

PARLIAMENT OF ROMANIA

Gas Law

The Parliament of Romania has been adopted the present law

CHAPTER I General Provisions

Art. 1 - (1) The present law establishes the necessary legal framework for developing relevant activities in natural gas sector, on competition and transparency terms.

(2) The State's Energetic Policy in natural gas sector shall ensure that the natural gas demand of all customer categories is met, in terms of growth of energetic efficiency and by establishment of an appropriate institutional framework.

Art. 2 - (1) The objectives and the principles of the present law are:

- a)** security and continuity of natural gas supply for customers;
- b)** generally economic efficiency, and particularly energetic efficiency;
- c)** environmental protection;
- d)** security of lawful interests of customers;
- e)** promotion and ensure of competition on natural gas market;
- f)** harmonization of national legislation with community legislation in the sector, in compliance with the principle of subsidiarity;
- g)** transparency of natural gas regulated prices and tariffs;
- h)** development of natural gas sector on economic efficiency and environmental protection;
- i)** to ensure the non-discriminatory access to natural gas sources;
- j)** interconnection of natural gas national transmission system to European systems;
- k)** to ensure the necessary conditions for to continue the liberalization of natural gas market and non-discriminatory access of third parties to upstream pipelines, storage facilities, natural gas transmission and distribution systems;
- l)** operation of soil technological installations from production fields, of storage facilities, of natural gas transmission and distribution systems, on safety and efficiency terms;
- m)** to ensure the natural gas storage capacity both for current needs and for strategic ones.

(2) The accomplishment of the objectives stipulated at para. (1) is the responsibility of Ministry of Economy and Commerce, ANRGN and legal persons in natural gas sector, according to their status, competences and duties.

Art. 3. For the purpose of this law, the following terms are defined as it follows:

1. *Access to the storage facilities* - The right of a producer, supplier, transporter, eligible customer and/or legal foreign persons, beneficiary of the transit on Romanian territory to use the facilities;
2. *Access to the distribution system* - The right of a supplier and/or customer to use the distribution system;

3. *Access to the transmission system* - The right of a producer, distributor, storage operator, supplier, customer and/or investors to use the transmission system;
4. *Technical agreement* - The technical agreement for operating the commercial hand over-take over points, approved by National Regulatory Authority in Natural Gas Sector, hereinafter called ANRGN;
5. *Undertaking in natural gas sector* - legal person developing at least one of the following activities: natural gas production, transmission, distribution, supply or storage, as well as designing and execution activities related to them;
6. *Utilization device* - complex system meant to consume natural gas (fuel or raw material), fulfilling the legal conditions for operation, part of the installation for using natural gas;
7. *Authorization* - administrative individual document issued by ANRGN, granted to a natural/legal person;
8. *Technical certificate* - The document necessary to obtain an authorization, issued by the system operator further to analyzing a technical project, which certifies the compliance with the conditions empowered by the technical indications and legislation in force;
9. *Assets owned by third parties* - components of the NTS or of the distribution systems, put into work until the entering into force of the present law, used by the licensed operators for accomplishing transmission or distribution national interest public services, assets not included in their patrimony;
10. *Available capacity* - employed transmission, distribution or storage facility capacity, established under relevant regulations, which the system operator could provide to users or customers;
11. *Code* - collection of technical and commercial regulations, issued by the competent authority, whereby compulsory rules and procedures for the undertakings in the natural gas sector are established;
12. *Upstream pipeline* - pipeline, including related installations, equipment and machinery, through the circulation of natural gas is ensured from production/storage objectives to the transmission/distribution system;
13. *Inter-connector* - transmission line which crosses or spans a border between states for the sole purpose of connecting the national transmission systems of the two states;
14. *Main line* - line operating under high pressure regime, more than 6 bar, including related installations, equipment and machinery, through which transmission of natural gas between taking over points in upstream lines, hand over points at final customers/distributors/suppliers and respectively, the transit between entry and exit points in/from the country is ensured;
15. *Dedicated main pipeline* - pipeline operating on high pressure regime, including installations, equipment and related machineries, through which natural gas transit is ensured exclusively;
16. *Customer* - natural or legal person which purchases natural gas for own use;
17. *Captive customer* - customer that, because of regulatory reasons, may not choose its supplier;
18. *Eligible customer* - customer that may choose its supplier, having access to the system under the conditions provided in the present law;
19. *Household customer* - customer purchasing natural gas for its own household consumption;
20. *Non-household customers* - customer purchasing natural gas which is not for its own household use;

21. *Underground storage facility* - Space beneath earth's ground having natural or obtained qualities as a result of previous oil operations or mining activities, appropriate for injection into, stocking in and extraction from of volumes of natural gas;
22. *Dispatching* – relevant activity of permanent and effective correlation and balance, at the level of networks and systems, of the resources from production, import etc., with the consumptions, at parameters resulting from supply obligations, including measures for limiting exceptional situations effects, such as very low temperatures, natural disasters, great damages etc., by using relevant means ;
23. *Natural gas distribution* – circulation of natural gas through a distribution system under pressure regime no more than 6 bar, inclusively;
24. *Natural gas supply* –commercial activity for natural gas sale-purchase, developed by a legal person, licensee for supply under the present law;
25. *Supplier* - legal person, natural gas supplying licensee, trading natural gas, based on a supplying contract;
26. *Natural gas* - free gas from methane deposits, gas dissolved into oil, gas from gas head associated to oil deposits, as well as gas resulted from extraction or separation of liquid hydrocarbon;
27. *Compressed natural gas for vehicles (GNCV)* – natural gas stored into recipients by compression at more than 200 bar, in order to be used as a fuel for heat engine;
28. *Liquefied natural gas (GNL)* – natural gas which, as a result of relevant processes, is liquefied and stored into special recipients;
29. *Liquefied oil gas (GPL)* – hydrocarbons blend with more than 90% volume of an acyclic unsaturated hydrocarbon, other than ethylene and propylene or one of its isolated isomers;
30. *Utilization installation* - all the lines, devices and accessories, including the burner and the gas drain chimney, placed behind the station/point for regulating the pressure and metering the rate flow, after case, excepting the flow rate metering device, which is part of the distribution system;
31. *Soil technological installation related to natural gas facility* – installation used for natural gas storage, which is operated by a licensee for natural gas storage, including LNG installations used for storage;
32. *Natural gas storage* – all the activities and operations carried out by the storage licensee in order to or related to reserving the storage capacity into underground facilities for injection into, storage in and extraction from these capacities of established amounts of natural gas;
33. *Vertically integrated undertaking* - natural gas undertaking or a group of undertakings in natural gas sector, where the concerned undertaking/group accomplishes at least one of the activities related to natural gas regulated transmission, distribution, LNG or storage and at least one of the activities related to natural gas production or supply;
34. *Horizontally integrated undertaking* - undertaking in natural gas sector performing at least one of the activities related to natural gas production, transmission, distribution, supply or storage, as well as an activity beyond natural gas sector;
35. *License* - individual administrative document issued by ANRGN, granting its holder, legal person, the right to carry out commercial activities and/or services related to one or more of the activities of natural gas supply, storage, transmission, transit and distribution;

36. *Temporary license* - individual administrative document issued by ANRGN, which grants the holder the right to attend a public auction for obtaining concession of natural gas distribution public services;
37. *Direct pipeline* - natural gas pipeline complementary to the interconnected system, for supplying an eligible customer directly through the upstream lines or from the points of import;
38. *Natural monopoly in natural gas sector* - situation when natural gas transmission, storage or distribution services is accomplished by a sole operator for a given area;
39. *Storage operator* - legal person, licensee for storage;
40. *Distribution operator (distributor)* - legal person, licensee for distribution, under the present law, having as a relevant natural gas distribution, in one or more given areas;
41. *Transmission operator (transporter)* - legal person, licensee for transmission, under the present law, having natural gas transmission as an activity;
42. *Regulated price* - the price at which the supply to the customer is carried out base on a framework contract, on the terms established by ANRGN;
43. *Connection* - connection pipeline between a main line (upstream line, transmission line, distribution line for natural gas) and a measurement station or a regulation, measurement, transfer station for natural gas, which supplies a distribution system, a customer or a group of customers;
44. *Transmission and/or distribution grid* - interlinked pipelines, including related installations and equipment for the conveyance of natural gas on pressure regime in compliance with relevant technical regulations;
45. *Capacity reservation* - maintaining a part of the available transmission/distribution/storage capacity at the users' disposal in order to transmit/distribute/store a given natural gas amount;
46. *Natural gas sector* - The entirety of activities carried out by undertakings for the production, transmission, transit, storage, distribution, supply and use of natural gas, as well as the installations, facilities and equipment used for accomplishing these activities;
47. *Security and continuity of supply* - the entirety of measures taken by licensed operators in order to meet the system's demand for natural gas, diversify the sources and ensure secure delivery to customers;
48. *Ancillary services* - The entirety of activities and operations carried out by the transmission operator/distribution operator/storage operator in order to and related to balancing the transmission system/distribution system, after case, dispatching the amounts of natural gas notified by the users, including for access;
49. *Public service in natural gas sector* - the obligation consisting in the activity organized and/or authorized by the state in order to satisfy public interest requests in natural gas sector;
50. *Security* - ensuring the continuity of natural gas supply at optimal operating parameters and technical safety of the objectives;
51. *Distribution system* - distribution grid, respectively assembly made of pipelines, adjusting- metering installations, devices and accessories, operating at the working pressure of up to 6 bar inclusively, excepting the utilization installation;
52. *National transmission system (NTS)* - natural gas transmission grid, respectively the entirety main pipelines, as well as all the installations, equipment and related machinery, operating at more than 6 bar pressure, that ensures the taking over of natural gas extracted from the fields or of that coming from import and its transmission in order to be supplied to distributors, direct customers, for storage, to be exported and to beneficiaries from third countries;

53. *Line pack* - storage of gas by compression in gas transmission and distribution systems, but excluding facilities reserved for transmission system operators carrying out their functions;

54. *Natural gas transmission* – activity organized for conveying natural gas through SNT;

55. *Protection area* – adjacent area to the objectives in natural gas sector, extended in space, where there are interdictions regarding the access of persons, the regime of the activities and constructions, settled by technical norms;

56. *Security area* - adjacent area to the objectives in natural gas sector, extended in space, where there are restrictions and interdictions, in order to ensure a normal operation and for avoiding the endanger of persons, assets and environment, settled by technical norms; the security area contents the protection area too.

CHAPTER II **POLICIES IN NATURAL GAS SECTOR**

Art. 4. (1) The state policy in natural gas sector consists in establishing the objectives of the natural gas sector and the optimal modalities of achieving thereof, on terms of ensuring a long lasting development.

(2) The policy in natural gas sector is elaborated based on Government Program, accepted by the Parliament, upon consultation with governmental bodies responsible in the field and with the civil society, for a medium term, considering the probable developments for long term, mainly:

- a) building the appropriate institutional framework by establishing the competent bodies and the competent authority to implement such policy;
- b) ensuring security of supply in natural gas;
- c) forecasting the natural gas import and export;
- d) elaborating investment programs in natural gas sector;
- e) ensuring environmental protection;
- f) ensuring transparency of regulated prices and tariffs of natural gas;
- g) increasing efficiency in natural gas production, storage, transmission, distribution and utilization;
- h) developing and ensuring the natural gas storage capacities;
- i) specifying the directions of relevant research and development for natural gas sector, and promoting the advanced technologies in the field;
- j) developing the international cooperation;
- k) proposals of relevant regulations in natural gas sector.

(3) The Government, the Ministry of Economy and Commerce, the other specialized bodies of the central public administration take measures for achieving the objectives in the program foreseen at para. (2) and examine, annually or whenever necessary, the stage of accomplishment thereof.

Art. 5. The Ministry of Economy and Commerce elaborates the policy in natural gas sector and ensures the accomplishment thereof, according to the present law, having the following main attributions:

- a) implements the Government's energy policy;
- b) elaborates programs and plans for implementing the Government's policy in natural gas sector;
- c) ensures the elaboration of studies based on which the priorities related to investments in natural gas sector be determined;

- d) elaborates draft enactments regulating the natural gas sector, after consulting the undertakings in natural gas sector;
- e) is the conceder of the natural gas distribution service;
- f) oversees the application and conformity with the measurements established for environmental protection by the participants at the activities in natural gas sector;
- g) ensures the harmonization with European Union standards and regulations in natural gas sector and creates the mechanisms necessary to their carrying out;
- h) elaborates and substantiates, together with the Ministry of Labor, Social Solidarity and Family, employers' associations and trade unions organizations, the proposals for social policy relevant to natural gas sector, programs for social and medical assistance, for risks and accidents management, in order to prevent the professional risks and to rehabilitate those who have suffered labor accidents and professional diseases;
- i) endorses, together with the Ministry of Labor, Social Solidarity and Family, the norms on labor protection in natural gas sector.

CHAPTER III REGULATORY AUTHORITY

Art. 6. (1) The competent body in natural gas sector is ANRGN, public autonomous institution of national interest, legal person, placed under the coordination of the Prime Minister, independent in making decisions, carrying out its activity based on its own organization and functioning regulation.

(2) The financing of current and capital expenses of ANRGN is entirely ensured by self-funding.

(3) The ANRGN's own income is entirely ensured from: tariffs paid for granting authorizations and licenses, for performing services, as well as from contributions made by international bodies or by undertakings, in compliance with the legal provisions on public finances in force.

(4) ANRGN is empowered to organize own territorial structures.

Art. 7. ANRGN elaborates, applies and monitors the compliance with the national compulsory regulatory system necessary for the efficient, secure, competitive, transparent functioning of the natural gas sector and market with a non-discriminatory treatment of all natural gas market players and customers and environmental protection.

Art. 8. ANRGN has the following competences and responsibilities:

- 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-contractual 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.

Art. 9. (1) For fulfilling its responsibilities, ANRGN is entitled to require access to information and documents related to the activity of the undertakings, including to their accounting books.

(2) ANRGN is entitled to render public any data or information which are not commercially sensitive and for which the confidentiality clauses could not be appealed to.

Art. 10. (1) ANRGN is managed by a president and a vice-president, appointed by decision of the Prime-Minister, for a period of 5 years. The President represents ANRGN in relationships with third parties.

(2) Being president or vice-president is incompatible with occupying any other public function, except didactical, according to the law. The president and the vice-president are not allowed to conduct commercial activities in the natural gas sector and to participate to the administration or management of companies, autonomous regies or cooperatives.

(3) The powers of the president and the vice-president cease:

- a) by resignation;
- b) due to impossibility to perform the mandate, consisting in a more than 60 successive days unavailability;

- c) when an incompatibility provided in para.(2) occurs;
- d) by revocation according to the law;
- e) by death.

(4) In exercising his duties, the President issues orders and decisions.

(5) The normative orders and decisions are published in Monitorul Oficial of Romania, Part I.

(6) The orders and decisions issued by the president of ANRGN may be appealed pursuant to the administrative litigation procedure to the Appeal Court of Bucharest within thirty days from the date they were notified to third parties or from the date they were published in Monitorul Oficial of Romania, Part I, if they are normative.

Art. 11. (1) For regulatory activities and for granting authorizations and licenses, a Regulatory Committee is established, formed by president, vice-president and three members from ANRGN staff, appointed by decision of the president of ANRGN.

(2) The orders and decisions submitted for approval to the Regulatory Committee are adopted with the vote of at least 3 of its members.

(3) The members of the Regulatory Committee are entitled to receive an indemnification for each session, equivalent to 5% of the base salary of the president of ANRGN, without exceeding monthly 10% thereof.

(4) The incompatibilities referred to in paragraph (2) of Article 10 shall also apply to the members of the Regulatory Committee.

Art. 12. (1) The Regulatory Committee of ANRGN is assisted by an Advisory Council, formed by 9 members, appointed by order of the relevant minister, based on the proposals coming from:

- a) employers' associations in natural gas sector – one member;
- b) natural gas sector trade unions– two members;
- c) transmission companies – one member;
- d) storage companies – one member ;
- e) distribution companies – one member;
- f) natural gas customers associations – one member;
- g) National Authority for Customer's Protection – one member;
- h) the Ministry of Economy and Commerce – one member.

(2) The Advisory Council ensures the harmonization of the interests of the undertakings in natural gas sector with those of natural gas customers evaluates the impact of the regulations of ANRGN and makes proposals for their enhancement, in accordance with its own Regulation for organization and functioning.

(3) The members of the Advisory Council are entitled to receive an indemnification for each session, equivalent to 5% of the base salary of the president of ANRGN, but without exceeding monthly 10% thereof.

Art. 13. (1) The ANRGN personnel is hired, promoted and dismissed in compliance with the provisions in the Regulation for organization and functioning, the Collective Labor Contract of ANRGN and the labor legal provisions in force.

(2) The confidentiality of all the information obtained while or as a consequence of service responsibilities within ANRGN is compulsory for the entire personnel and for the members of the Advisory Council, according to the law.

Art. 14. (1) The salary rights and the other personnel rights, are established by the Collective Labor Contract at ANRGN level.

(2) The remuneration of the ANRGN staff is accomplished according to regulations in force for entirely extra-budgetary financed institutions.

Art. 15. The Collective Labor Contract of ANRGN shall be negotiated and registered according to legal provisions.

Art. 16. (1) ANRGN draws up its own annual income and expenses budget in compliance with the legislation in force, approved by Government Decision.

(2) The annual balance of the Income and Expenses Budget of ANRGN stays at its disposal and shall be used during the next year to the same purpose.

CHAPTER IV

GENERAL PROVISIONS REGARDING PRODUCTION, TRANSMISSION, TRANSIT, DISTRIBUTION, UNDERGROUND STORAGE AND SUPPLY OF NATURAL GAS

Art. 17. Common obligations of the holders of license in natural gas sector, whatever their system of ownership or legal form, are as it follows:

- a) to draw up, to submit for approval to ANRGN and to publish annual accounting reports, in compliance with the legislation in force; within their internal accounting system separate accounts shall be kept for storage, production, transmission, distribution and supply of natural gas, same as the relevant accounting corresponding to the respective activities accomplished by the operators in the sector, in order to avoid discrimination, cross subsidies and altering competition;
- b) To keep confidentiality of the commercial information from third parties;
- c) To provide the necessary information for an efficient access to the system for the other licensed operators and applicants/users in natural gas sectors;
- d) To have all the licenses and authorizations stipulated by the legislation in force;
- e) To comply with the validity conditions of the authorizations and licenses issued by ANRGN;
- f) To endorse the projects and to monitor the accomplishment of works in natural gas sector within the limits provided by the license;
- g) To take all the necessary measures for starting the metering the quantities of natural gas in energy units so that in three years as of present law coming into force the billing thereof be made based on the energy it contains;
- h) To render ANRGN copies of all natural gas import contracts, and, at request, natural gas transit contracts, as the case may be;
- i) To request ANRGN, for each regulatory period for which regulated tariffs and prices are established, the endorsement of investment programs, in order to recognize the costs and for framing them within approved prices or tariffs; the endorsement is requested at least 60 days previously the term for providing the substantiations for regulated prices and tariffs.

Art. 18. The natural gas producer is the legal person holder of an oil agreement, of an authorization for establishing surface technological installations related to production activity, as the case may be, of an authorization for the functioning of the surface technological installations related to production activity and licensee for supply, on the terms of the present Law, carrying out relevantly the activity of natural gas production.

Art. 19. The main obligations of the natural gas producer are:

- a) to operate, maintain, rehabilitate and modernize the soil technological facilities related to natural gas extraction, treatment, compression and metering, on security, efficiency and environmental protection terms;
- b) to ensure the access of suppliers and eligible customers to upstream pipelines on non-discriminatory terms, according to relevant regulations.

Art. 20. The main rights of the producer are:

- a) to elaborate technical norms relevant to its own activity and to submit them to ANRGN for approval;
- b) to trade natural gas resulted from extraction process;
- c) to interrupt the function of facilities only for the necessary period, for maintenance and repair works, as well as for other situations foreseen by law, previously announcing the dispatchers of the affected systems and, if the case, the customers;
- d) to refuse the access of third parties to upstream lines according to provisions in art. 65;

Art. 21. (1) Natural gas transmission is a public service of national interest.

(2) Accomplishment, rehabilitation, improvement, operation and maintenance works of natural gas transmission objectives/systems are public utility works.

Art. 22. For ensuring the independence of the transmission operator, the following minimal criteria shall be applied:

- a) the persons ensuring the management of transmission operator may not be part of the structures of the integrated undertaking in natural gas sector where they are responsible, directly or indirectly, with coordination of supply of natural gas;
- b) the transmission operator should have effective decision making rights, independent from the integrated undertaking in natural gas sector, regarding the necessary assets for operating, maintaining or developing the transmission network;
- c) the transmission operator establishes a plan of measures with a view to guarantee that discriminatory conduct is excluded and ensures conditions for monitoring thereof.

Art. 23. (1) The delimitation points of NTS are from the valve from the output of the adjustment-measurement-delivery station belonging to the producers or storage system operators, respectively the cross border point in case of the inter-connectors for the transmission systems of the neighboring countries up to the valve from the output of the adjustment-measurement-delivery station belonging to the transporter, respectively the cross border point in case of the inter-connectors for the transmission systems of the neighboring countries.

(2) NTS is a part of the state public property, being of strategic importance.

Art. 24. NTS operator shall not be involved directly or indirectly in exploration and extraction, distribution and supply to natural gas captive customers, including by owning shares or share stakes or by way of a management contract involving legal persons carrying out such activities.

Art. 25. NTS operator has the obligation to ensure:

- a) NTS operation and physical balance, respectively programming, dispatching and functioning of NTS on safety terms;
- b) maintenance, rehabilitation, modernization and development of NTS, on security, efficiency and environmental protection terms;
- c) creation, maintenance and development of a SCADA centralized system to allow monitoring and operative management of the national transmission system functioning;
- d) third parties' access to NTS, according to relevant regulations, on nondiscriminatory terms, within the limits of transmission capacities and complying with the technological regimes;
- e) elaboration and application of optimal transmission and supply regimes for the quantities of natural gas notified by the producers, suppliers, storage operators and/or customers, for a certain period, in compliance with the concluded contracts;
- f) elaboration and updating the technical operation agreements at border area, in case that the supplier is an exporter or a beneficiary of transit of natural gas on Romanian territory;
- g) drawing up and monitoring the balance of natural gas system input/ output;
- h) elaboration of its own Developing Program of NTS - for the objectives which were not specified in the concession agreement - in compliance with the present level of consumption and considering development of new consumption areas and growth of the existent ones, on economic efficiency and security of operation terms;
- i) storing into natural gas facilities of the amounts necessary for ensuring permanent physical balance of NTS, under relevant rules issued by ANRGN;
- j) the natural gas odor corresponding to regulations in force.

Art. 26. The NTS operator has mainly the following rights:

- a) to collect non-discriminatory tariffs for the services it performs, to interrupt or limit the service in case of not paying, in compliance with the ANRGN applicable regulations;
- b) to commercialize own amounts of natural gas obtained as payment in exchange for the transit services;
- c) to refuse the third party access to NTS, on the terms stipulated by art. 64;
- d) to interrupt or limit the transmission of natural gas when the security and integrity of the transmission system are endangered, according to relevant regulations;
- e) to interrupt the functioning of the installations strictly for the period necessary for accomplishing maintenance and repair works, as well as in other situations provided by law, previously announcing the dispatchers of the affected systems and, if the case, the customers;
- f) to elaborate technical norms relevant to its own activity and to submit them for approval to ANRGN;
- g) to elaborate fair, transparent and non-discriminatory regulations for balancing the natural gas transmission system, including for grounding the tariffs to be paid by the users of the system in case of energy unbalance and submit them for approval to ANRGN;
- h) to store natural gas into the NTS, according to the terms of relevant regulations issued by ANRGN;
- i) by derogation from art. 2 para. (1) in Law no. 219/1998, to freely use, having the agreement of the public authorities, the local public property lands occupied by NTS objectives, as well as those used for commission, operation, maintenance and repair works;

j) by derogation from art. 24, to sale-purchase natural gas, on the terms established and within the limits approved by ANRGN, strictly for ensuring the physical balance and maintenance within operational parameters of SNT; the accounting books regarding such operations shall be distinctly kept from transmission activity.

Art. 27. Natural gas transit means the circulation through NTS and/or through main pipelines specially designed for this purpose over the Romanian territory, with or without transfer, of natural gas from another state and designated to a third state.

Art. 28. Natural gas transit is accomplished on legal and commercial basis, in compliance with the legislation in force and the international accords that Romania is a party to.

Art. 29. The transit of natural gas through the existent lines is ensured by NTS operator, which may undertake works for the development of the transit capacities.

Art. 30. (1) The NTS operator shall ensure the access of third parties to NTS for the transit of natural gas from another state toward a third state, within the limits of available capacities.

(2) The access of third parties to NTS for the transit purposes shall be carried out according to relevant regulations issued by ANRGN.

(3) Future transit contracts and any allocation of capacity thereby shall be accomplished in compliance of the third parties' rights of access to the network, according to relevant regulations elaborated by ANRGN.

Art. 31. Delimitation of distribution systems from the transmission/production systems and from the customers' systems is made from the valve from the output of the regulation-metering-delivery station of the transporter/producer or of another distributor up to the output of the regulation/metering stations/points or, as the case may be, at the output from the branch valve to customers.

Art. 32. Natural gas distribution service is a public service of national interest.

Art. 33. (1) Natural gas distribution public service is subject to concession according to legal provisions in force for one or several given areas- territorial administrative units (city, town, commune with the pertaining villages).

(2) The conceder of the distribution service, on justified terms, may decide the organization of the auction for conceding the natural gas distribution service for one or more localities related to a territorial administrative unit, within, for at least a locality, the distribution service has already been conceded.

(3) The participants in the tender for the concession of the natural gas distribution service must hold a temporary license in the natural gas sector issued by ANRGN.

Art. 34. For ensuring the independence of the distribution operator, the following minimal criteria shall be applied:

a) the managers of the distribution operator may not be part of the structures of the integrated undertaking in natural gas sector where they are responsible, directly or indirectly, with the coordination of natural gas production and supply;

- b) the distribution operator shall have effective decision making rights, independently from the integrated undertaking in natural gas sector, regarding the necessary assets for operation, maintenance and develop of the grid;
- c) the distribution operator establishes a plan of measures purported to guarantee that discriminatory conducts are excluded and ensures conditions of monitoring thereof.

Art. 35. Natural gas distributor has mainly the following obligations:

- a) to operate, maintain, repair, modernize and develop the distribution system, on security, economic efficiency and environment protection terms, the activities being carried out according to the authorizations for design and execution of natural gas supply systems, and the operation based on the relevant licenses;
- b) to ensure the odorizing level for natural gas corresponding to regulations in force, in compliance with the contracts for performing service concluded with the SNT operator and, where the case, by additional odorizing within sector adjustment stations;
- c) to accomplish interconnections with other systems, if the case, and to ensure the long term capacity of the distribution system;
- d) to ensure the access of third parties to distribution systems, on non-discriminatory terms, within the limits of distribution capacities, observing the technological regimes, in compliance with the relevant regulations issued by ANRGN;
- e) to set up and monitor the balance of natural gas input into and output from own system;
- f) to prevent cross-subsidies between categories of customers with regard to repartition of costs for distribution capacity;
- g) to take over for a given period of time, at the request of and in reliance on the terms specified by ANRGN, the operation of a distribution system the initial operator of which was sanctioned with the withdrawal of the distribution license;
- h) to ensure the permanent balance of the operated system;
- i) to ensure the security terms for natural gas supply.

Art. 36. The natural gas distributor has mainly the following rights:

- a) to develop commercial activities related to natural gas distribution service;
- b) to collect the tariffs for the services it performed, to interrupt or limit the service in case of not paying, in compliance with the ANRGN applicable regulations;
- c) by derogation from art. 2 para. (1) in Law no. 219/1998, to use freely, upon approval of local public authority, the lands pertaining to the local public property where the facilities of the distribution system are placed, as well as those used for accomplishing execution, operation, maintenance and repair works, according to law;
- d) to interrupt the function of the facilities of the distribution system and the supply with natural gas to customers strictly for the period necessary to accomplish the maintenance and repair works, as well as in other situations provided by the present law or exceptionally, upon prior announcement to the dispatchers of the affected systems and, if the case, the customers;
- e) to have access to the customers' utilization devices according to the contracts, as many times as such intervention is deemed necessary, under the law;
- f) to cease the supply of utilization devices that do not comply with the provisions of the legislation in force;
- g) to store natural gas into the distribution systems, according to the relevant regulations issued by ANRGN.

- h) to refuse the third party access to distribution system, on the terms foreseen by art. 65.
- i) to issue technical norms relevant for own activity and to submit them for approval to ANRGN.

Art. 37. Natural gas is stored to:

- a) ensure the security of supply of natural gas to the customers;
- b) harmonize the seasonal, daily and hourly variations of consumption with available gas sourcing;
- c) ensure permanently the physical balance of NTS;
- d) accomplish the public service obligations;
- e) ensure the consumption of the eligible customers;
- f) accomplish other commercial activities.

Art. 38. The storage operator has mainly the following obligations:

- a) to operate, maintain, rehabilitate and modernize the ground technological facilities related to natural gas storage facilities, on security, efficiency and environment protection terms;
- b) ensure the third parties' access to storage facilities, on non-discriminatory terms, in compliance with relevant regulations issued by ANRGN;

Art. 39. The storage operator has the following main rights:

- a) to collect the tariffs related to natural gas underground storage service, to interrupt or limit the service in case of not paying, in compliance with the ANRGN regulations;
- b) to issue technical norms relevant to its own activity and to submit them for approval to ANRGN;
- c) to interrupt the functioning of the facilities strictly for the period necessary to accomplish the maintenance and repair works, as well as for other situations hereby provided or exceptional, upon prior announcement of the dispatchers of the affected systems and if the case, of the customers;
- d) to reasonably refuse the access of third parties at storage deposits.

Art. 40. The natural gas supplier has mainly the following obligations:

- a) carrying out the commercialization of natural gas based on commercial contracts, specifying that for the regulated market the contracts shall be concluded complying with the provisions in the framework - contracts;
- b) complying with the performance standards for supply service;
- c) ensuring the supply with natural gas of the captive customers from the areas for which it holds distribution license, according to the framework-contracts for natural gas supply on the regulated market;
- d) ensuring the continuity and security of supply for contracted natural gas;

Art. 41. The natural gas supplier mainly has the following rights:

- a) to collect the price of supplied natural gas, according to the contracts concluded with the eligible customers, the system operators and/or with other suppliers;
- b) to collect the equivalent value of natural gas supplied on regulated regime, according to the prices established by ANRGN and the provisions of the framework contracts;
- c) to limit and/or cease natural gas supply to customers under the terms mentioned by the contracts.

Art. 42. The customer has no right to sell purchased natural gas, this being used exclusively for own consumption.

CHAPTER V AUTHORIZATIONS AND LICENSES

Art. 43. In order to establish, operate and/or modify natural gas production, transmission, storage, transit and distribution capacities, as well as for carrying out supply, transmission, storage, transit and distribution activities in natural gas sector, legal Romanian or foreign persons have the obligation to hold authorizations and/or licenses issued by ANRGN according to a relevant regulation.

Art. 44. The following are subject of authorization regime in natural gas sector:

- a) Soil technological facilities related to production activities;
- b) Soil technological facilities related to storage activities;
- c) Transmission capacities;
- d) Transit capacities;
- e) Dispatching capacities
- f) Distribution capacities.

Art. 45. The authorizations for objectives in natural gas sector are:

- a) For establishment;
- b) For functioning;
- c) For modification.

Art. 46. The types of licenses are:

- a) For supply;
- b) For transmission;
- c) For storage;
- d) For dispatching;
- e) For distribution;
- f) For transit.

Art. 47. (1) ANRGN may deny granting an authorization/license in the following cases:

- a) The applicant does not fulfill one of the conditions foreseen by the relevant regulations;
- b) The applicant is being under legal reorganization procedure or liquidation;
- c) ANRGN has withdrawn the applicant's authorization/license within the last 5 years;
- d) For building and operating the natural gas distribution systems within a given area for which the authorization/license has been granted to another undertaking.

(2) The reasons for which the granting of an authorization/license is denied are fair and non-discriminatory and are made known to the solicitant, and this could appeal to administrative claim, under the law.

Art. 48. (1) In case that ANRGN appoints, for a given period, a distributor to take over the operation of a natural gas distribution system, as a result of withdrawing the distribution license from the prior operator, the functioning authorization shall be transferred to the new distributor.

(2) The distribution operator who has been withdrawn the distribution license shall provide the new distributor all the books, records and information it detains, necessary for an uninterrupted operation of the obligations arising from performing the distribution service.

Art. 49. For designing and building natural gas production, storage, transmission, distribution objectives/systems and utilization facilities, undertakings should hold authorizations issued by ANRGN according to a relevant regulation.

Art. 50. All the facilities in natural gas sector, as well as all modification, modernization or extension works shall be designed and performed by authorized legal persons.

Art. 51. The legal persons should hold the necessary authorizations for performing design and building for the following facilities in natural gas sector:

- a) soil technological facilities, stations for compressing natural gas, upstream pipelines and connections related to natural gas production and storage;
- b) Natural gas transmission pipelines and compression stations related to the NTS;
- c) High pressure connections and regulation- metering stations related to the NTS;
- d) Natural gas distribution systems, made of steel and/or polyethylene;
- e) Connections made of steel and/or polyethylene and regulation stations and/or points;
- f) Industrial and non- industrial utilization facilities for natural gas.

Art. 52. Before starting the construction works for objectives/systems in natural gas sector, the designs are verified by auditors according to regulations in force and endorsed by the licensed operators which will operate the facilities in natural gas sector.

Art. 53. In order to design, build and /or operate natural gas production, storage, transmission, distribution objectives/systems and using facilities, natural persons shall be authorized as installers, quality certified by ANRGN according to a relevant regulation.

Art. 54. Criteria and procedures concerning granting authorizations/licenses are fair and non-discriminatory and render public by ANRGN.

Art. 55. The reasons the authorization/license is refused are made known to the applicant.

CHAPTER VI CERTIFICATION IN NATURAL GAS SECTOR

Art. 56. The equipment, facilities, devices, products and proceedings used in natural gas sector shall be technically certified in compliance with a methodology elaborated by ANRGN and approved by Government Decision.

Art. 57. Natural persons certified by ANRGN, according to relevant regulations, as design auditors, shall verify the designs for objectives/systems in natural gas sector (production, storage, transmission and/or distribution).

Art. 58. The verification of designs by the staff certified by ANRGN may not be extended to designs the verification of which is regulated by special laws.

Art. 59. Certified design auditors are responsible, jointly with the designers, that the design ensures all technical and quality requirements provided by the legislation in force so that the designed objective be constructed and operated on security terms, as well as for the modifications thereof during construction.

Art. 60. (1) Endorsement of the designs is made, as the case may be, by the operator licensed for natural gas storage, transmission, distribution or by the supply licensee that exploits the infrastructure in the production fields and shall operate the facilities in the designs.

(2) Where there is no licensed operator, the designs for new objectives in natural gas sector are endorsed, under contractual terms, by any holder of a license relevant for operating the facility.

CHAPTER VII ACCESS AND REFUSAL OF ACCESS

Art. 61. Third party access to upstream lines, storage facilities, transmission systems, and distribution systems of natural gas is accomplished under regulated regime.

Art. 62. The access to the NTS, distribution systems and upstream lines has two components: connection to the system and its utilization.

Art. 63. The connection is accomplished based on a tariff paid by the applicant according to relevant regulations, issued by ANRGN.

Art. 64. Refusal of third party access to upstream lines, storage facilities, transmission systems and distribution systems for natural gas may occur in the following situations:

- a) Insufficiency of capacity;
- b) There are not any objectives/pipelines parts of the systems, to which the connection to be accomplished;
- c) Access to the system prevent from carrying out the security of public service obligations and security of operation;
- d) The requested receptors do not fall within the minimum requirements regarding the security of operation and environmental protection provided by the legislation in force.
- e) Access to the system may lead to serious economic and/or financial difficulties for the holder of license/authorization requested to grant access;
- f) The quality of natural gas that is to be put into the systems and/or storage facilities does not meet the requirements imposed by regulations in force;
- g) Not paying the equivalent value of the services performed by the system operator, corresponding to contractual clauses.

Art. 65. (1) The licensed operator who refuses the access because of lack of capacity, or because of lack of objectives/pipelines parts of the systems, to which the connection shall be accomplished, is obliged to finance the necessary works, if they are economically reasonable, to provide access for the applicants.

(2) In case that the accomplishment of the objectives/pipelines mentioned at para. (1) is not economically reasonable for the licensed operator, the applicant is entitled to participate, in cooperation, for financing the objectives/pipelines, on the terms of concluding a contract in which it agrees on the right of the licensed operator to own in its patrimony the objectives/pipelines from the moment they enter into operation.

(3) The applicant may recover its investment under the law.

Art. 66. For solving the disputes, in case of not justified refusal of the access, ANRGN shall issue a decision within 60 days from receiving the complaint.

Art. 67. For fulfilling the provisions of art. 66, it is hereby established within ANRGN the Commission for settling refusal of access to transmission, distribution, underground storage systems and upstream lines; organization and function of the Commission shall be made based on relevant regulations issued by ANRGN.

Art. 68. The Decision of the Commission stipulated at art. 67 is compulsory, and may be appealed to the Bucharest Court of Appeals within the term foreseen by the law.

Art. 69. The opening degree of the natural gas market shall be established by Government Decision.

CHAPTER VIII DIRECT LINES

Art. 70. Eligible customers may request the approval of ANRGN for building a direct line, to ensure the necessary of natural gas.

Art. 71. (1) At the request of eligible customer, in case of unreasonable refusal of access to the system, ANRGN issues authorizations and licenses under the law.

(2) The direct line built by the eligible customer, is its property.

Art. 72. (1) ANRGN issues transparent and non-discriminatory criteria for granting authorizations for establishment, for functioning, as well as the authorization for operating the direct line.

(2) The construction of direct line is accomplished on efficiency terms and unless it affects the tariffs for then rest of the users.

CHAPTER IX OBLIGATIONS ARISING FROM PUBLIC SERVICE ACCOMPLISHMENT

Art. 73. Natural gas storage, transmission, distribution and supply licensees have the following public service obligations:

- a) ensuring security and continuity of supply, according to legal provisions in force;
- b) accomplishment of public service on energy efficiency and environmental protection terms;
- c) compliance with the provisions imposed by the relevant performance standards;
- d) ensuring third party access to the systems, on the terms foreseen at art. 61-63.

CHAPTER X
**GENERAL PROVISIONS REGARDING LIQUEFIED PETROL GAS (LPG), COMPRESSED
NATURAL GAS FOR VEHICLES (CNG) AND LIQUEFIED NATURAL GAS (LNG)**

Art. 74. Technical and commercial regulations regarding storage, transmission, distribution and use of LPG are elaborated by ANRGN after consulting the interested legal persons.

Art. 75. (1) Technical and commercial regulations regarding the treatment and compression of natural gas for producing CNGV, as well as regarding its storage into cylinders from filling stations are issued by ANRGN after consulting the interested undertakings.

(2) For accomplishing the general regulatory framework for CNGV production, storage, transmission, supply and use, ANRGN in cooperation with State Inspection for Control of Boilers, Recipients under Pressure and Elevating Installations and Romanian Auto Register elaborates the Technical Code of CNGV.

Art. 76. ANRGN elaborates the Technical Code of LNG, representing the general regulatory framework regarding LNG.

Art. 77. Undertakings and/or natural persons interested in carrying out design, construction and exploitation activities in relation with LNG, CNGV (treatment, compression and storage into cylinders from filling stations), LPG (distribution, storage and distribution) must hold authorizations/licenses issued by ANRGN based on relevant regulations

Art. 78. Undertakings develop commercial activities related to LNG, CNGV and LPG based on licenses issued by ANRGN, in compliance with relevant regulations.

CHAPTER XI
CONCESSION AND REGIME OF RIGHTS UPON THIRD PARTY'S PROPERTY

Art. 79. Public property assets related to natural gas transmission and storage objectives/systems, as well as natural gas transmission, storage and distribution services are subject to concession for Romanian and foreign legal persons, according to the law.

Art. 80. (1) The concession of natural gas distribution services is exclusive regarding the given areas it has been granted for.

(2) The legal persons attending the tendering for the concession of gas distribution shall hold the provisory license issued by ANRGN on the carrying out of the activity which is subject to concession.

(3) After adjudication of the concession in order to carry out the activity, the concessionaire shall request the relevant authorizations/licenses that are required pursuant to the legislation in force.

Art. 81. The concessionaire of the natural gas distribution service must ensure the supervision of the investments stipulated by the concession contract, either by its own

staff in case it is holder of a distribution license, or on contractual basis by another operator licensed for another given area.

Art. 82. (1) The concessionaire may waive the contract if cumulatively meets the following conditions:

- a) communicates in writing to the conceder and to ANRGN its intention to waive;
- b) provides to the conceder all the documentation regarding the activity carried out until the termination date, as well as its results;
- c) pays to the conceder the royalty due up to the moment of ending the concession.

(2) In the situation provided at para. 1 the concessionaire shall ensure the continuity of the service for a certain period, but no more than 90 days, established by ANRGN.

(3) After the titular accomplishes the conditions provided at paras. (1) and (2) the conceder issues the decision approving waiving of contract, which shall be published in Monitorul Oficial of Romania, Part IV.

(4) The titular remains liable towards interested parties for all the damage s caused by the exploitation and by the works accomplished up to the date of waiving as well as for those resulted from commercial relationships relevant to the activity subject of concession, including for those ascertained after the issuance of the decision approving waiving.

Art. 83. (1) The concession right could be withdrawn by the conceder when the titular:

- a) does not accomplish the amount of works within the timeframes laid down in the contract;
- b) does not comply with the key clauses which are defined as such by the parties to the contract, which compulsorily include clauses with regard to the royalty payment and the environmental protection.

(2) The decision for withdrawing the concession issued by conceder may be appealed within 30 days as of communication, at the competent administrative litigation court.

The decision remained final shall be published in Monitorul Oficial of Romania, part IV.

Art. 84. (1) The concession ceases by withdrawal of the functioning authorization and/or license, as well as according to Concession Law no. 219/1998 on concession regime and of the Law no. 238/2004, with subsequent modifications, if the case.

(2) The license correlative to the concession is withdrawn by ANRGN upon termination of the concession agreement.

(3) When the concession ceases, by any reason, the assets related to the distribution service, concessionaire's property, could be taken over, entirely or partially, by another concessionaire, having the conceder's agreement, for exchange of a compensation equal to the not depreciated value of these assets, regulated value, considered when substantiating the tariffs.

Art. 85. (1) For carrying out the transmission or the distribution service in case that assets owned by third parties are used, commissioned until the entry into force the present Law, the concessionaire has the following rights:

- a) to use these assets, by law;
- b) without prejudicing the right at item a), the terms for exerting it are those stipulated in the acceptance technical report and/or contract provisions;

- c) to include the costs related to exploitation, maintenance, repair and modernization works and others employed in relation to these assets into the substantiation of the tariff for the performed service, on the terms of relevant regulations of ANRGN;
- d) at the owner's request and having his agreement, to take over these assets within his patrimony freely;
- e) to develop the system;
- f) to use the entire capacity of the asset.
- g) to ensure access of new applicants, complying with one of the following conditions:
 1. the agreement of the owner;
 2. the agreement of the access solicitant regarding the compensation of the owner; the agreement of the solicitant is presumed when he agrees in writing to indemnify the owner for the its part of the investment;
- h) to request from the owner of the assets the technical-economic documents that prove the quality of materials and of the accomplished works, as well as the value of the investment;
- i) to replace the goods, for modernizing or increasing the capacity of the system; the concessionaire is the owner of these replaced assets.

(2) Correlative to the rights provided at para. (1), the transmission/distribution system operators undertake to:

- a) finance the investments related to replacing the goods, on the date of expiring of the functioning time limit thereof;
- b) operate and maintain the goods for a safe function of the system.

(3) In order to ensure the continuity of supply and the security of national interest public services for natural gas transmission/distribution, for third parties' assets, the initial scope they have been built for cannot be modified by them.

Art. 86. The concessionaries in natural gas sector have the following rights, according to the law, over the lands and other assets, public property or private property of legal or natural persons, as well as over the activities carried out by legal or natural persons in the neighborhood of the facilities, during the construction, rehabilitation, modernization works, respectively exploitation and maintenance of the respective facilities:

- a) the right of use in order to perform works necessary to accomplish, to rehabilitate or to modernize the capacity;
- b) the right of use for ensuring the normal function of the capacity by revisions, repairs and the necessary works;
- c) servitude for underground, ground or air passage for the installation of networks , pipelines or any other facilities related to the capacity and for access to their placement
- d) the right to obtain limitation or termination of some activities that may endanger persons and assets;
- e) the right of access to public utilities.

Art. 87. In exerting the right of use in order to perform works necessary to accomplish, rehabilitate or modernize the capacity, the concessionaire may:

- a) deposit materials, equipment, machinery and installations on the lands private property, only strictly necessary;
- b) eliminate crops or plantations or any existing works or only to limit them, strictly necessary for performing the works, under the law;
- c) extract materials, to catch , under the legislation in force;
- d) install equipment and to work with it, to place offices and houses;

e) stop or to limit owner's activities strictly necessary for performing works for the respective capacity.

Art. 88. The right of use for ensuring the normal function of the capacity lasts for the whole period of the function of the capacity, and its performance is exerted as many times as necessary for ensuring the normal function of the capacity. Exerting this right, the concessionaire may:

- a) deposit materials, equipment, machinery and installations for maintenance, revisions, repairs and necessary works for ensuring the normal function of the capacity;
- b) install machinery and work with it;
- c) affect crops, plantations or any existing works and to limit owner's activities strictly necessary for performing works for maintenance, repairs, revisions or interventions for ensuring the normal function of the capacity.

Art. 89. The legal servitude for underground, ground or air passage includes the right for installing grids, lines, pillars or any other facilities related to the capacity, as well as the access to their placement for interventions, maintenance, repairs, revision, modifications and operation, in compliance with the legal provisions in force.

Art. 90. (1) The rights of use and legal servitude stipulated at art. 88 upon lands and other assets public property or private property of natural or legal persons have as an object legal public utility and shall be performed during the whole period of life of the respective capacity or temporary when modernizing the operational capacity, repair, revision, works in case of damages.

(2) Exerting the use and servitude rights upon the properties affected by the capacities in natural gas sector is freely for the whole life of them. If when modernizing, repairing, revisions, loss, damages are made to the owners neighbor of the capacity in natural gas sector, the concessionaires are obliged to pay compensations, under the law.

Art. 91. (1) The compensations shall be established considering the following criteria:

- a) the surface of the land affected by the works;
- b) the values for the estimated affected crops and plantations, communicated by the competent bodies, as well as the facilities affected by the works;
- c) the value of the affected tangible assets.

(2) The amount of the compensation is established by mutual agreement, or in case the parties do not agree, by court.

Art. 92. For preventing endangering persons, assets or activities carried out within the area where the works for construction, rehabilitation, modernization of the facilities, as well as of the revision, maintenance or repair operations to the capacity in function are performed, the concessionaire has the right to obtain the limitation or termination, to the necessary extent and as long as the works or operations last, of the activities carried out in the neighborhood by other persons.

Art. 93. The right of access to public utilities shall be exerted by the concessionaire in good faith and in a reasonable manner, without prejudice to the access of other persons to the respective public utilities.

Art. 94. For secondary consequences achieved or which may be achieved by construction, rehabilitation or modernization, respectively by operating some transmission and distribution facilities and others alike, the concessionaire, as a beneficiary, may contract with interested persons the supply or performance of appropriate services according to the law.

Art. 95. For the protection and normal functioning of the capacities and ancillaries thereof in natural gas sector, ANRGN establishes, by technical norms, protection and security areas thereof.

CHAPTER XII INTERDICTIONS

Art. 96. For the protection of the objectives / systems in natural gas sector the third parties are forbidden to:

- a) construct any kind of buildings within the security area of natural gas lines; in case that, exceptionally, a building is necessary to be constructed on the land where the natural gas supply network is placed, its beneficiary and/or owner shall bear all the expenses for modifying the route of the network, under the terms of obtaining the agreements from the owners or legal holders of the land where the new line shall be placed, as well as the approvals from competent authorities and the authorization for construction;
- b) perform digging or any other works under or over the natural gas lines or within security area thereof, without prior approval of the system operator;
- c) store materials on the access roads to the pipelines within the security area thereof;
- d) take action in any kind on the natural gas pipelines, equipment and facilities.

Art. 97. In order to secure operation of NTS, it is forbidden, unless exceptional cases, to interrupt the electric power supply, the telephone connections or radio communications and railway transport.

CHAPTER XIII PRICES AND TARIFFS

Art. 98. (1) The system of prices and tariffs for natural gas shall be created in manner able to facilitate:

- a) coming closer to the market value of renewable fuels, promoting competition on natural gas market, diversifying natural gas supply sources and increasing the security of supply;
- b) recovering prudently costs related to regulated activities and activities subsequent thereof, ensuring a reasonable rate of return for the capital invested in regulated activities, stimulating the development of production, transmission, storage and distribution capacities, attracting foreign investments and technology transfer;
- c) energy saving at the final customers' level;
- d) discovering new resources and developing natural gas reserves;
- e) improving the quality of natural gas and of the services performed for customers.

(2) The principles substantiating the rules on the system of prices and tariffs for regulated activities are:

- a) stimulate the efficient use of natural gas, ensure the quality of services, promote competition on natural gas market and protect of customers' interests;
- b) eliminate cross-subsidies and/or unreasonable differentiations between the categories of final customers or by the type of use of natural gas;
- c) prevent speculations and speculative behavior on the natural gas market;
- d) encourage the passing of the demand from the peak of consumption to low consumption periods.

(3) The following are forbidden:

- a) any practices using prices and tariffs systems as social protection instruments and/or direct or indirect subsidization of the final customers;
- b) recovering the costs related to the service performed for a given category of customers by the prices and/or tariffs used for other categories of customers;
- c) limiting or decreasing prices and tariffs based on social or anti- inflation policies considerations; the state shall ensure a certain level of social protection for some categories of customers by granting subsidies or compensations directly given to them, under the law.

(4) The prices and tariffs system leads to the accomplishment of a modern and competitive natural gas market.

Art. 99. ANRGN shall publish the regulated prices and tariffs in Monitorul Oficial of Romania, Part I, at least 15 days before coming into force.

Art. 100. (1) The internal market of natural gas is formed of:

- a) The competitive segment of the market includes wholesale commercialization of natural gas between suppliers and retail sale between suppliers and eligible customers. In the competitive segment the prices are freely formed according to offer and demand, as a result of competition mechanisms;
- b) The regulated segment of the market includes the natural monopoly activities and the regulated supply of natural gas. Within the regulated segment of the market, the prices and tariffs systems are established by ANRGN, based on methodologies issued to this regard.

(2) The regulated segment contains the following activities:

- a) regulated supply to final customers, including supply arising from certain public service obligations;
- b) management of commercial contracts and contractual balance of the internal market;
- c) natural gas transmission;
- d) natural gas storage;
- e) natural gas distribution;
- f) natural gas transit, except transit through dedicated main lines; transit by dedicated lines is submitted to the regime established by international agreements according to which they were constructed;
- g) the subsequent activities necessary and flowing from the above

(3) At the same pace with the evolution of internal market and/or integration into international markets, ANRGN is obligated to decide the gradual opening, fully or partially, of the regulated activities to competition;

(4) Eligible customers have the right to negotiate directly the sale-purchase contracts with licensed suppliers.

(5) For covering the demand of natural gas, all the customers are entitled to be supplied with natural gas in the same structure intern/import of the sources. For the

regulated market, the licensed operators ensure this structure of natural gas, they having not discriminatory access to natural gas internal sources.

(6) The provisions of para. (5) shall be applied up to fully liberalization of natural gas internal market.

Art. 101. (1) The legal persons in natural gas sector carrying out regulated activities in compliance with art. 100 para. (2), are compelled to ensure accounting unbundling, according to legal norms and regulations issued by ANRGN.

(2) The undertakings in the natural gas sector carrying out activities regulated pursuant to art. 100 para. (2), are obliged to apply the legal, functional and organization unbundling thereof. Legal unbundling does not involve the modification of the control upon vertically integrated undertaking.

(3) Legal persons developing distribution and regulated supply activity supplying less than 100,000 customers are exempted from the provisions in paragraphs (1) and (2). They have the obligation to separate, within internal accounting, each regulated activities, so they permit the exact evidence of costs and revenues related to each activity for avoiding discrimination and cross subsidies, as well as for encouraging competition. For the same purpose, they shall keep separate accounting, as for an independent commercial company, in case they develop activities beyond natural gas sector. Internal accounting shall include payment balance sheet and profit and loss account for each activity.

CHAPTER XIV

LIABILITIES AND SANCTIONS - INFRACTIONS AND CONTRAVENTIONS

Art. 102. Infringement of the provisions in the present law shall be punished from administrative, contravention, penal or civil point of view, if the case.

Art. 103. Stealing natural gas is theft and shall be punished in compliance with provisions in the Penal Code.

Art. 104. Damage, modification without having the right or blocking the function of the equipment metering the consumption of supplied natural gas means infraction and shall be punished with jail from 6 months to 4 years.

Art. 105. Damage, modification without having the right of components of natural gas production, transmission, distribution objectives means infraction and shall be punished with jail from one to 10 years.

Art. 106. Building or using clandestine installations for directly connecting to natural gas supplying system or for avoiding the metering equipment means infraction means infraction and shall be punished with jail from one to 5 years.

Art. 107. If the infractions foreseen at arts. 103 - 106 are accomplished by an employee of a licensee, the special minimal and maximal limit of the punishment are increased with one year each.

Art. 108. The attempt of infractions foreseen at arts. 103 – 106 shall be punished.

Art. 109. The following shall be considered contraventions, unless they were accomplished in such a way to be considered infractions:

1. design, endorsement, building, acceptance, putting into function and/or operation of new works, modifications, extensions or revisions of objectives in natural gas sector by unauthorized natural or legal persons;
2. design and/or accomplishing new works, modifications, extensions of objectives in natural gas sector without having the necessary agreements, approvals, certifications and authorizations;
3. design and/or accomplishing new works, modifications, extensions of objectives in natural gas sector without obeying quality standards and/or technical regulations issued for the domain;
4. accomplishing new works, modifications, extensions of objectives in natural gas sector without complying with the provisions in art. 80 and 81;
5. accomplishing new works of objectives in natural gas sector, excluding any kind of utilization installations, without a licensed operator to monitor them and/or without a verification of technical documentation by a verifier certified according to legal provisions;
6. building or modifying the utilization installations for natural gas without the licensed operator to endorse the technical documentation;
7. use of equipment, installations, devices, products and proceedings not in compliance with technical regulations in force;
8. use of equipment, installations and devices not technically verified on term;
9. endorsing building designs whose technical resolutions do not frame within technical provisions and regulations in natural gas sector;
10. the investor or beneficiary runs any contract which has as an object building works for establishing and/or modifying some capacities in natural gas sector without having the establishment and/or modification authorization, the necessary agreements and approvals;
11. not fulfilling or/and inappropriate fulfilling the validity conditions of authorizations obtained in compliance with art. 49;
12. not fulfilling or/and not appropriate fulfilling the validity conditions of authorizations/licenses obtained in compliance with art. 43 - 46;
13. connection to objectives in natural gas sector without written agreement of licensed operator;
14. not complying with the provisions of standard contracts issued by ANRGN;
15. not complying with the provisions in performance standards in natural gas sector;
16. use of practices meant to influence the free prices on natural gas market;
17. unjustified stop of supplying the customer;
18. inappropriate building, operation and handle of some installation and equipment, without observing security technical conditions that could damage persons, property and/or environment;
19. unreasonable refuse of access to gathering lines, transmission system, supply systems and storage facilities of natural gas of internal or external applicants;
20. resell of natural gas to final customers;
21. refuse to allow verifications and inspections foreseen by regulations or requested by ANRGN, in case, as well as the obstruction of their accomplishment;
22. not providing or incomplete or wrong providing of the data and information requested by ANRGN and not accomplishing the measures it requested ;

23. designing and/or accomplishing works for other companies than that for which the authorized installer provided own card for authorizing it according to relevant regulation.
24. not ensuring the minimum stock into natural gas underground facilities and not reserving the minimum capacity for transporter;
25. unreasonable delay of re-supplying the customers after interruption.
26. not complying with the norms on protection and security areas, established under the law;
27. not complying with the pricing regulations;
28. issuing agreements and approvals related to access to natural gas production, transmission, storage and supply systems without obeying legal provisions;
29. not complying with the provisions of agreements and approvals related to access to gathering lines, natural gas transmission, storage and supply systems;
30. not complying with the indications regarding the legal unbundling of activities;
31. accomplishing, without having the approval of licensed operator, any operation and intervention of any kind to pipelines, devices, metering installations and accessories, related to natural gas production, storage, transmission, transit objectives/systems and supply systems;
32. not monitoring and not drawing up relevant documents by the licensed operators, related to construction works, whose technical documentation have been approved by him;
33. putting into function of the authorized installer of objectives in natural gas sector that have not been endorsed, accepted and for which the operation authorization has not been got;
34. connection by the authorized installer of new consumption points of natural gas at the existing installations and putting them into function without having the approval of licensed operator;
35. signing the final documentations by an authorized installer for works he does not accomplish or he does not directly supervise;
36. not complying with the provisions in art. 101 para. (1);

Art. 110. (1) Contraventions foreseen at art. 109, in case they were accomplished by natural persons, shall be sanctioned as it follows:

- a) penalty from 10,000,000 ROL to 30,000,000 ROL, in case of contraventions foreseen at items 1,2,6,7,9,18,19,20,21,22,29,31,32,33,34 and 35
- b) penalty from 20,000,000 ROL to 60,000,000 ROL, those at items 3,4,5,13 and 14
- c) penalty from 60,000,000 ROL to 250,000,000 ROL those at items 10 and 26.

(2) Contraventions foreseen at art. 109, in case they were accomplished by legal persons, shall be sanctioned as it follows:

- a) penalty from 10,000,000 ROL to 30,000,000 ROL, those at items 8 and 11;
- b) penalty from 20,000,000 ROL to 60,000,000 ROL, those at items 16,25,28 and 31;
- c) penalty from 30,000,000 ROL to 60,000,000 ROL, those at items 1, 2, 6, 22, 23, 32 and 3;
- d) penalty from 20,000,000 to 250,000,000 ROL, those at item 15;
- e) penalty from 60,000,000 ROL to 120,000,000 ROL, those at items 9 and 14;
- f) penalty from 60,000,000 ROL to 250,000,000 ROL, those at items 4, 5, 7, 10, 12, 13, 17, 18, 19, 20, 21, 24, 26, 27, 29, 30 and 36.

Art. 111. The persons empowered by the President of ANRGN for this purpose ascertain the contraventions foreseen at art. 111 and apply the sanctions.

Art. 112. The offender should pay, at the moment or within no more than 48 hours from the date of concluding the ascertaining and sanctioning report, or, if the case, on the date of communicating, half of the minimum of penalty foreseen at art. 110, the inspector mentioning this possibility in the report.

Art. 113. The assets meant, used or resulting from contraventions, foreseen by the present law, including amounts of money in the banks will be confiscated under the law.

Art. 114. The updating of the penalties foreseen at art. 110 shall be accomplished by Government Decision.

Art. 115. The contraventions foreseen at art. 109 are to be applied the indications in the Government Ordinance no. 2/2001 on legal regime of contraventions, approved and amended by Law no. 180/2002, with subsequent modifications.

Art. 116. Sums from penalties are dedicated to the state budget and to ANRGN by the rates stipulated by Government Ordinance no. 2/2001, with subsequent modifications.

Art. 117. (1) For ascertaining the contraventions, inspectors have access, under the law, at the production objectives, at the systems in natural gas sector, including installations and related equipment, as well as installation for utilization the natural gas.

(2) Owners of the utilization installations or those who operate them are obliged to provide the inspectors relevant papers, data and/or information.

(3) Police as well as the Public Ministry are obliged to support, at request, the inspectors foreseen at para. (1).

CHAPTER XV FINAL PROVISIONS

Art. 118. The present law comes into force after 30 days from publishing date in Monitorul Oficial of Romania.

Art. 119. (1) The provisions of art. 8 j), art. 22 and art. 34 shall apply starting with 1 July 2007.

(2) Provisions of art. 101 para. (2) come into force for all operators starting with July 1st, 2007, and for the SNT operator starting with January 1st, 2007.

Art. 120. On the date of coming into force of the present law, Government Ordinance no. 41/2000 on setting up, organization and function of National Regulatory Authority in Natural Gas Sector (ANRGN), published in Monitorul Oficial of Romania, Part I, no. 45 on January 31, 2000, approved and amended by Law no. 791/2001, with subsequent modifications, as well as of Government Ordinance no. 60/2000 concerning regulation of activities in natural gas sector, published in Monitorul Oficial of Romania, Part I, no. 46 on January 31, 2000 approved and amended by Law 463/2001, as well as any contrary indications, shall be abrogated.

Bucharest, 14 of July 2004
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