

General Information about RED Nord-Vest

Amount of electrical energy distributed, 2016 – **291,870,290 kWh**
Total capacity of transformation points – **333,185.75 kVA**

Consumers

No. of consumers served = **175,118**
Including households = **169,435**
Monthly average consumption per:
household = **85.65Kwh**;
Industrial consumers – **890.22Kwh**

Networks

Length of low-voltage networks (0,4 kV) – **6062,102 km**
Overhead electric power line – **5940,848 km**
Ground electric power line – **121,254446 km**
Length of medium-voltage networks (10 kV) – **3274,37 km**
Overhead electric power line – **3209,588 km**
Ground electric power line – **64,782 km**
Total number and total capacity (kVA) of transformers:
Medium-to-low voltage – **2073 transformers** with the
total capacity of **333,185.75 kVA**
Average length of a low-voltage feeder – **1.4 km**

Investments

OPEX / km of grid served:
De facto – **2,310 MDL/km (117,20 USD)**
Recognized in tariffs – **1,820 MDL /km (92,38 USD)**
OPEX / kVA of transformation capacity
De facto – **65 MDL /kVA (3,29 USD)**
Recognized in tariffs – **51 MDL/kVA (2,58 USD)**
CAPEX / for newly constructed grid, during
2011-2016 years – **334,114,880 MDL (16,951,541 USD)**

Why invest?

- Constantly growing energy consumption;
- Government commitment to create conditions for opening the electricity market in Moldova and further pan-European integration;
- Stimulatory approach to distribution activity:
 $\text{Base Cost} \times (1-x) + \text{RAB} \times \text{WACC}$;

For more information
please contact:

Moldovan Investment and Export
Promotion Organization (MIEPO)

65 Alexei Mateevici str., Chişinău,
MD-2009, Republic of Moldova

+373 22 27 36 54
office@miepo.md
www.miepo.md



Profiles of the companies designated for privatisation
by the government of the Republic of Moldova in 2017



RED Nord-Vest S.A.

– is a state owned electric power distribution company founded in 1997. RED Nord-Vest S.A. distributes electricity to six rayons (districts) in the northwestern part of the Republic of Moldova. The company is based in Donduseni city of Moldova and is the smallest out of three electric power distributors in Moldova covering circa 5,000 sq km of Moldova territory. The electric power distribution service is a regulated activity based on distribution tariffs adopted by ANRE – the National Energy Regulatory Agency of the Republic of Moldova.

Key Facts about Moldova

Population	3.55 million
Area	33,846 km²
GDP per capita at PPP, 2015	€ 4,514
GDP current prices, 2015	€ 5.78 billion
Inflation rate, 2015	9.7%
Local currency	Moldovan Leu (MDL)

Background Information

Electricity distribution

In 1997, as a result of unbundling the State owned company "Moldenergo", five electric power distribution companies were created, namely: RED Chisinau S.A., RED Nord S.A., RED Nord-Vest S.A., RED Centru S.A., RED Sud S.A.. In 1999, the privatization process of the distribution companies and other important energy facilities started. In 2000 the Spanish group «Union Fenosa» privatized four state-owned electric power distribution companies RED Chisinau S.A., RED Sud S.A., and RED Centru S.A., which constitutes 70% of the total electric power market of the country (RED Union Fenosa S.A.). Thus, the three distribution system operators in Moldova are the state-owned RED Nord S.A., RED Nord-Vest S.A. and RED Union Fenosa S.A., owned by the Spanish company Gas Natural Fenosa.

The RED Nord-Vest S.A. and RED Nord S.A. are on the list of state-owned objects that are subject to privatization.

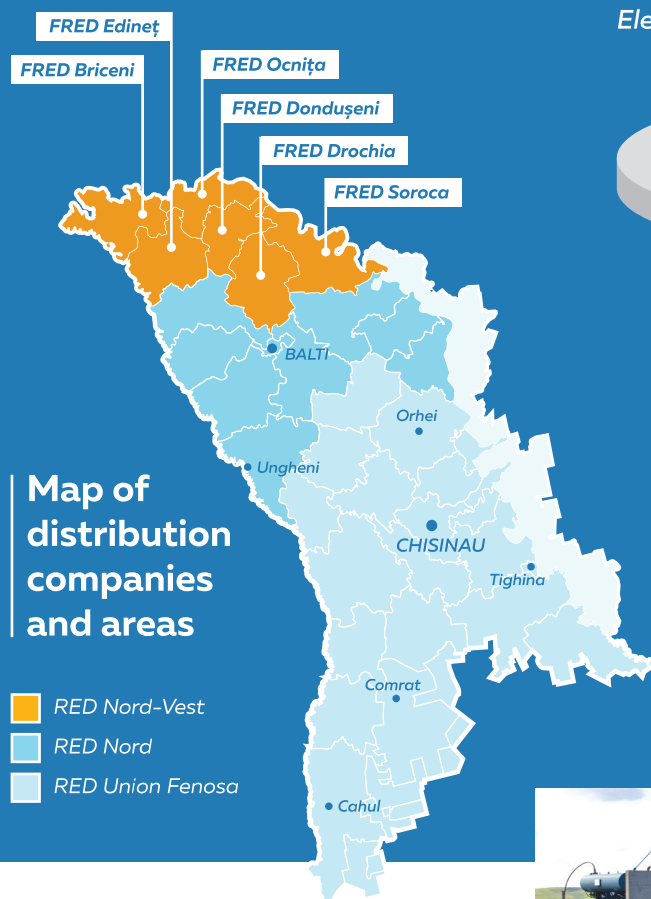
Electricity production

Electricity production in Moldova relies on a dominant electricity producer, the gas-fired thermal power plant Cuciurgani-Moldavskaya GRES (2,520 MW installed capacity) located in the region of Transnistria. The electricity purchased from this power plant and potential imports from Ukraine meet up to 80% of the overall demand. The remaining 20% is covered by gas-fired combined heat and power generation and one hydropower plant in Moldova.

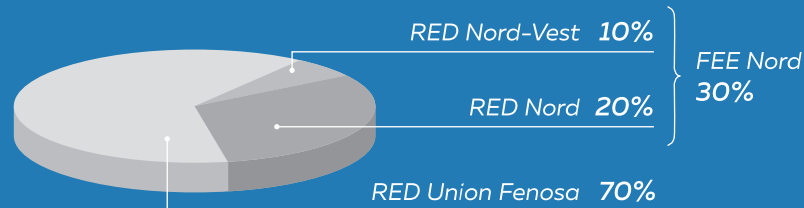
Electricity supply

The two state-owned distribution companies have been legally separated from supply activities since August 2015. A single state-owned supply company FEE Nord S.A. (also subject to privatization) has received the supply license and supplies electricity to the final consumers connected to the two state-owned distribution companies (RED Nord-Vest S.A. and RED Nord S.A.). In the same year Gas Natural Fenosa Furnizare Energie was established as a supply company legally separated from distribution activities of RED Union Fenosa S.A.

Moldova is a member of the Energy Community Treaty since 2010. In less than 6 years Moldova implemented Energy Package 2 and is currently implementing Energy Package 3



Electricity distribution country coverage:



Electricity quantitative indicators*, Moldova 2015

⚡ 939

Electricity production data, GWh

⚡ 4254

Distributed electricity – total, GWh

⚡ 1670

Distributed electricity to residential sector, GWh

⚡ 393

Losses in distribution, GWh

* Source: <http://www.statistica.md/category.php?ro&idc=128>



Rates for electricity distribution service

ANRE adopted separate distribution tariffs for all three distribution companies in July 2015:

RED Nord-Vest:

- Through distribution networks of medium voltage (6; 10 kV) – **0.68 MDL/kWh (0.03 USD/kWh)**
- Through distribution networks of low voltage (0.4 kV) – **0.91 MDL/kWh (0.05 USD kWh)**

RED Nord:

- Through distribution networks of medium voltage (6; 10 kV) – **0.43 MDL/kWh (0.02 USD)**
- Through distribution networks of low voltage (0.4 kV) – **0.79 MDL/kWh (0.04 USD)**

RED Union Fenosa:

- Through distribution networks of high voltage (35; 110 kV) – **0.15 MDL/kWh (0.01 USD)**
- Through distribution networks of medium voltage (6; 10 kV) – **0.43 MDL/kWh (0.02 USD)**
- Through distribution networks of low voltage (0.4 kV) – **0.60 MDL/kWh (0.03 USD)**

Regulatory framework

The electricity sector in Moldova is regulated under by the Electricity Law of 2016 and Energy Law of 1998. Other relevant legislation includes the Law on Conducting Licensed Activities, the Law on Public Service, the Law on Basic Principles of Regulating Entrepreneurial Activity, the Law on Customer Protection, and the Concession Law.

Energy Regulator, ANRE, is an independent organization responsible for setting energy tariffs and financed by market participants through regulatory fees. ANRE implements state policy on energy sectors regulation, ensures regulation and monitoring of the efficient functioning of the energy market and performance of activities.

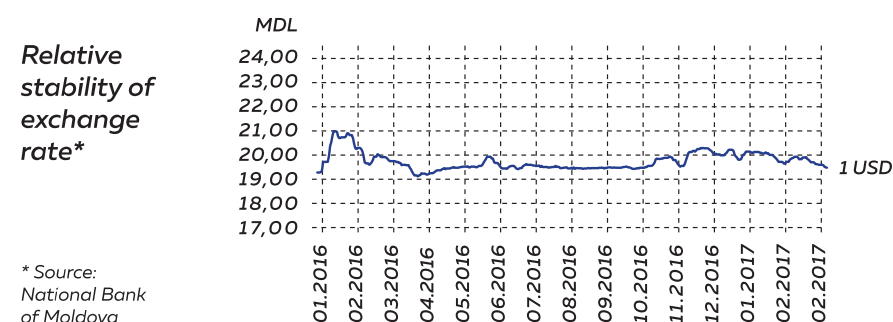
Regulatory approach to Distribution activity is stimulatory:
Base Cost x (I-x) + RAB x WACC;

Base costs are approved once in 5 years;

WACC in 2016 - 13%;

In accordance with the Energy Community Treaty, unfair treatment of investors can be contested at the Energy Community Secretariat in Vienna;

Relative stability of exchange rate*



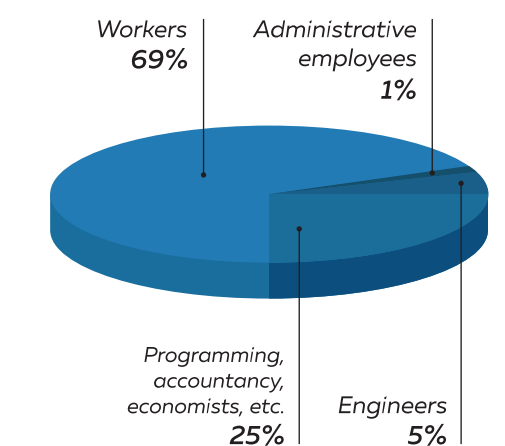
General Overview RED Nord-Vest S.A.

Type of activity	Electric power distribution through the power grid
Legal address	MD 5102, Dondușeni city, 30, Ștefan cel Mare avenue
Year of foundation	1997
Working capital	100,173,696 MDL (5,082,379 USD) *
State share	100,00% (10 017 369 shares)
Representatives	6 (FRED Dondușeni, FRED Edineț, FRED Briceni, FRED Ocnița, FRED Soroca, FRED Drochia)
The total area of the premises, including production areas	26,202.1 m ² 16,543.0 m ²
Adjaced land surface	15.95 ha
Total number of employees	819 persons

Financial data, 2016

Sales revenues	236,088,107 MDL (11,978,088 USD)
Net profit	30,008,915 MDL (1,522,522 USD)
Total assets	492,677,478 MDL (24,996,320 USD)
Net assets	277,931,504 MDL (14,101,040 USD)

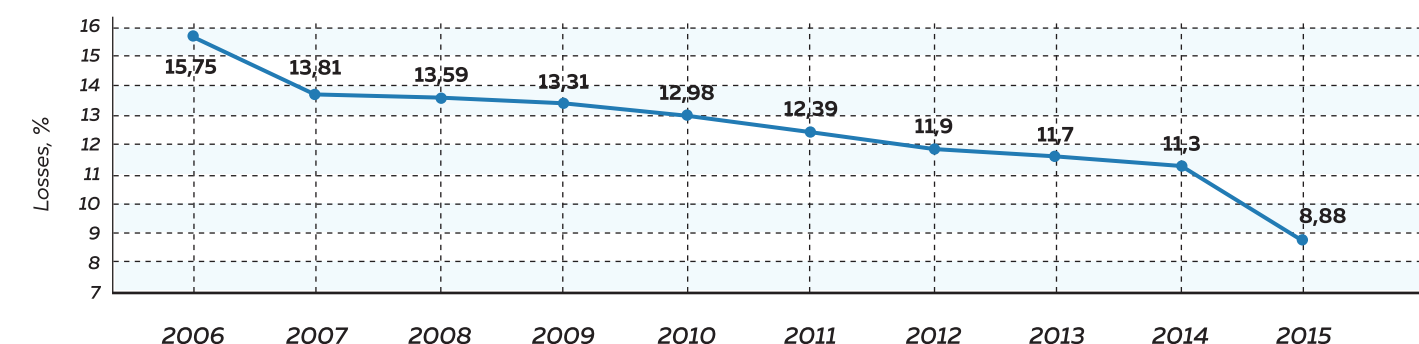
Employees structure – total 819 persons, including:



Dynamic data of distributed electric power:



Electric power losses data:



* As of 20.03.2017 the exchange rate is 1 USD = 19,71 MDL