authorisation for electricity/heat (co)generation activities, issued by the lord major of an administrative region, in accordance with the legal provisions into force concerning the authorization of natural persons and family associations, developing economic activities, independently;
- g) data regarding the location of the energy capacity;
- h) duplicates of the documents, certifying the right of user for the energy capacities, for instance, purchase, leasing agreements and so on; if the energy capacities operate on fuel consumption, the operating permit shall be submitted in duplicate, in accordance with the legal provisions;
- i) technical data of the energy capacities-excerpted from the equipment's adjoining documentation(technical dossier), provided by its manufacturer/merchandiser;
- j) the electric grid connection approval of the energy capacities to the distribution grid, provided by the distribution operator;
- k) the estimated turnover of the applicant, as a result of the activities to be licensed, for the current year.

Analysis of the authorisation/ licence application

Art. 26. – (1) The Competent Authority evaluates the adjoining documents and where appropriate, informs the applicant in writing – no later than 15 days after the application's registration – on the need to completing, correcting or explaining the documentation.

(2) Where appropriate, considering the quality and complexity of the data provided by the applicant, the Competent Authority may decide:

- a) to invite the authorised representatives of the applicant at the Competent Authority headquarters, in order to clarify certain aspects that were not clearly described in the provided documents;
- b) on-site verification of the accuracy of data presented by the applicant; the findings of the verification are written in a Minute to be signed by both sides.

(3) If, within 60 working days from the registration date of the authorisation/ licence application, the applicant fails to submit the Competent Authority with the appropriate documentation required by the present Regulation, including the requested addenda, the Competent Authority will send the documentation back to the applicant and remove the application from its work schedule.

Art. 27. – (1) The decision to grant or not the authorisation/ licence is based on the analysis made on the applicant's documentation and in this respect the Competent Authority will consider the following:

a) the possibility that the applicant become an authorisation/ licence holder, under the circumstances described under Art. 9 and Art. 10.

b) the authenticity of the information included in the documentation;

c) the organisational frame allowing the applicant to comply with the conditions stipulated by the authorisation/ licence;

d) the financial resources necessary to carry out the activity to be authorised/ licensed, estimated in accordance with the indicators (ratios) mentioned in Appendix 2, using the criteria established through a procedure approved by the Competent Authority

e) the trained personnel, with professional and management experience;

f) the safety/security conditions for personnel, assets and environment, according to the legislation in force;

g) the energy efficiency of the capacities, subject of the licence/authorization, as against the reference values and sizes set by the Competent Authority.

(2) In case of an application for an establishment authorisation, apart from the criteria listed under par. (1), the following shall also be observed:

a) the investment project shall be part of an approved development plan in accordance with the regulations into force, if the applicant for that licence is the operator of one/several public interest electricity networks, possessing the concession contract;

b) technical and economical feasibility of the project for which an establishment authorisation is requested;

b¹) the technical and economical efficiency of the energy capacities subject of the investment project, for which's operation support scheme are provided, in accordance with the legal provisions into force;

c) compliance with the legal conditions for the location of the energy capacity for which an establishment authorisation is requested;

d) compliance with the conditions stipulated by the technical approval, according to Art. 16, item f) or g) as appropriate;

e) the impact that the activity to be authorised may have on the activity of other legal/natural persons throughout the execution of the works.

(3) For each distinct case, and after examining the applicant's documentation, the Competent Authority issues a report presenting the justified proposal to grant / to refuse the authorisation/licence requested; the report shall also specify the period in which the license shall be in force, if granting the authorisation/licence is deemed appropriate.

(4) The report is presented to the Regulatory Committee of the Competent Authority, which decides – within a public meeting – the solution to be used for the analysed application. The place and date of the public meeting are announced 5 days in advance by updating the Public meetings schedule on the Competent Authority's Web page and via letters addressed to the applicant and to other interested parties. Meanwhile the Competent Authority makes available to the applicant or any other interested party the report on the application, which also includes the conditions associated to the authorisation/ licence in the variant that should be forwarded to the Regulatory Committee for approval.

(5) When proposing to grant the authorisation/ licence, the Competent Authority lays down the adjoining conditions, which become part of the authorisation/ licence; the authorisation/ licence conditions are forwarded to the Regulatory Committee, which could recommend amendments; in the above adjoining conditions, the following shall be mentioned:

- a) the energy capacities whose establishment/refurbishment are the subject of the authorisation or allows the development of the activity object of the licence;
- b) the geographical area within which the licence holder is entitled to carry out the licensed activity, for the licences described under Art. 8 par. (1), items c), d) or f);
- c) the period in which the authorisation/ licence shall continue to be in force;
- d) the rights of the authorisation/ licence holder, in accordance with the Electricity Law No 13/2007 and the regulation into force, concerning the electricity market and sector; the adjoining conditions of the licences for the commercial operation of the energy capacities may specify the right of the licence holder to develop, apart from the activity subject of the license, other activities permitting the electricity supply for third parties connected to its facilities;
- e) the obligation of the licence holder provided by the Electricity Law No 13/2007, and by the regulations into force concerning the electricity sector and market;
- f) interdictions, restraints, charges for the licensee, aiming at maintaining a fair competition in the sector, avoiding market imbalances and predatory behaviour;
- g) the obligation of the licence holder to notify the customers in advance, according to the regulation of the Competent Authority, its intent to cease the licensed activity;
- h) the obligation of the licence holder to become the supplier of last resort, if it is designated by the Competent Authority;
- i) interdictions and obligations meant to reduce the impact that the authorised/ licensed activity may have on the public and private activities or on the rights of natural and legal persons;
- j) the obligation of the authorisation/ licence holder to make available to the Competent Authority all the data required for the good unfolding of its activity, including the Competent Authority's control missions performed upon the authorisation/ license holder;
- k) the conditions regarding the authorisation/ licence modification, suspension or revocation;
- l) the circumstances in which the Competent Authority needs to apply penalties to the authorisation/ licence holder.

(Art. 27, was modified, under s.31, 32, 33, 34, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007.).

Authorisation/ Licence issuing/non-issuing

Art. 28. – (1) The report on the authorisation/ licence application and the Licence Conditions are discussed in the public meeting of the Regulatory Committee. The meeting is recorded in order to be archived and kept for at least 5 years.

(2) The Regulatory Committee decides by a majority vote upon granting the authorisation/ licence applied for.

(3) Depending of the result of the ballot, the President of the Competent Authority signs the decision on granting the authorisation/ licence or its rejection, which shall be subsequently forwarded to the applicant within 5 working days at the most.

(4) When the authorisation/ licence is granted, the Competent Authority transmits to the applicant:

- a) the Decision of the President of the Competent Authority upon granting the authorisation/ licence ;
- b) the authorization /license;
- c) the authorisation/ licence Conditions, as part of the authorisation/ licence;
- d) the minutes of the public meeting of the Regulatory Committee.

(5) When the authorisation/ licence is not granted, the Competent Authority transmits to the applicant:

- a) the refusal decision of the President of the Competent Authority to grant the authorisation/ licence;
- b) the minutes of the public meeting of the Regulatory Committee explaining the reasons for the refusal.

Art. 29. – (1) The decision upon granting or the refusal to grant the authorisation/ licence is registered on the President's decisions list, which is available on the Competent Authority Web page.

Par. (2), Art. 29 repeals, under s.36, of the DECISION No. 553/June 6th, 2007, published in the Official Gazette of Romania, no. 399, June 15th 2007

(3) President's decision can be appealed, according to Art. 9 par. (10) of the Law of Electricity No. 13/2007, at Bucharest Court of Appeal, Administrative Dispute Division.”

CHAPTER III

Conditions for modifying the Authorisation/ Licence

Art. 30. (1) According to the legal provisions, upon the request of the authorisation/ licence holders or if Competent Authority deems necessary, the Competent Authority may decide the modification of the Authorisation/ Licence, under the following circumstances:

- a) if any modifications of the circumstances existent at the time of authorisation/ licence issuing (legislation changes, final court decisions and others) or any event that substantially affects the electricity generation, transmission or distribution or the electricity market or leads to the impossibility to fulfil entirely or partially the Authorisation/ Licence Conditions;
- b) if any changes occur to the authorisation/ licence holders (modification of the legal statue, modification of the patrimony, splitting, merging, converting, activity) or due to the modification of some technical characteristics (commissioning/ de-commissioning or maintenance of some capacities, the geographical limits of the area used to carry out the activity) compared to the situation existent at the time the authorisations/ licences were issued, for which the modification of the Authorisation/ Licence Conditions becomes necessary.
- c) when the license holder requests the prolongation of the validity period of a granted establishment licence, if the deadline for completing the authorized works extends the license/authorization purge date.

(2) For the situations in the par. (1) a), the authorisation/ licence modification is made at the Competent Authority initiative, complying with the new situation, pursuant to the principle of holders non-discrimination and to that of proportionality. The Competent Authority shall transmit in writing to the authorisation/ licence holder the modifications of the Authorisation/ Licence Conditions.

(3) The authorisation/ licence holders shall notify any of the situations mentioned at par. (1) b) to the Competent Authority in 30 days, and shall apply for the Authorisation/ Licence modification.

When receiving such application, the Competent Authority examines the case and decides, if the application is reasonable, one of the following:

- a) to revoke the authorisation/ licence already issued and grant a new authorisation/ licence,
- b) to modify the authorisation/ licence Conditions.

(4) within 60-90 days before the purge date, the license holder shall request to the Competent Authority the modification of the license/authorization, extending the period in which shall be in force.

(5) To the request of prolongation of an authorization's validity (in force) period, the holder shall attach:

- a) a statement explaining the necessity to extend the validity period,
- b) the supporting documents for the situations mentioned in the statement from item a),
- c) a description regarding the validity of the permits, agreements, authorizations provided by third parties and taken into consideration by the Competent Authority upon granting the authorization, in order to confirm the validity prolongation possibility until the requested deadline;

(6) To the request of license validity prolongation, the holder shall attach:

- a) the confirmation certificate, original or legal duplicate, concerning the registration and company details provided to the license holder by the Trade Register Office, at the most, 10 days before submitting its request to the Competent Authority;
- b) updated information concerning the activity of the licensee, necessary pursuant to this regulation, for granting such a license, save the updated documents that the license holder sent, in accordance with its obligations regarding information disclosed to the Competent Authority;
- c) the proof certifying that he fulfils the conditions mentioned under Art. 20, par. (3) or Art. 22 par.(3), regarding the financial resources, upon requesting the prolongation of the validity period, in compliance with the provisions mentioned under Art. 8, par. (1) items e) and f).

CHAPTER IV

Procedure for the suspension or revocation of Authorisations/ Licences

Art. 31. Under the situations mentioned in the Authorisation/ Licence Conditions or in other regulations issued by the Competent Authority or if the authorisation/ licence holder breach certain legal obligation, found by the Competent Authority, by third parties or by the authorisation/ licence holder itself, the Competent Authority shall:

(1) If the unfulfilled obligations were not imputable to the authorisation/ licence holder, the Competent Authority decides:

- a) if the situation is remediable, the authorisation/ licence holder will have a 6-month compliance term; during this time the authorisation/ licence will be suspended; or,
- b) if the situations irremediable, the authorisation/ licence revocation.

(2) If the unfulfilled obligations can be imputed to the authorisation/ licence holder, the Competent Authority decides, where applicable, to penalise the authorisation/ licence holder pursuant to the provisions of the present regulation and:

- a) Authorisation/ licence suspension for a specified period, to remedy the situation, if remediable, or
- b) Authorisation/ licence revocation, if irremediable.

Art. 32. (1) The Competent Authority suspends the authorisation and/or the licence in the situations mentioned under Art. 31 par. (2) item a), and as well as if the undertaking entered into insolvency proceedings.

(2) The authorisation/ licence holder must notify the Competent Authority of any pending process of insolvency/bankruptcy upon him, in 8 days since the final Court Decision.

Art. 33. (1) The Competent Authority revokes the authorisation/ licence:

a) In the situations mentioned under Art. 31 par. (1) item b) and par. (2) item b),

b) In case of the holder's decline, incapacity or bankruptcy,

c) If the operated capacity/ capacities concession or location contract expires or if the capacity/ capacities are sold.

d) In case the holder is under insolvency procedure, even if he isn't developing activities in compliance with the license.

(2) Within 8 days since the confirmation through final Court Decision of the situations mentioned under par. (1) item b) and item c), the authorisation/ licence holder must notify the Competent Authority the registration with the Trade Register Office, the notary public certification, the cancellation or conclusion of the contracts and others.

Art. 34. (1) To ensure the continuity of the public interest activity, subject of a licence:

a) that was suspended as a consequence of a judicial/legal reorganisation procedure or if the licence holder entered into bankruptcy proceedings, pursuant to art. 32 par. (1),

b) That was revoked in the circumstances mentioned under the art. 33 par. (1),

the Competent Authority imposes to the licence holder or to another licence holder to carry-on the activities of the suspended licence, respectively of the revoked licence.

(2) The Competent Authority will set up a procedure regarding the modality through which a licence holder is designated to assume the obligations to carry out the activities that were subject of a revoked/suspended licence.

CHAPTER V

Offences and penalties

Art. 35. – The Competent Authority may impose penalties to the authorization / license holder, in accordance with the provisions of Article 86 from The Electricity Law No. 13/2007.

CHAPTER VI

Final provisions

Art. 36. – (1) The Competent Authority is responsible for the public availability of all documents issued by its own departments referring to the application for an authorisation/ licence, granting, modifying, suspending or revoking. Access to these documents may be obtained upon a written request.

(2) There is no public access to the documents containing:

a) state secret information;

b) confidential data;

c) data liable to endanger or prevent an investment under progress.

Art. 37. – (1) Within one year since the coming into force of the present Regulation and according to a schedule made available to interested parties, the Competent Authority shall amend the licences granted before the implementation of Law No. 318 / 2003 to be in line with the provisions of the latter.

(2) Authorizations/licenses granted in accordance with the Electricity Law No. 318/2003 are valid up to the purge date, and can be modified in the period in which shall be in force, in compliance with The Electricity Law No. 13/2007.

Art. 38. – The rights granted to holders via their authorisation/ licence conditions are neither entirely nor partially transferable without the consent of the Competent Authority.

Any transfer without this consent is void and represents a violation of the authorisation/ licence conditions, and is subject to sanctions according to Art. 35.

Art. 39. – Annexes No. 1 and 2 are part of the present Regulation.

APPENDIX no. 1

MODEL No. 1.1

Mister President,

The undersigned [name and surname], as [general manager/ administrator] of the company registered with the Trade Register Office under the name [name of the national_company/ company/ autonomous administration], with legal statue of [C.N./ S.A./ S.R.L./ R.A.], with headquarter in [town/ city, street, no., district], telephone no. [telephone no.], fax no. [fax no.] and account [account number/ ROL], opened with the bank [name of the bank], branch [name/ the localisation of the branch where the account is open for the national company/ company/ autonomous administration],

apply for [issuing/ modifying of a establishment authorisation] for

⁽¹⁾building the new capacity ["name of the capacity for which the authorisation is requested to accomplish the construction works", the emplacement],

⁽²⁾refurbishing the capacity ["name of the capacity for which the authorisation is requested to accomplish the refurbishing works", the emplacement]

I hereby inform you that I can be contacted for a further collaboration with the Competent Authority, by phone/ fax at the following number. [telephone no. / fax no.]

You may find enclosed to my application the specific documents and a list of the enclosed documents.

Signature

(1), (2) – only one line is to be posted in accordance to the specific situation.

MODEL No. 1.2

Mister President,

The undersigned [name and surname], as [general manager/ unique administrator] of the company registered with the Trade Register Office under the name [name of the national company/private company/ autonomous administration], with legal statue of [C.N./ S.A./ S.R.L./ R.A.], with headquarter in [town/ city/street no., district], telephone no. [telephone no.], fax no. [fax no.] and account [specification/ account number/ ROL], opened in the bank [name of the bank], branch [name/ the localisation of the branch where the account is open for the national company/private company/ autonomous administration],

apply for [a licence/ modifying the licence] for [type of the licence, pursuant to art. 8 par. (1)]

I hereby inform you that I can be contacted for a further collaboration with the Competent Authority by phone/fax at the following number [telephone no./ fax no.]

You may find enclosed to this application the specific documents and a list of the appended documents.

Signature

MODEL No. 1.3

Mister President,

The undersigned [name and surname],
apply for [a licence/ modifying the licence] for electricity/electricity and heat cogeneration,
being registered with the Trade Register Office according to the provisions of the law no.
300/2004, concerning the authorization of natural persons and family owned business, with the
subsequent modifications and having the address/ residence ⁽¹⁾ in [town/ city/ street no., district].
I hereby inform you that I can be contacted for a further collaboration with the Competent Authority
by phone/fax at the following number [telephone no./ fax no.].
⁽²⁾to my name/family owned business there is open the account [specification/ account no./ ROL], in
the bank [name of the bank], branch [name/ localisation of the branch].

The application is appended by the specific documents listed enclosed.

Signature

- (1) - for private entities that are foreign citizens;
- (2) – to be posted only if applicable.

Appendix no. 2

INDEPTEDNESS RATIOS OF THE AUTHORIZATION/LICENSE APPLICANT

Having regard to the analysis of the financial resources in compliance with Art. 15, par. (1), item e) the following ratios (indicators) are determined:

Description of ratio	Year N-1	Year N*
<u>1Profit Ratios</u>		
1.1 Return on Total Assets		
1.2 Return on Equity		
1.3 Return on Resources(Commercial Profitability)		
1.4 General Profitability		
1.4 Profit Margin		
<u>2Liquidity Ratios</u>		
2.1 Current Ratio		
2.2 Quick Ratio		
<u>3.Debt Management Ratios</u>		
3.1Debt to Equity Ratio		
3.2 Debt Ratio		
3.3 Solvency Ratio		
<u>4.Financial Administration Ratios</u>		
4.1 Average Collection Period		
4.2 Days' Payables		

*the year of the financial standing

1.Profit Ratios:

1.1 Return on Total assets = (Net Profit before tax/Total Assets) x 100

1.2 Return on equity = (Net profit before interests and tax/ Shareholders' funds) x 100

1.3 Return on Resources = (Operating Result/ Turnover) x 100

1.4 General Profitability = (Net profit/ Total Expenses) x 100

1.5 Profit Margin = (Net Profit before interests and tax/ Sales) x 100

2.Liquidity Ratios

2.1 Current Ratio = (Current assets/ Current Liabilities)

2.2 Quick Ratio = [(Current Assets-Stocks)/ Current Liabilities]

3. Debt Management Ratios

3.1 Debt to Equity Ratio = (Total Liabilities/ Shareholders' Funds) x 100

3.2 Solvency Ratio = (Total Liabilities/ Total Assets) x 100

where, Total Liabilities = amounts payable in a period that doesn't exceed one year +amounts payable in a period exceeding one year,

3.3 Solvency Ratio = (Shareholder's Funds/ Capital employed) x 100,

4. Financial Administration Ratios

4.1 Average Collection Period = (Net Receivables/ Sales) x 365

4.2 Days' Payable = (Account Payable/Sales) x 365