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PUBLIC VERSION

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Subject: State aid SA.38037 (2014/N) – Romania
Grants for investment in electricity and natural gas transmission networks

Dear Sir,

1. PROCEDURE

- (1) On 20 December 2013 Romania submitted a draft notification to the Commission concerning the above mentioned measure, according to Article 108(3) of the Treaty on the Functioning of the European Union ("*TFEU*") and Article 4 of Regulation (EC) No 794/2004¹ (simplified notification procedure). Subsequently (and following informal discussions with Romania), on 18 February 2014 this was registered as a formal notification. Romania submitted clarifications on 21 February 2014.
- (2) The notified measure is the prolongation until 30 June 2014 of an investment aid scheme in electricity and natural gas transmission networks ("*the scheme*") approved by the Commission on 17 December 2010 in case N629/2009² until 31 December 2013 ("*the original decision*").

¹ Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 93 of the EC Treaty, OJ L 140, 30.4.2004, p. 1.

² OJ C 37, 5.2.2011, p. 1.

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2. DESCRIPTION OF THE AID MEASURE

- (3) Romania wants to support investments in electricity and natural gas transmission networks in view of reducing the energy losses occurring on these networks, protecting the environment and enhancing the security of supply. The potential beneficiaries are the Romanian electricity and gas transmission system operators (TSOs), respectively Transelectrica and Transgaz. The potential beneficiaries submit projects according to the conditions set up in the call for proposals. The projects receiving support are selected on the basis of open competitions. The maximum aid intensity is 85% of the funding-gap. For the projects for which the funding-gap methodology cannot be applied due to the uncertainty of future expected revenues the maximum aid intensity is 50% of the eligible costs and the maximum aid amount is capped at RON 50 million per project³.
- (4) The overall budget for the original scheme for its whole duration amounted to EUR 57.7 million. The Romanian authorities provided annual reports according to which the budget spent amounts to RON 0 in 2011, RON 256.758 mil⁴ in 2012 and RON 0 in 2013.
- (5) With the present notification the Romanian authorities seek to extend the period of application of the scheme until 30 June 2014 and to increase the overall budget of the scheme to EUR 69.24 million, out of which 88% represent European structural funds and the difference is financed from the State budget. This would imply an annual budget of RON 51.36 million (EUR 11.45 million) for 2014.
- (6) The Romanian authorities confirm that all the other elements of the original decision approving the scheme remain unchanged.

3. ASSESSMENT

- (7) Firstly, the Commission notes that the prolongation complies with Articles 4(2) and 4(3) of Regulation (EC) Nr. 794/2004 as it is only extending the scheme by six months. Furthermore, the overall budget of the scheme is increased by 20%. The Romanian authorities provided reports on the expenditure under the scheme in accordance with Article 4(3) of Regulation (EC) Nr. 794/2004. All the features and conditions of the original scheme, apart from the increase in budget remain in place.

3.1. Existence of aid

- (8) The Commission assessed the existence of aid in Section 3, recitals 50 to 71, of the original decision. There is no element in the notification for prolongation which would alter the Commission's assessment. It follows that the notified measure constitutes State aid within the meaning of Article 107(1) TFEU.

3.2. Lawfulness of the aid

- (9) The Romanian authorities have confirmed that the notified amendments will not be implemented before the approval of the Commission. By notifying the measure before its implementation, the Romanian authorities have fulfilled their obligation according to Article 108 (3) TFEU.

³ For a detailed description of the scheme see recitals 3 to 49 of the original decision.

⁴ Equivalent of EUR 57.2 million at the exchange rate of 18 February 2014, EUR 1 = RON 4.4873.

3.3.Compatibility of the aid

- (10) The Commission bases its assessment of the notified scheme on Article 107(3)(c) TFEU. Likewise, the Commission assessed and approved the original scheme according to Article 107(3) (c) TFEU.
- (11) The proposed notification concerns a six months prolongation of the original scheme and a 20% increase of the budget. Apart from this, the scheme remains unchanged as compared to the original scheme.
- (12) The Commission notes that Romania commits to respect all the obligations laid down in the original decision. The Commission further notes that the scheme's features remain unaltered. There is nothing in the notification which would alter the Commission's compatibility assessment as carried out for the scheme in its original decision⁵. The Commission therefore considers that for the notified measure the possible distortions of competition and trade resulting from the State aid envisaged are limited and that the overall balance with regard to the objective of common interest remains positive.
- (13) The Commission therefore concludes that the notified measure (i.e. the prolongation of the aid scheme until 30 June 2014 and the increase of budget to EUR 69.24 million) is compatible with the internal market pursuant to Article 107(3)(c) TFEU.

4. DECISION

- (14) The Commission finds that the notified measure is compatible with the internal market in accordance with Article 107(3) (c) TFEU.
- (15) The Commission reminds the Romanian authorities that, in accordance with Article 108(3) TFEU, plans to refinance, alter or change this scheme have to be notified to the Commission pursuant to the provisions of Commission Regulation (EC) No 794/2004 implementing Council Regulation (EC) No 659/1999.
- (16) The Commission will publish this letter.⁶ If it contains confidential information, which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. Otherwise you will be deemed to agree to the publication of the full text.

Yours faithfully,
For the Commission

Joaquín ALMUNIA
Vice-President

⁵ See in particular recitals 73 to 130 of the original decision.

⁶ On <http://ec.europa.eu/competition/elojade/isef/index.cfm>