

No. 26-0016 / 10.06.2026

Cleared by,
Laurentiu Niculae Cazan
Chairman of the Board of Directors

Note

providing information to the General Meeting of Shareholders about the decision to invest in the project “Replacement of the power output transformers of Unit 2”

I. Approval Powers

By reference to:

- The provisions of Article 20(2) of SNN’s Articles of Association, as updated (18 December 2025) (“The Board of Directors has powers to clear/approve contracts, loans and various other Company operations, according to the power limits set out in the Appendix to these Articles of Association”), read in connection with paragraph 2 of Appendix 1, lead to the conclusion that the investment decisions with an amount higher than or equal to EUR 3,000,000, but lower than EUR 50,000,000 **shall be approved by the SNN Board of Directors, subject to subsequent information of the General Meeting of Shareholders**;
- The total amount of the investment, according to internal evaluation, is EUR **27,562,475.38 / RON 144,187,603.23**, an amount that will be financed entirely from own resources as follows:
 - The 2 power output transformers, the factory testing services (F.A.T – Factory Acceptance Tests), the dismantling and preservation services for the existing transformers of Unit 2, as well as the assembly, installation, testing (S.A.T – Site Acceptance Tests) and commissioning services, will be financed from SNN’s own resources, budget item **D-PR “Plant Investment Projects”**;
 - The standby transformer, the factory testing services (F.A.T – Factory Acceptance Tests), as well as the related preservation services, will be financed from SNN’s own resources, budget item **D “Property, plant and equipment”**.
- The fact that in accordance with the provisions of SNN SS-00-05 Procedure - *Preparation, Approval and Monitoring of the Programme of Investments, Facilities and Financing Sources* - the project qualifies as an investment project, for the purposes of the definition provided in the Procedure,

this Note is intended to provide the General Meeting of Shareholders with information about the decision to invest in the project “Replacement of the power output transformers of Unit 2”.

II. Background

At present, the power output system of Unit 2 is facing the following situation:

- The power output transformer **2-5114-T02** was declared defective and unavailable as a result of the event reported in accordance with internal procedures “Unplanned outage of U2 caused by failure of 2-5114-T02”. Thus, on 04 May 2026, following the occurrence of an electrical fault in the insulator of phase “S” on the 400 kV side of the transformer, it tripped and implicitly triggered the automatic trip of Unit 2, as designed. The short-term strategy for reconnecting Unit 2 to the SEN involved replacing the defective transformer, 2-5114-T02, with a refurbished standby transformer existing on the NPP site.
- The power output transformer **2-5114-T01** is refurbished and will reach its designed service life in 2035,
- **The lack of a standby power output transformer**, as it is being used to replace the defective transformer 2-5114-T02.

III. Need for, and Advisability of, the Project

The replacement of the power output transformers of Unit 2 is necessary for the following reasons:

- The power output transformers of Unit 2 at Cernavoda NPP are classified in the **C-SPV (Critical Single Point of Vulnerability)** criticality class, having the role of interconnection with the national power system. For these reasons, it is very important to maintain their safe operation and to eliminate vulnerabilities preventively, as well as to minimize the potential losses that could be generated by their failure. The period for replacing the existing transformers with new transformers is estimated at 12–13 months. **Thus, considering the above (the criticality of the equipment and the economic losses associated with a potential failure), it is imperative to initiate the procurement.**
- The power output transformers at the NPP are refurbished and are nearing the end of their second life cycle. **Therefore, considering the operation of the two transformers in the medium and long term, it is necessary to urgently replace them, based on the principle of ensuring the redundancy specific to the nuclear industry, with new power output transformers similar to those at Unit 1.**

Providing a standby transformer for the power output systems of Units 1 and 2 is necessary for the following reasons:

- In the nuclear industry, it is recommended to provide a standby power output transformer in order to minimize losses in case of a contingency, in accordance with SOER (Significant Operating Experience Report) 2025-1 and SOER 2011-1.

Envisaged positive effect of the investment project:

By procuring power output transformers similar to those installed at Unit 1, the following technical and operational advantages will be obtained:

- Increasing the level of safety and eliminating vulnerabilities by replacing them with new power transformers;
- Improving the performance of the power output system;
- Ensuring interchangeability for Units 1 and 2 by procuring a fully equipped standby power output transformer;
- Optimize costs by reducing the need for preventive and corrective maintenance activities;
- Preserving the designed characteristics of the Plant and ensuring flexibility. The new power output transformers involve minor modifications to the interface with the Power Plant systems, as well as to the technical, operating and maintenance documentation for the system. Also, the staff responsible for monitoring, operating and maintaining this equipment have already developed the necessary expertise in operating this type of transformer through the experience gained at Unit 1.

Anticipated negative impact in case the investment objective is not achieved:

Under the current conditions, with the power output transformer 2-5114-T02 being defective and the standby transformer installed in its place to ensure the conditions required for returning Unit 2 to service, the Site requires the procurement of an available standby power output transformer. Under these conditions, the impact of making the power output transformers unavailable can be major, and therefore the procurement of the 3 new transformers is necessary.

Project Description

The purpose of the project is to replace the two power output transformers, 2-51140-T01 and 2-51140-T02, of Unit 2 with 2 new fully equipped transformers [cooling system, panels for the cooling system 2-5434-MCC41/ MCC42, explosion and fire prevention system, winding and core temperature monitoring system, as well as online monitoring devices for the transformer accessories (tgδ, partial discharges, etc.)], in order to ensure system operation under maximum safety and reliability conditions.

Also, in order to ensure backup, the procurement of a third transformer, fully equipped for preservation, is proposed.

All three new power output transformers will be designed to comply with the 3F (Fit-Form-Function) principle, in order to ensure interchangeability with any of the power output transformers of Units 1 and 2.

In addition to the purchased products, the following technical services will also be provided:

- Design of 3 power output transformers and installation technical documentation;
- Manufacture of 3 power output transformers, delivered as functional assemblies, which will fully comply with the technical requirements of this Tender Book and of Technical Specifications 82-51140-TS-001/Rev.0;
- Delivery of transformers to the NPP Site, to a location indicated by the Contracting Entity;
- Delivery of a complete set of spare parts and consumables for performing the operating tests and for ensuring the operation of the transformers during their warranty period;
- Factory testing (FAT);
- Disassembly of the 2 transformers related to Unit 2 and placing them at a location indicated by the Employer, at Cernavoda NPP;
- Carrying out the assembly, installation and on-site testing (SAT) services and technical assistance during the commissioning of the 2 new transformers;
- Preservation of the delivered transformers until installation (if applicable);
- Preservation of the new standby transformer.

Project Implementation Strategy

The Project's implementation strategy is as follows:

Item no.	Milestone name	Proposed milestone time (month, year)
1	Approval of NC and PDC in CTE, CTES	01.06.2026
2	Approval of NC, PDC and PID in BoD	15.06.2026
3	Contracting	15.07.2026
4	Manufacturing engineering design	30.08.2026
5	Installation engineering design	30.10.2026
6	DRP, MWP	30.02.2026

7	Delivery of 2 transformers for U2	30.04.2027
8	Transformer installation	15.06.2027
9	Delivery of a standby transformer for U1 and U2	30.12.2027

Investment Amount

The estimated cost for implementing the investment project “Replacement of the Unit 2 power output transformers” is EUR **27,562,475.38** / RON **144,187,603.23**, of which:

- EUR **24,967,550.43** / RON **131,079,639.75** represent external costs for equipment manufacturing, ITP, HF, transport, installation, testing, commissioning and spare parts;
- EUR **2,496,754.95** / RON **13,107,963.48** representing the implementation margin (10%).

Note: In the procurement initiation documentation, an amount of 1% of the total value of the procurement is provided for contingent expenditure.

IV. Proposals submitted for information to SNN GMS

In light of the above, we kindly ask the General Meeting of Shareholders to take note of the SNN Board of Directors' decision to approve the investment decision for the project “Replacement of Unit 2 power output transformers”.

V. APPENDICES

N/A

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