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REPORT

**on the activity of
Romanian Regulatory Authority
in Natural Gas Sector
2004**

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1. Organization and function legal framework

From the year 2000 up to present, deep changes have been made within the configuration of natural gas market and sector, situation when the general regulatory framework - Government Ordinance no. 60/2000 regarding regulation of activities in natural gas sector, approved by Law no. 463/2001, and Government Ordinance nor. 41/2000 regarding establishment, organization and function of the National Regulatory Authority in Natural Gas Sector, approved by Law no. 791/2001 – lagged behind these evolutions, the circumstances requesting a unit regulation and, consequently, the abrogation of the two ordinances.

As a result of the above, on July 28, 2004, the Romanian Parliament approved the **Gas Law no. 351/2004**, published in Monitorul Oficial of Romania, Part I, no. 679. Structured by 15 chapters and 120 articles, the law regulates mainly: natural gas domain policy, organization, function, role and attributions of the regulatory authority, authorizations, licenses and certification in natural gas sector, access and refusal of third parties access to the systems in natural gas sector, public service obligations and consumers' protection, the market, prices and tariffs in natural gas sector. The Gas Law provides new valences to ANRGN, public autonomous institution of national interest, legal person, under coordination of the Prime Minister. Within this new legislative context, the mission of the authority is to elaborate, apply and monitor the compliance with the regulatory system compulsory at national level, necessary for the function of natural gas sector and market on efficiency, safety, competition, transparency, non-discriminatory treatment of the participants on natural gas market and consumers and environmental protection terms.

The decisional independence allows ANRGN to develop its activity based on own organization and function regulation, approved by internal Decision no. 134/August 24, 2004. A president and a vice-president, appointed by the Prime Minister of Romania for a 5 years mandate, ensure the management of ANRGN. This approach is meant to strengthen the position of ANRGN and to ensure its equidistance to the other state institutions, as well as to the regulated companies. Exerting his attributions, the President issues orders and decisions. The norm orders and decisions are published in Monitorul Oficial of Romania, Part I, forming the secondary legislation in the domain.

According to art. 11 in the law, for the regulatory activities and in order to obtain more fairness, a Regulatory Committee is constituted, formed by 5 members - president, vice-president and 3 members from ANRGN staff.

The Regulatory Committee is assisted by an Advisory Council, consisting of 9 members, appointed by order of the department minister. The role of the Advisory Council is to harmonize the interests of companies in the sector with those of natural gas consumers, to assess the impact that the regulations of ANRGN have and to propose measures in order to enhance them.

2. ANRGN competences and attributions

ANRGN Competences and attributions are content in the Gas Law art. 8, items a) – z):

- a) elaborates and submits for approval to the Govern the Regulation on licensing and authorization in natural gas sector;
- b) sets the validity conditions for granted licenses and authorizations;
- c) elaborates and approves the Regulations for authorizing and verifying the personnel and the undertakings carrying out designing, execution and exploitation activities in natural gas sector and establishes the validity conditions for granted authorizations;
- d) elaborates and approves technical regulations and norms at national level which establish the technical security criteria, the minimum technical design, execution and exploitation requirements necessary for an efficient and secure function of the facilities in the natural gas sector;
- e) elaborates and submits for approval to the Govern the methodology for issuing technical certifications in natural gas sector and participates, under the law, to the authorization of the analysis and test labs in natural gas sector;
- f) takes part at the elaboration and application of the regulations for attesting the design inspectors;
- g) elaborates and applies the regulations for certifying the experts in natural gas sector;
- h) elaborates and submits for approval to the Govern the regulations on third party access to upstream lines, to storage facilities, to natural gas transmission and distribution systems;
- i) elaborates, applies and approves regulations for the organization and function of natural gas market, on ensuring continuity and security of natural gas supply to customers;
- j) ensures fully liberalization of natural gas internal market;

- k) approves the regulations for programming, functioning and dispatching of the natural gas National Transmission System and natural gas storage facilities at the proposals of operators in the sector;
- l) elaborates, approves and applies criteria and methods for approving the prices and for establishing regulated tariffs in natural gas sector;
- m) elaborates and approves framework contracts for natural gas supply, framework contracts for performing storage, transmission, distribution services, as well as framework contracts for ancillary activities, developed based on regulated tariffs;
- n) elaborates, approves and monitors appliance of compulsory technical, commercial, economic, operational regulations, referring to quality services parameters for natural gas transmission, transit, storage, dispatching, distribution and supply;
- o) endorses, under the law, the relevant clauses and conditions in concession contracts of assets, activities and services in natural gas sector;
- p) monitors:
 - 1. natural gas internal market;
 - 2. compliance with the rules on natural gas market organization and functioning;
 - 3. compliance with the rules regarding access to upstream lines, storage facilities, transmission and distribution systems;
 - 4. compliance with the criteria and methods for approving the prices and for establishing the regulated tariffs in natural gas sector;
 - 5. application of rules regarding management and allocation of interconnection capacities, together with regulatory authority or authorities in states where interconnection exists;
 - 6. the way for managing the over-crowded capacity item of the natural gas National Transmission System;
 - 7. transmission and distribution system operators render public the relevant information on interconnection pipelines, the use of the grid and the allocation of capacity to interested parties, taking into account the necessity to maintain confidentiality on commercial data;
 - 8. effective unbundling of accounts for the storage, transmission, distribution and supply activities of natural gas, LNG-liquefied natural gas, LPG-liquefied petroleum gas, CNGV-compressed natural gas for vehicles, in order to make sure that cross subsidies are prevented;
 - 9. Compliance by the licensed operators with the validity terms of the licenses;
 - 10. the activity of licensed operators for ensuring the natural gas supply security and continuity;

- q) settles the disputes on refusal of access to natural gas National Transmission System/distribution systems;
- r) mediates the pre-contract disputes in natural gas sector, according to its own procedures;
- s) elaborates, approves and applies the Regulation for ascertaining, notifying and sanctioning the breaches of the regulations issued in natural gas sector;
- s') elaborates its own Regulation for organization and functioning and establishes responsibilities of its personnel, in compliance with the legal provisions in force;
- t) protects the legal interests of the customers in natural gas sector;
- t') develops relevant programs, including assistance and examination programs appropriate to the field, approved by the Government;
- u) creates the database necessary to develop its activity, as well as for providing information to other bodies involved in the elaboration of the development strategy in natural gas sector, as well as in the international trade with natural gas;
- v) cooperates with:
 1. gas regulatory authorities from other states;
 2. specialized bodies from central or local public administration;
 3. natural gas customers' associations;
 4. service operators in natural gas sector, professional associations and employers' associations in natural gas sector, from Romania and abroad;
- w) elaborates and applies regulations on the organization and functioning of the Regulatory Committee and Advisory Council;
- x) establishes, for licensed operators, the objectives regarding ensuring the security and continuity in natural gas supply, as well as the conditions and the procedure for nominating the supplier of last resort;
- y) continuously trains and improves its own personnel;
- z) endorses, for each regulatory period for which regulated prices and tariffs are established, investment programs of the licensed operators, in order to recognize the costs and to frame them within approved tariffs and prices.

3. Institutional development and strengthening

National Regulatory Authority in Natural Gas Sector develops current activity according to Regulation for organization and function, approved under the law. The activity is structured in departments, divisions and offices, as it follows:

- a) Department Authorizations, Licenses, Technical Regulations and Certifications:

- Division Authorizations, Licenses:
 - Licenses Office
 - Authorizations Office
- Division Technical Regulations and Certifications:
 - Technical Regulations Office
 - Technical Certifications Office
- b) Department Prices, Tariffs, Commercial Regulations, Customers' Protection:
 - Division Prices, Tariffs, Market supervision:
 - Prices and Tariffs Office
 - Market supervision Office
 - Division Commercial Regulations:
 - Methodologies, Contracts Office
 - Customers' Protection Office
- c) Department Inspection, Control, Notifications, Complaints, Regional Groups:
 - Division Inspection, Control, Notifications, Complaints
 - Inspection, Control Office
 - Notifications, Complaints Office
 - Regional Groups
- d) Division Strategy, Development, Programs:
 - Strategy, Programs Office
 - International Cooperation, Public Relations Office
 - IT and Data Base Office
- e) Division Economics:
 - Financial Office;
 - Accounting Office;
 - Acquisitions, Contracts Office
 - Administrative, Logistic Bureau
- f) Legislation, Claim Office
- g) Internal Public Audit
- h) Human Resources Office
- i) Labor Protection Bureau
- j) Quality and Environment Management
- k) President's Cabinet.

The above structure is shown by the organizational chart, part of the Regulation for organization and function of ANRGN, presented also on the website page of ANRGN.

At the beginning of the year 2004, 76 employees worked within ANRGN and at the end of the year there were 86 employees.

4. Report regarding the elaboration process of ANRGN regulations

As a base for elaborating norm documents during the reference year 2004, ANRGN considered both provisions in the primary legislation and proposals and communications from companies, starting from Procedural Norms on Issuing Regulations that settle mainly the types of regulations, the program for elaboration activity, steps, as well as the procedure for their modification and/or completion, respectively abrogation.

It is remarkable that ANRGN contributes to the development and optimization of natural gas sector both by issuing secondary legislation in the sector and by elaborating norm drafts submitted for approval and adoption to the Romanian Government.

The legislative priorities for this year were related to the adoption of the regulations, which were conditions for the adhesion of Romania to the European Union– EU.

As a structure, considering the specific of the norms issued, the existing 1230 documents may be classified by activities, as it follows:

- Commercial documents;
- Technical documents;
- Other documents.

Regardless the domain, they had different forms: standards, regulations, methodologies, codes, norms, framework-contracts etc.

According to the Program for Regulations for the year 2004, approved at the beginning of the year by internal decision of the President of ANRGN, it was forecasted the necessity to elaborate 23 norm documents. The Program was adjusted, according to the requirements of the internal and international natural gas market, some regulations not being appropriate any more, but some new ones having to be elaborated and adopted.

Regulations on setting tariffs and approving regulated prices in natural gas sector had a special regime, 15 norm orders containing them.

10 regulations regarding the natural gas market opening degree were issued, correlated with regulations on eligibility regime in natural gas sector.

As it may be seen, the year 2004 had a special importance regarding the regulatory activity, ANRGN intensifying the rhythm of the legislation activity in order to accelerate the process of harmonization with the community acquis and to strengthen the natural gas sector.

According to the Law no. 52/2003 regarding decision transparency in public administration, the reference terms for regulations, discussion documents and their drafts were provided to the undertakings in the sector, interested public institutions and were published on the website page of ANRGN for suggestions and recommendations. ANRGN also initiated meetings with dialogue partners for clarifying the difference of opinions.

The Advisory Council had a special contribution to fulfilling the tasks of our institution, assisting ANRGN for regulatory activity.

Orders and Decisions having norm character were published in Monitorul Oficial of Romania, Part I.

During the year 2004, ANRGN issued 45 norm regulations. Together with the 75 documents elaborated and published by ANRGN during the previous years, they represent the secondary legislation specific to natural gas sector. All these norms are provided to the interested parties electronically, on the website of the institution: www.anrgn.ro.

5. Main activities developed within ANRGN

5.1. Continuation of the liberalization process of natural gas internal market

By Decision of the President of ANRGN no. 1076/2003, opening degree of the internal natural gas market for the year 2004 was established at 40% from the total internal consumption in the year 2003. In order to accomplish the above market opening degree, the technological requirement in the Accreditation Regulation has been modified by Decision of the president of ANRGN no. 3/2004, meaning that the consumption threshold for a consumer to be accredited as eligible decreased 4 to 3 mil. c.m. per annum.

By approval of the Centralized List of Natural Gas Eligible Consumers for the year 2004, 76 natural gas eligible consumers have been accredited. The amount of natural gas traded freely on the eligible consumers market, for the same period, was about 7 bln.c.m.

In order to continue the liberalization process of the market for the year 2005, (the forecasted opening degree being of 50%) and to accredit new eligible consumers, the Regulation for accreditation of natural gas eligible consumers has been simplified, by Decision of the President of ANRGN no. 1346/November 11, 2004, both from accrediting procedure point of view and from the point of view of the requirements that have to be fulfilled by consumers for obtaining the accreditation. As a consequence of applying the new regulation, even from December 2004 the List of the eligible consumers for the year 2005 has been published. There are 102 eligible consumers, they being able to conclude negotiated contracts starting with January 2005.

In 2004, the activity developed by the licensed operators and natural gas eligible consumers continued to be monitored and recorded in the database of ANRGN, according to the Decision of the President no. 246/2002. It also has started the process of modernization of the system for collecting data on transactions of natural gas and specific services. In this regard, the whole database has been restructured and models were created for transmission on-line of a part of these data. The process shall continue in 2005 by training the users and effectively implementing the electronic system for collecting data.

5.2. Implementation of the methodology for calculation of regulated prices and tariffs

In December 2003, ANRGN approved, by decision of the president, the methodologies for calculation the regulated prices and tariffs in natural gas sector.

Thus, the tariffs for natural gas transmission and underground storage activities shall be set by a „revenue-cap” type methodology, and for the regulated natural gas distribution and supply by a „price-cap” type methodology.

Methodologies are inspired from European practice in the domain, being similar to most of those used by the regulatory authorities in countries with mature natural gas markets.

Regulated tariffs/prices are set for 3-5 years, called regulatory period. Within this period, annual, adjustments are accomplished, according to the inflation index and an efficiency factor.

Starting with April 1, 2004, the tariffs for natural gas underground storage have come into force, established for each operator and facility, calculated according to the new methodology, having three components:

- a fix component for reserving capacity;
- a variable component for injecting natural gas into facilities;
- a variable component for extracting natural gas from facilities

For natural gas transmission activity, the established tariffs have come into force on July 1, 2004, having two components:

- a fix component for reserving capacity;
- a variable component for transporting of natural gas through the transmission system.

The prices at final consumers were increased with 5% starting with January 1, 2004, according to the commitments. Quarterly increased with 5% during the year 2004 of the regulated final prices for supplying natural gas to the captive consumers ensured for the internal producers a wellhead price of about 60 USD/tmc.

In order to prepare the implementation of the system of distribution tariffs and final regulated prices, differentiated by distribution operators and categories of consumers, some documents have been elaborated, through which the methodology has been completed and explained in detail. All these documents have been published on the Internet page of the authority and refer to:

- a first assessment regarding the regulated rate of return for the first regulatory period, 2004-2007;
- assessment of the formula Cost Generating Elements– EGC in the first regulatory period, April 2004 –2007;
- clarification documents regarding the application of criteria and methods for approval of prices and setting regulated tariffs in natural gas sector;
- a first assessment of the impact of privatization of S.C. DISTRIGAZ NORD S.A. and S.C. DISTRIGAZ SUD S.A., within the context of application of the new pricing methodology in natural gas sector;
- assessment of the unit fix amount for covering the natural gas purchasing cost, for the year 2005.

During the last months, together with licensed operators for regulated natural gas distribution and supply, ANRGN has analyzed the costs necessary to develop these activities, base on the requirements and provisions of the pricing methodology published in December 2003 and related documents.

As a consequence of this analysis, mutually agreed with each operator, ANRGN established the regulated annual revenues it has the right for the activities developed according to the licenses, for the period 2005 – 2007.

Considering the impact of the growth of the prices upon consumers, especially population, ANRGN decided to postpone, until April 1, 2005, the application of the provisions of the methodology regarding the differentiation of the tariffs and of the regulated final prices by operators and categories of consumers

As a result, the levels of the regulated prices has been increased starting with January 2005 with 5%, in order to ensure the cover of the costs for natural gas purchase from internal production and from import forecasted by ANRGN and to ensure an average level of the regulated unit revenues recognized by the authority for the distribution operators.

5.3 Issuing commercial and technical regulations

During the reference period, the issuing activity of commercial regulations in the year 2004 was concretized by:

- approval of the new Framework contract for natural gas underground storage, by Decision no. 480/April 01, 2004;
- approval of the Norms on avoiding the dominant position abuse on natural gas internal market, by Decision no. 620/April 30, 2004;
- modification and completion of the Framework-contract for natural gas distribution, by Decision no. 889/June 22, 2004;
- approval of the new Framework-contract for natural gas transmission, by Decision no. 888/June 22, 2004;
- modification of the Framework-contract for natural gas supply to captive consumers, by Decision no. 895/June 25, 2004.

The amendments to the natural gas distribution and supply frameworks for captive consumers considered the modifications of the primary legislation and the dynamics of the contract relationships in natural gas sector.

The promotion of the new framework-contracts for natural gas underground storage and transmission was necessary within the context of the approval of the new Criteria and methods for approving prices and establishing regulated tariffs in natural gas sector, approved by Decision of the President of ANRGN no. 1078/2003.

In the same time, the staff within Directorate Commercial Regulations, Consumers' Protection participated at the elaboration, by the Department Authorizations, Licenses, Technical Regulations and Certifications, of the Regulations on access to SNT, distribution systems and upstream pipelines, approved by Government Decision no. 1043/2004, with subsequent modifications and completion, on the Regulation on regulated access to natural

gas underground storage facilities, approved by Decision of the President of ANRGN no. 824/June 09, 2004, as well as other regulations elaborated by ANRGN.

5.3 Issuing commercial and technical regulations

During the year 2004, the regulatory framework in natural gas sector was importantly modified, as a consequence of the necessity to promote and apply some norms, considering the coming into effect of the Gas Law no. 351/2004, having a special impact upon the activity of companies and natural persons in natural gas sector.

ANRGN elaborated, with the support of licensed operators and consulting the interested factors, the following technical regulations:

- LNG Technical Code;
- Regulation on access to natural gas underground storage facilities;
- Regulation on granting temporary licenses in natural gas sector;
- Regulation on access to natural gas National Transmission System;
- Regulation on access to natural gas distribution systems;
- Regulation on access to upstream lines;
- Regulation for programming, functioning and dispatching the natural gas underground storage facilities;
- Regulation on natural gas supply of captive consumers directly connected to national transmission system and/or upstream lines and of the eligible consumers;
- Regulation for authorizing and verifying the natural persons developing designing, building and operating activities in natural gas sector– revision;
- Regulation for authorizing and verifying the companies developing designing, building and operating activities in natural gas sector – revision;
- Validity Framework Conditions of the license for natural gas distribution;
- Validity Framework Conditions of the license for natural gas supply;
- Validity Framework Conditions of the authorization for function of the natural gas distribution objectives/systems license;
- Methodology for issuing the technical certifications for equipment, installations, devices, products and proceedings used in natural gas sector.

We must underline the importance of two norm documents elaborated by ANRGN during the year 2004, respectively the regulations for access to upstream lines, to natural gas transmission and distribution systems, as well as the Methodology for issuing the technical certifications for equipment, installations, devices, products and proceedings used in natural gas sector.

For the first time in Romania, the necessary regulatory framework has been created in order to ensure non-discriminatory conditions of third party access to upstream lines, to natural gas transmission and distribution systems

The regulations for access, approved by Government Decision no. 1043/2004 and published in Monitorul Oficial no. 693/August 2, 2004, set the conditions for reserving some capacities in natural gas national transmission system and distribution systems, conditions for connecting to these systems, as well as the pricing methodology for access and connection.

Among the newness elements of the two regulations for access we mention the following:

- Connection of the applicants to natural gas transmission and distribution grids shall be accomplished based on regulated tariffs;
- Inclusion of the connection installations into then patrimony of the transmission operator/distribution operator, and this provides the possibility to recognize the operational costs for accomplishing the transmission service and, respectively, the distribution service using these assets. This way to grant the access to natural gas transmission/distribution systems is a usual practice in most of the countries in the European Union;
- Accomplishment of an effective protection of consumers against abusive practices that took place;
- Establishment of some strict terms for solving the requests of the future consumers for each stage of the access/connection process;
- Obligation to grant access to transmission/distribution system, the refusal of access being possible only on justified cases, according to the law and in compliance with the principles of the European Directive 2003/55/CE.

In elaborating the Methodology for issuing the technical certificates for equipment, installations, devices, products and proceedings used in natural gas sector, there were considered the procedure rules and organization framework for assessment of the conformity of the equipment, installations, devices, products and procedures introduced on the Romanian market and used in natural gas sector, with the key requirements stipulated by the technical regulations.

In order to apply unitarily the procedure for issuing the technical certifications based on which the permission to use the equipment, installations, devices, products and proceedings in natural gas sector is granted, the above norm was approved by Government Decision.

The Methodology for issuing the technical certificates for equipment, installations, devices, products and proceedings used in natural gas sector establishes:

- technical regulations considered at technical certification;
- types of applicants;
- conditions for granting the technical certificate (modification, prolongation, ending the validity, withdrawal of the technical certificate);
- minimal conditions that have to be fulfilled by the bodies and laboratories recognized for technical certification;
- organization of the activity for assessment of the conformity of equipment, installations, devices, products and proceedings in order to be technical certificated;
- list of the equipment, installations, devices, products and proceedings.

5.4. Granting authorizations and licenses to companies in natural gas sector

Granting of authorizations and licenses in natural gas sector was accomplished, during the reference period, based on the following norm documents:

- Government Decision no. 784/2000, republished, on approval of the Regulation for granting authorizations and licenses in natural gas sector;
- Order of the minister of industry and resources no. 440/2002 on approval Regulation for authorizing and verifying the staff developing designing, building and operating activities in natural gas sector and Regulation for authorizing and verifying the companies developing designing, building and operating activities in natural gas sector – until November 4, 2004;
- Regulation for authorizing and verifying the natural persons developing designing, building and operating activities in natural gas sector and Regulation for authorizing and verifying the companies developing designing, building and operating activities in natural gas

- sector, approved by Decision of the ANRGN President no. 1342/October 22, 2004 – starting from 4, 2004;
- Decision of the ANRGN President no. 312/2001, completed by Decision of the ANRGN President no. 377/2001 on temporary license in natural gas sector – until March 26, 2004;
 - Regulation for granting temporary licenses in natural gas sector, approved by Decision of the ANRGN President no. 387/March 22, 2004 – starting from March 26, 2004.

Thus, based on the legal provisions in force, ANRGN granted, during the year 2004, the following authorizations and licenses to companies operating on natural gas market in Romania:

- 44 authorizations for setting up natural gas distribution;
- 37 authorizations for function of the natural gas distribution;
- 36 licenses for natural gas distribution;
- 29 licenses for natural gas supply;
- 1 license for natural gas storage;
- 2 authorizations for function of the natural gas storage objectives/systems

At the end of the year 2004, based on the licenses and authorizations granted by ANRGN, there were on the market: 4 producers; 1 transmission, dispatching and transit operator, 3 storage operators, 43 suppliers, 24 distributors.

In the same time, during the year 2004, ANRGN continued the activity for authorizing and verifying the companies developing designing, building and operating activities in natural gas sector. 677 undertakings were authorized to develop one or more activities in the sector, ANRGN granting 1491 authorizations.

In order to participate to auctions for leasing the natural gas distribution service for 874 localities, organized by Ministry of Economy and Commerce, ANRGN granted, according to legislation in force, 136 temporary licenses to applicant undertakings.

By granting authorizations and licenses to new natural gas distribution operators, the number of the localities with natural gas in Romania increased compared to the year 2000, the year ANRGN was established, with about 40%, reaching at present 1737.

5.5. Authorization of specialty personnel in natural gas sector

As a result of coming into effect of the Gas Law no. 351/2004, changes have been made which affect the regulatory framework in which the legal and natural persons develop activities authorized for design, execution and operation in natural gas sector. Consequently to applying into practice (for two years) of the provisions of MIR Order no. 440/2002, arose the necessity that some provisions in the two regulations to be modified and completed.

Thus, during November, a new norm document came into effect, containing the new regulations for authorization and verification of natural and legal persons.

The most important provisions refers to the duration of validity of the authorizations from 2 years to 3 years, as well as those referring to liabilities and sanctions.

In order to grow the professional competence in natural gas sector, during the period Marc 11, 2004-March 21, 2004 and October 30, 2004-November 08, 2004, ANRGN organized two examination sessions for authorizing/re-authorizing natural persons developing activities of design, execution and operation in natural gas sector. As a result of passing the exams, 9691 persons became authorized installers attested by license.

5.6. Monitoring and control of the activities of authorized and licensed companies

Department Inspection, Control, Notifications, Complaints, Regional Groups which coordinates inclusively the activity of the 5 territorial groups organized in order to fully cover the territory of the country, exerted its legal attributions to control and effectively verify that companies comply with the legal framework, to contribute to the harmonization of relationships between companies in the sector and different categories of consumers, as well as to ensure the permanent information and, respectively, education of the latter. The activity of the department developed on two main levels: inspection and control, and the other - emergency resolution of notifications and complaints.

Inspection, control activity based on the annual control plan for the year 2004, approved by the management of the institution, which was completed during the year due to notifications and complaints that imposed emergency actions. 1525 controls were accomplished, as it follows:

- 607 at companies authorized according to Regulation for authorizing and verification of companies developing design and execution activities in natural gas sector;

- 137 at companies licensed and authorized in natural gas sector according to Regulation for granting authorizations and licenses in natural gas sector.
- 456 at establishments of new natural gas distributions;
- 228 at social objectives supplied by natural gas utilization installations;
- 8 at companies in order to verify their technical capabilities in order to authorize according to the Regulation for authorizing and verification of companies developing design and execution activities in natural gas sector;
- 89 as a result of the notifications and complaints ANRGN received.

179 major contravention sanctions were applied, from which 66 for natural persons and 113 for undertakings, meaning 1.915 billion ROL. 39 complementary contravention sanctions were applied, respectively:

- 7 for suspending the authorizations as authorized installers, for different periods;
- 44 for suspending the authorization of undertakings, for different periods, up to the remedy of the problems.
- 4 for withdrawal of authorizations hold by undertakings authorized according to Regulation for authorizing and verification of companies developing design and execution activities in natural gas sector.

The necessity to apply sanctions was mainly related to:

- not presenting the requested documents or providing incomplete or wrong information;
- not communicating to ANRGN the modifications of the structure of personnel that based the authorization of the company;
- welds made by persons whose authorization is expired;
- making works without getting the necessary approvals;
- works in localities where there was no authorization for establishing natural gas distribution, with no endorsed projects and no operator to monitor the works
- not complying with the construction designs;
- the validity term of some documents that based the authorizing of the company in natural gas sector was expired.

During the same year, the department filed 349 notifications and complaints:

- 72 from undertakings;
- 185 from natural persons and habitant/owner associations;
- 92 from state institutes, related to notifications in natural gas sector they received from natural persons, habitant/owner associations and undertakings.

Complaints and notifications referred generally to aspects concerning:

- non-compliance with the terms in the contracts concluded between beneficiaries and undertakings authorized to accomplish design and execution works in natural gas sector;
- works accomplished without endorsed documents;
- problems concerning contribution for distribution pipelines built by private investors;
- not justified refusal for access to the installations for natural gas utilization
- dissatisfactions related to the activity developed by natural gas distribution operators;
- companies not authorized by ANRGN but who executed works in natural gas sector;
- different conflicts.

The way to solve these notifications and complaints was different, according to the problems: written answers providing details, explanations and references to the legislation in force and direct discussions with the parties, mediations and recommendations, and control in the field.

In the same time, were also recorded complaints regarding the activities developed in natural gas sector by 30 companies authorized by ANRGN, most of them having as an object conflicts generated by contract clauses initially accepted by the parties. In these cases ANRGN had not the legal competence to interfere, the involved parties being told to address to competent bodies to solve this kind of items.

5.7. Consumers' protection

In the year 2004, ANRGN attention was aimed to ensure and improve the quality of the services provided by natural gas suppliers and distributors in compliance with the provisions in the performance, in compliance with the performance standards for natural gas distribution and supply services, considering the following:

- the necessity to ensure the tools useful to the regulator in order to enhance the service provided by licensed operators, allowing the comparison of the results by the operators, licensees for natural gas supply and/or distribution;
- ensuring the consumers' protection by imposing to the operators to comply with some conditions regarding connection, access of

consumers to systems, measurement and administration of natural gas, number of interruptions, time to supply again, duration for connecting again, the promptness of the answers toward consumers' complaints.

Implementation of the performance standards had as a main objective to ensure the protection of natural gas consumer, in this regard the licensed operators being obliged to comply with some technical and commercial requirements. The validity conditions of licenses clearly stipulate both the obligation to apply the prescriptions of the performance standards for natural gas supply and the one applied to all supply licensees to present annual reports related to the achievement of performance indexes. By the regulations applied in natural gas sector, conditions related to environmental protection and ensuring quality have been promoted, by conditioning to obtain the authorizations for certification of the environmental management system and those for ensuring the quality.

Based on the prerogatives provided by the legislation in force, 100 concession contracts of the distribution service and/or related assets in natural gas sector were endorsed, only if the conformity with the provisions in the legislation in force was proved.

In the year 2004, 3 requests were received, based on the Methodology for settling the pre-contractual disputes in natural gas sector, approved by Decision of the ANRGN President no. 248/2002, regarding the conflicts arisen during concluding commercial contracts in natural gas sector. There were also received notifications on misunderstandings regarding the application of contract provisions, arisen during running the natural gas acquisition/sell-purchase contracts, especially referring to price, ways and terms for payment, situations when it was punctually answered.

During the above period, the Consumers' Protection office filed 9 notifications and complaints of the natural gas consumers referring generally to: growth of natural gas price, noncompliance of distributors with the clauses I the framework contracts issued by ANRGN, decrease of the pressure of supplied natural gas, noncompliance with the terms in the contracts concluded with companies in order to accomplish design and execution works, wrong metering of natural gas consumption.

The notifications were resolved according to the problems, based on the legislation in force related to consumers' protection and specific regulations in natural gas sector.

Also, the staff from Consumers' Protection participated at solving some notifications and complaints from natural gas consumers received by Department Inspection, Control, Notifications, Complaints, Regional Groups. The staff of the office also cooperated efficiently, on specific problems, with specialty institutions, competent state authorities and bodies, public central and local administration, as ANPC – National Authority for Consumers' Protection, ANCER – National Association of Energy Consumers in Romania, ARSE – Romanian Association for energy services, ANRE, ANRM, Competition Council, Public Services Patronage.

The training of the involved staff was ensured by stages regarding mediation of conflicts between consumers and companies, organized by different associations representing the interests of consumers.

In the year 2004, as a consequence of signing the Protocol of Cooperation between ANRGN and the Competition Council, the relationship with this institution has been strengthened and developed, especially by the participation of the representatives of the authorities to actions having as a theme the development of competition and avoiding the situations of dominant position in natural gas sector.

5.8. Strengthening the internal and international cooperation

As regards the integration into the European Union, in the year 2004, ANRGN continued to participate actively, together with similar authorities from candidate countries, at the two actions organized under the patronage of Madrid Forum, where there were established the basic principles for creation of a sole natural gas market within EU. In this regard, the secondary legislation issued by ANRGN aimed to ensure the taking over of the conditions related to its domain activity foreseen in community acquis documents, mainly European Directive 55/2003/EC, and those in the other Directives of EU on energy sector.

ANRGN participated actively within committees, working groups, conferences and seminars organized by CEER (Council of European Energy Regulators), body gathering all the regulatory authorities in EU and European Economic Area (EEA), ERGEG (European Regulators Group for Electricity and Gas), ERRA (Energy Regulators Regional Association) - voluntary body of all regulatory authorities in energy sector in Central and South East Europe countries, EASEE-gas (European Association for the Streamlining of Energy Exchange-gas) and ENGVA (European Natural Gas Vehicle Association). The discussions on these occasions aimed:

- activity reports of the commissions, committees or working groups constituted in order to analyze the documents of position or some key aspects in applying the provisions of the European directives on national level, of the working programs and of the priorities;
- updating the guidelines regarding the natural gas storage (GGPSSO);
- agreement upon common principles and positions of unitary approach for the items related to organization of sole natural gas internal market.

ANRGN was represented at the three Gas Task Force meetings, body created in April 2004, as a part of the Working Group of the Energy Regulatory Authorities in South-East Europe, placed under CEER and chaired, in common, by the Regulatory Authorities in Italy and Greece.

During the year 2004, within the 5th forum of the Athens Process, the report “Infrastructure and regulatory framework in natural gas sector from South-East Europe” was submitted for the attention of the participants. By a comparison, it was underlined that Romania represents one of the basic elements of the proposed regional construction. The charts presented on the occasion stressed that our country could contribute greatly at the creation of an efficient working framework in the South-East of Europe. Concomitantly, ANRGN supported a AEEG proposal (Energy Regulatory Authority in Italy) regarding the necessity to unbundled the problems specific to natural gas sector by those related to electric power. In this way, a great contribution could be brought to the increase of the efficiency of the actions that shall be accomplished within “Athens process”, aiming a regional balance, profitable for all the participant countries.

ANRGN closely cooperates with the Romanian National Committee within the World Energy Council (WEC) and on the occasion of reaching 80 years of activity, this prestigious forum granted to the management of ANRGN excellence diplomas for the activity developed in order to promote the interests of Romanian energy.

At the end of the year 2004, ANRGN signed the agreement of cooperation with DVGW (German Natural Gas and Water Association) on recognition of certifications marks DVGW and EU inspection certificates. Within this context, ANRGN shall officially recognize the DVGW procedures for conformity evaluation based on the European directives or DVGW operating rules regarding equipment used in natural gas sector, components and fittings of the installations marked with CE number 0085. On the occasions of the numerous meetings with DVGW representatives, subject concerning regulated access to transmission and distribution, elaboration of technical norms and constructive requirements in distribution systems and utilization installations domain were discussed,

verification and tests for adjustment-tightening equipment, measurement of natural gas flow and protection against explosions caused by natural gas installations.

ANRGN initiated or continued the cooperation and change of experience with similar institutions in Italy (AEEG), Spain (CNE), Austria (E-Control).

In the same year, the public relations activity of ANRGN continued for enhancing the image of the institution and in order to inform prompt and correct the dialogue partners.

As regards the activity with public, regulated by Government Decision no. 1723/2004, the Action plan of ANRGN has been put in practice, related to the Program of measures for fighting against bureaucracy for the relationships with public, among the immediate measures, besides the average and long term ones, being the Working Place with Public.

Parallel with the above activities, in the year 2004, ANRGN considered:

- periodical press releases whose content aimed the transfer of the public interest information, in order to contribute to correct and in time information provided to the natural gas consumers;
- elaboration and providing of inform documents on the mission, attributions and competences of ANRGN to the main TV and broadcasting stations, respectively to news departments and economic broadcast producers;
- organization of press conferences and interviews to present the current activity, which stressed the role and position of ANRGN within the context of national and regional energy strategy.

Within the context of ensuring the transparency of ANRGN activity, the access to public interest information in natural gas sector is ensured by publishing them on the official website of ANRGN, this being accomplished and maintained by the staff of International Cooperation Office, Public Relations, in cooperation with IT, Database Office.

5.9. Running programs with international bodies and organizations

Starting with April 23, 2003, ANRGN was the beneficiary of the technical assistance of the PHARE program, developed by NERA consortium (Spain) – SOFREGAZ (France) and finalized in October 2004.

The stages of this program allowed ANRGN to elaborate and publish some very important norms for natural gas sector in Romania, some of them representing firm commitments within the Complementary Document of Position related to Chapter 14 - "Energy":

- Criteria and methods for approving prices and establishing regulated tariffs in natural gas sector (Decision ANRGN no. 1.078/December 18, 2003);
- Establishment of regulated durations for depreciation of tangible and intangible assets used in accomplishing regulated activities in natural gas sector (Decision ANRGN no. 339/March 11, 2004);
- Orders ANRGN no. 354/ March 11, 2004, no. 355/ March 11, 2004 and no. 1.083/July 22, 2004 which established regulated tariffs for underground storage, according to the new methodology, related to each facility;
- Order ANRGN no. 873/June 14, 2004, which established the regulated tariff for transmission service, according to the new methodology;
- Technical code of liquefied natural gas, Decision ANRGN no. 825/June 9, 2004.

As a consequence of signing the financing memorandum PHARE 2003, the procedure for selection of the consultant who would develop the activities of s-PHARE project RO 005-551.04.09.02 - "Strengthening the institutional capacity of ANRGN" were started. In September 2004, after analyzing the letters of intention, it was elaborated and published, on the European Commission web page, the short list of the eligible consultants for this project. The activities related to the project will contribute to strengthen the ANRGN position, within the context of liberalization the market and promotion of investments. The project will approach the third party access to natural gas grids, the rules on designation and activity of the supplier of last resort, of the congestion management in natural gas system, and will aim to elaborate some technical regulations on protection zones and safety of capacities in natural gas sector.

ANRGN will be the beneficiary of technical assistance also within PHARE program 2004, component „Fulfilling the obligations arising from acquis”. According to the Memorandum of Financing agreed between the European Commission and the Romanian Government, signed on December 21, 2004, ANRGN will be one of the beneficiaries of the project PHARE/2004/016-772. 03.10 "Strengthen the energy sector". Among the themes that will be approached in this project we could mention: elaboration of a Natural Gas Grid

Code, definition of the economic performance indexes and quality indexes of the services in natural gas sector, establishment of the regulatory framework of the “shipping” activity in natural gas sector, as well as the analysis of the existence of the conditions of development of a natural gas “hub” on the Romanian territory.

Within the Energy Sector Privatization, Investment and Development Program (PRIDE), developed by USAID in December 2004, there were at the ANRGN headquarters, four instruction sessions designed for the regulatory authority staff.

The themes aimed domains of interest for the natural gas sector in Romania in the perspective of adhesion of our country to the European union, namely:

- Management of risk and financial instruments used in natural gas trade;
- Assessment of investments in order to increase the energy efficiency Guide for setting up a feasibility study. Benchmarking of the investment indexes;
- Assessment of natural gas price on international markets;
- Role of the regulatory authority in ensuring the obligations on universal service. Protection of vulnerable consumers. “Supplier of last resort” concept.

One of the main activities of ANRGN during the reference period related to the adhesion process of Romania to the European Union. In this regard, ANRGN involved in complying with the commitments assumed by Romania by the Complementary Document of Position - Chapter 14 - Energy (CONF RO 06/04), by elaborating and/or issuing, on the terms forecasted by this document, of the Regulations regarding third party access to natural gas transmission and distribution systems, to underground storage facilities and to upstream lines, of the Technical Code of Liquefied Natural Gas, and the Norms for avoiding the dominant position abuse.

ANRGN representatives participated, as many times as their presence was needed, within the governmental teams, at the negotiations with the World Bank, International Monetary Fund and European commission on energy sector, supporting, with technical justified arguments, the propositions specific to natural gas sector as basic elements of a constructive dialogue, acceptable for both parties.

Our institution also promptly answered the requests from different ministries regarding:

- Periodical report on the accomplishment of the measures belonging to ANRGN in the “Plan of priority measures for preparing the adhesion to the European Union during the period December 2003 – December 2004” (Ministry of European Integration);
- Periodical report on the accomplishment of the measures belonging to ANRGN in the PAL II program, as well as the monitoring indexes of PAL II program referring to natural gas sector (Cabinet of the Prime Minister);
- participation at the elaboration of the Strategy of durable development of Romania in energy domain. Time horizon: 2025 and the Energy Sector Development National Program for the period 2007-2013 (together with Ministry of Economy and Commerce);
- participation at the discussions with the representatives of the rating agencies Fitch and Japan Credit Rating (Ministry of Economy and Commerce);
- participation at the elaboration of the Report on progresses on the preparation of the adhesion of Romania to the European Union during the period September 2003 - June 2004 and the Addendum for the period July-August 2004 (Ministry of European Integration);
- opinions and/or comments on the project regarding the development of an Energy Community in South-East of Europe, elaborated within the Athens Process (Ministry of Economy and Commerce).

5.10. Ensuring the information support and management of the database of ANRGN

The staff in the IT, Database Office creates and customize software products, installs and maintains the used information systems, ensures the function of the local computer grid and the access to Internet, ensures the administration of the servers, and also the communication through the switch board of the institution. The applications used at the level of the institution, related to the database of ANRGN, have as a goal to collect and process data referring to:

- Granting and monitoring licenses and authorizations issued in natural gas sector;
- Granting and monitoring authorizations for execution and design issued for undertakings developing activities in natural gas sector;
- Natural gas consumption on internal market and sources for its cover;
- Reporting the natural gas acquisitions and supply of the undertakings in natural gas sector;

- The applications of the undertakings in order to obtain/reconfirm the status of natural gas eligible consumer;
- Natural gas consumed amounts and the prices negotiated by the eligible consumers;
- Substantiation of regulated prices and tariffs;
- Granting by ANRGN of the endorsements at the concession contracts of the distribution services of natural gas;
- Organization of the exams for authorizing the staff developing activities of design, execution and operation in natural gas sector, including the laying down of the files, generation of lists for admitted and rejected people, as well as the license number of the authorized installers;
- Record of the input documents into a database, their numbers and input data being afterward used by other applications;
- Maintenance and improvement of the performances of access from ANRGN website.

IT and Database office ensured the implementation of calculation methodologies and algorithms for different applications specific to ANRGN.

By PHARE program - RO 0005.01.02 „Technical Assistance for National Regulatory Authority in Natural Gas Sector” it was financed the acquisition and implementation of a Geographic Information Management System, useful instrument in assisting the decisional process at the authority level. The system allows the utilization of an application universal valuable for geographical sort of the database by criteria defined by the user, absolutely necessary to monitor the natural gas market. For this purpose, an Analytic Information System has been implemented, necessary to analyze the efficiency of the rules imposed by ANRGN and the behavior of the involved participants. These systems shall allow the collection on-line of the data from the operators, their processing and analysis, accomplishment of analytic reports, and, together with the GIS system, edition of analysis on geographic support.

The access to the Internet system has been changed by installing a new security and antivirus system on the e-mail server.

5.11. Participation within sector policies and strategies

In the process of legislative harmonization with the community provisions in the documents on energy sector, respectively at the transposition of the Directive

55/2003/EC related to common rules for the natural gas internal market, ANRGN made important progresses materialized by:

- Liberalization of the market according to Decision of the ANRGN President no. 1347/November 1, 2004, that stipulated the opening degree of the natural gas market of 50% from the total natural gas consumption related to the year 2004, the number of accredited eligible consumers being 102 (Decision of the ANRGN President no. 1412/November 25, 2004);
- transposition of the key provisions in the Directive 90/377/EC and the Directive 55/2003/EC in the Gas Law text.

5.12. Implementation of the quality and environmental management system

Considering the strategic objective of ANRGN for the year 2004, namely the certification of the Quality Management System and creation of the premises to improve it continuously, the Quality and Environmental Management Office accomplished the following activities:

- elaboration of the second edition of the system procedures and general procedure;
- coordination of the activity for revision and elaboration of the operational procedures and instructions;
- identification and description of the processes of the Quality Management System (SMC) of ANRGN and establishment of their succession and interactions;
- establishment of ANRGN policy and objectives related to quality;
- finalizing the Quality Handbook of ANRGN;
- training the staff involved in SMC, regarding the requirements of the standard SR EN ISO 9001:2001 and specification of the particularities of its application within ANRGN;
- internal audit of SMC and reporting the results at the highest level;
- participation at the certification audit of SMC of ANRGN, accomplished by the auditor designed by the certification body;
- elaboration of the synthesis of the results of the certification audit and its communication to all the compartments in the authority;
- elaboration of the second edition of the Quality Handbook of ANRGN;
- participation at the revision of the Regulation for Organization and Function (ROF) of ANRGN, of the Regulatory Committee and of the Advisory Council;

- finalization, submitted for approval and dissemination of performance indexes of the processes developed within ANRGN;
- cooperation with ANRGN compartments in order to edit some regulations elaborated by ANRGN, which include aspects related to the quality management;
- participation at trainings on themes related to the quality and environmental management, as well as themes in the PHARE, USAID programs;
- elaboration of the monthly documents regarding the certification of the quality systems or of the quality and management systems of the undertakings in.

6. Strategy elements of ANRGN for the period 2005-2008

For this time horizon, the main objective of ANRGN is the integration of the internal market on the European natural gas market by accomplishing the commitments in the documents negotiated by the Romanian Government with international bodies (European Commission, IMF).

Strategic directions:

1. Development of a real competition between wholesale suppliers by:

- *continuation of the liberalization of the market*, complying with the provisions of the Gas European Directive 55/2003/EC:
 - 50% on January 1, 2005 – accomplished: 102 eligible consumers, active on the market;
 - 75% on July 1, 2006;
 - 100% for non-household consumers on January 1, 2007;
 - 100% for all consumers (including household consumers) on July 1, 2007.
- *Development of competition between natural gas suppliers*, so they shall be able to sell their amounts of natural gas in similar conditions, without important differences, especially from the point of view of the prices. As a consequence, a gradual growth of the wellhead price of natural gas is necessary so that, at the moment of the fully liberalization of the market, this to be supplied at prices comparable with those from import. In this way the supply prices on the wholesale market shall be set according to the quotation of alternative fuels also for natural gas from internal production.

2. Implementation of the new pricing methodologies „cap” type (ceiling), which ensure:

- *Efficiency of the activity of the operators in natural gas sector*, by recognizing the justified prices prudently made for accomplishing the obligations in the validity conditions of the licenses;
- *Incentives for investments*;
- *Elimination of cross subsidies between categories of consumers*, by setting prices differentiated according to the annual consumption.

For the regulated distribution and supply activities, the regulated final tariffs/prices shall be established by a „price-cap” type methodology, differentiated by distribution operators and categories of consumers, defined by consumption tranches.

It must be specified that without implementing the new pricing methodologies and the differentiation of the prices by categories of consumers, the privatization of the distribution companies would not have been possible.

3. Implementation of the technical certification methodology for the equipment, devices, installations, products and proceedings used in the field in order to:

- *Ensure a high performance for the infrastructure* related to the objectives for natural gas production, underground storage, transmission and distribution;
- *Increase the safety operation* of these objectives.

4. Harmonization of the secondary legislation in the domain, in order to adapt the requirements of the community acquis in the perspective of adhesion of our country to the European Union; in this regard, for the next period, ANRGN will promote the following norm documents, in compliance with the provisions of the Complementary Document of Position on Chapter 14 – Energy (CONF-RO 06-04):

- Performance standards for natural gas transmission and distribution;
- Regulation on establishing the supplier of last resort for consumers connected to natural gas grid;
- Revision of the Regulation for programming, function and dispatching the natural gas national transmission system, approved by ANRGN Decision no. 52/2001, in order to include the super-crowded capacity item and the conditions for providing balancing services.

5. Accomplishment of legal unbundling of natural gas supply and distribution, the final deadline being July 1, 2007.

7. Final remarks

As a conclusion, in order to accomplish the above purposes, the strategy regarding the natural gas market for the period 2005 – 2008 stipulates the following actions:

- Increase of the final regulated prices, so that to ensure a gradual growth of the wellhead price with an annual average of 25 USD/tcm, starting with the year 2005, they being established on competition basis, influenced only by the quotations of the alternative fuels;
- Continuation of the liberalizing process of the natural gas internal market according to the attached chart;
- Development of competition between suppliers on internal market, by:
 - Authorizing undertakings for ground technological installations related to production activity, necessary to set up and/or to rehabilitate natural gas deposits in order to increase the amounts of natural gas from internal production and to decrease the import dependence;
 - Granting licenses to new suppliers developing transactions on the wholesale market;
 - Diversification of natural gas import sources, as a result of the interconnection of the national transmission system in Romania with the transmission systems in the European countries:
 - Natural gas transmission pipelines Szeged – Arad, Iași – Ungheni, Turnu Măgurele – Levsky and Siret - Cernăuți;
 - Nabucco project for natural gas transit available in the Caspian Sea region and Iran, through Turkey, Bulgaria, Romania, Hungary, having as finish Austria (the fourth natural gas transmission corridor to Europe).
- Development of the natural gas underground storage capacities so that in 2008 6 bln. c.m. to be stored;
- ANRGN establishes a minimal rate of return threshold for investments, and also the concession conditions for the natural gas distribution service; in this way the concession of enough large areas is aimed (from the point of view of the sold volumes) which to ensure the recover of the investments and, in the same time the affordability of the prices by the consumers.

Under these circumstances it is estimated that, for a medium term, the number of the localities where natural gas distribution systems shall be developed to grow with almost 1,500.

It is also expected a growth of the total consumption of natural gas, annually with 1,5%, correlated with the GNP evolution, in 2008 being estimated a consumption of about 19.5 bln. c.m.

ANNEXES

- **Annex no. 1** – ANRGN Chart;
- **Annex no. 2** – Territorial organization of ANRGN groups for inspection and control;
- **Annex no. 3** – Evolution of the number of eligible consumers;
- **Annex no. 4** – Evolution of the natural gas internal market opening degree in the perspective of Romania adhesion at the European Union;
- **Annex no. 5** – Structure of natural gas internal market;
- **Annex no. 6** – Evolution of natural gas supply prices in the period 2000 – January 2005;
- **Annex no. 7** – Pricing methodology;
- **Annex no. 8** – Structure of the final regulated price: comparison between present and future pricing system;
- **Annex no. 9** – Operators licensed by ANRGN;
- **Annex no.10** – Evolution of the number of localities where new natural gas distribution systems have been put into function in the period 2000 – 2004, as well as the related investments;
- **Annex no.11** – Situation of natural gas distribution at national level. Present and perspective until 2010;
- **Annex no.12** – Prevision of demand, production and import of natural gas in the period 2004 – 2015;
- **Annex no.13** – Development of underground storage capacities in the period 1998 – 2010;
- **Annex no.14** – Activities regarding international cooperation and European integration;
- **Annex no.15** – Natural Gas National Transmission System Map;
- **Annex no.16** – Natural gas transit on Romanian territory;
- **Annex no.17** – Natural gas transit from the Caspian Sea and Middle East to Europe.