

**DECISION NO. 134
of 23.04.2004**

**on the notification of Oradea County Council for obtaining the
authorization of the State aid to be granted to Regia Autonoma
Apa Canal Oradea**

PRESIDENT OF THE COMPETITION COUNCIL,

Based on:

- 1.** Decree no. 57/2004 regarding the appointment of the Competition Council's members;
- 2.** The provisions of the Competition Law no 21/1996, published in the Official Gazette no 88 – Part I, of April 30, 1996, with subsequent amendments and completions;
- 3.** The provisions of the Law no 143/1999 on State aid, published in the Official Gazette no 370/03.08.1999, Part I, with subsequent amendments and completions;
- 4.** The Regulation on organization, functioning and procedures of the Competition Council, published in the Official Gazette, no. 288, Part I of 01.04.2004;
- 5.** The Regulation on the form, content and other details of the State aid notification, published in Official Gazette no.125, Part I of 24.03.2000;
- 6.** The notification of the State aid to be granted, submitted by the Oradea County Council under the address no. 57578/05.02.2004, registered at the Competition Council under no. RS-AS 08/10.02.2004. The notification became effective on the date when the information was complete, respectively 09.03.2004;
- 7.** The Note of the Directorate for Authorising State aid on the notified State aid.

Based on the following grounds:

- 1.** The financial support from which R.A., „Apa Canal” Oradea will benefit of, represents the guarantee given by Oradea County Council for contracting an EBRD loan, under market conditions. The total value of the loan is of Euro 6,000,000.
- 2.** The funds allocated through this loan shall be used to co-finance the measure „Rehabilitation of sewage network and of cleaning station of trial waters from Oradea, Romania” consisting in:
 - Rehabilitation of the cleaning station of trial waters;
 - Rehabilitation of ca. 60 km of sewage network;
 - Building new pumping stations and rehabilitation of 3 old pumping stations;
 - Extension of sewage system.
- 3.** R.A., „Apa Canal” Oradea is a “regie autonome” of local interest, subordinated to Oradea County Council which administrates and operates, according to the Regulation on organization and functioning, approved by Oradea County’s Decree no. 261/2003, the public systems of drinking water supply and sewerage that are part of the public domain of Oradea City.
- 4.** The relevant product market is represented by market of public services of water supply and sewerage and relevant geographic market is represented by Oradea Municipality and the localities: Sanmartin, Odorhei, Rontau, Cihei and Alparea.
- 5.** R.A., „Apa Canal” Oradea is the only operator on the relevant geographic market, having thus a natural monopoly position. These public services of local interest are provided through a public system of water supply and sewerage, which is part of the technical-urban infrastructure of Oradea Municipality and is its public ownership.
- 6.** The market of public services of water supply and sewerage is regulated, their prices and tariffs not being established on a free market, based on demand and supply, but being surveyed by the National Regulatory Authority for Municipal Services (ANRSC) and approved by the local public administration – Oradea County Council.

7. The results of the investment in the water-sewage technical infrastructure of Oradea are the following:

- the connection of 50,000 inhabitants to the sewage network;
- the avoidance of flowing over of basements of buildings by re-establishing the sewage network in the areas where they faulty function;
- the elimination of overflowing of household residues directly in Crisul Repede River;
- new water pipes, re-organization and rehabilitation of pumping stations will make the system more efficient, cutting down the pumping costs and allowing to obtain a high efficiency;
- the elimination of problems with storing the slime resulting from sewage;
- the rising and alignment of quality parameters of those waters to the EU standards.

8. RAAC Oradea is having a position of natural monopol on the defined geographic market and any undertakings that would enter the relevant market will benefit of the investments made in the technical water-sewage infrastructure financed by this credit. Thus, by the guarantee granted by the Oradea Local Council the competition is not distorted on the relevant market.

DECIDES

Art.1. Within the meaning of art. 8 (2) read in conjunction with art.12 (2) a) of the Law no. 143/1999 on State aid, with subsequent modifications and completions, the guarantee given by Oradea Local Council to the loan received by RA Apa Canal Oradea from EBRD does not constitute State aid since this loan is used for rehabilitation of the technical-urban infrastructure of Oradea.

Art.2. The present Decision shall become effective at its communication date.

Art.3. The present Decision shall be communicated by the Secretariat General of the Competition Council to:

- City hall of Oradea, 1-2, Piata Unirii Blvd., Bihor County;

- Regiei Autonome Apa Canal Oradea, 3 Duiliu Zamfirescu, Oradea, Bihor County.

Art.4. The Secretariat General and the Directorate for State Aid Authorization of the Competition Council shall pursue the fulfillment of the present Decision.

PRESIDENT

MIHAI BERINDE