

****PRESS RELEASE****

Rotalin Announces Its Inability to Supply Gas at Newly Established Regulated Supply Prices and Potential Forced Withdrawal from Moldova's Gas Supply Market Due to ANRE's Controversial Regulations

CHISINAU, Moldova – After two decades of dedicated service and tens of millions of EUROS invested in the development of Moldova's gas distribution networks, Rotalin feels compelled to announce its potential forced withdrawal from the gas supply market as of October 01, 2023.

On September 5, 2023, the National Agency for Energy Regulation (ANRE) imposed incorrect, unfair, and unsustainable regulated gas supply and distribution tariffs on Rotalin Gaz Trading. These new tariffs, which are neither cost-reflective nor equitable, place Rotalin in an untenable position. This implies that Rotalin must supply gas without receiving the necessary income for distribution operations. It is dangerous and illegal to force a gas distribution company to operate on insufficient income, and Rotalin has no right to jeopardize distribution operations' safety and gas delivery to more than 21,000 households. Therefore, **we find ourselves unable to fulfill the Public Service Obligation (PSO) to supply gas to our 21,000 clients at the newly established regulated supply tariff, effective from October 1, 2023. Now, according to the law, ANRE is expected to appoint Moldovagaz as the supplier of last resort to Rotalin's existing clients who currently receive gas at the regulated prices, starting October 1.**

Rotalin's challenge arises because the new regulated supply price is significantly below the current market price for gas. ANRE's baseless accusation claims that Rotalin garnered an “excessive profit” in the first half of 2023 when the company (the first private company in Moldova) shifted from purchasing gas from Moldovagaz to direct imports from the EU. This move successfully broke the long-standing import monopoly held by Moldovagaz. Our transparency in gas purchasing practices has consistently allowed for reduced gas procurement costs compared to prices offered by Moldovagaz. Most of these cost savings were directed towards settling debts with Moldovagaz and offsetting previous losses incurred due to ANRE's inadequate regulations. In 2022 alone, largely because of such regulations, the company's losses amounted to 47 million lei. Furthermore, in 2023, negative tariff deviations for distribution have already reached 20 million lei.

Disturbingly, publicly available data suggests that Moldovagaz's current supply tariff accounts for 2.5 billion lei of historical negative deviations accumulated before 2023. In contrast, ANRE dismissed Rotalin's historical negative deviations. This resulted in a tariff assigned to Rotalin that

is 35% lower than Moldovagaz's, despite the latter's sizable advantages in terms of size, international and governmental support, and privileged sourcing from state-owned Energocom.

Rotalin, ever the prudent supplier, approached the Emergency Committee to request state-owned Energocom, responsible for organizing gas procurement for vulnerable Moldovan consumers using international funds, to sell gas to us on similar terms as offered to Moldovagaz. This plea went unanswered, with Energocom continuing to exclusively supply Moldovagaz, demonstrating a clear bias and discrimination against private suppliers like Rotalin. ANRE in 2019 imposed the obligation on private suppliers to supply gas at the regulated prices to consumers, but did not provide any means to the suppliers to execute that obligation. Moreover, ANRE does not allow such supplier to exit from this obligation, leading companies to insolvency.

ANRE's actions undermine free-market principles and contravene international commitments made by Moldova to foster a competitive and transparent gas market. Such ill-conceived regulations have already driven the majority of independent gas suppliers out of the Moldovan gas market since 2016. This has paved the way for near-complete monopolization by Moldovagaz, hindering Moldovan consumers' access to lower gas prices and superior service.

However, we reassure all our loyal customers that we can supply gas at non-regulated prices more economically than Moldovagaz. Specific offers will soon be communicated to our existing customers, and we invite others interested in a competitive price point below Moldovagaz's tariffs to reach out.

Rotalin is also deeply concerned by the recent actions of the Moldovan Government and ANRE that hinder market liberalization. Noteworthy among these is the May 30, 2023 Decree that singularly imposes an "exit fee" on Moldovagaz customers, restricting consumers from opting for alternative suppliers. These moves, coupled with ANRE's recent tariff decisions, make the objective transparent – to thwart competition against Moldovagaz, ultimately harming Moldovan consumers and violating Moldova's international commitments as an EU candidate and signatory to the Energy Community Treaty.

In light of these developments, Rotalin urgently calls upon the Emergency Committee and the international community for swift intervention. We are eager for an open dialogue with the Moldovan Government, the Ministry of Energy, and ANRE to safeguard an uninterrupted gas supply to Moldovan consumers and to promote a transparent and competitive gas market in Moldova.