

**DECISION no. 157  
of 21.05.2004**

**on the notification of the Iasi County Council for obtaining  
the authorisation of the State aid to be granted to  
Regiei Autonome Judetene de Apa Canal Iasi (R.A.J.C. Iasi)**

**The President of the Competition Council**

**Based on:**

1. The Decree no. 57/2004 regarding the appointment of the Competition Council;
2. The provisions of the Competition Law no. 21/1996, published in the Official Gazette no 88, I Part on 30.04.1996, with subsequent amendments and completions;
3. The provision 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 organisation, 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 others details of the State aid notification, published in Official Gazette no. 125, Part I on 24.03.2000;
6. The notification of the State aid to be granted, submitted by the Iasi County Council under the address no. RS-AS 17/19.02.2004. The notification became effective when the information was exact and complete, namely 22.03.2004;
7. The Note of the State aid Department on the notified State aid;

**Based on the following:**

1. The financial support from which the Autonomous Regie of Water Iasi, hereinafter R.A.J.A.C. Iasi, will benefit, represents the guarantee given by Iasi County Council for contracting a EBRD loan, under market condition. The total value of the loan contracted by R.A.J.A.C. Iasi from EBRD is of Euro 13,200,000.
2. The funds allocated through this loan shall be used to co-finance the investment in infrastructure "Improvement of the drinking water system and waste water facilities in order to meet European Standards for water quality and environmental protection in Iasi" with the following components:

- Renovation and modernisation of the Wastewater Purifying Plant Iasi;
  - Modernisation of the Drinking Water Treatment Plant Chirita;
  - Modernisation of 3 strategic water pumping stations (Pacurari, Aurora and Mijlociu).
3. R.A.J.A.C. Iasi is an Autonomous Regie of local interest under the authority of the Iasi County Council which administrates and exploits the public system of drinking water supply and sewerage owned by the public domain of the County. According to the establishing act (Iasi County Council Prefecture 's Decision no 92/04.02.1991), R.A.J.A.C. Iasi is an economic unit of social interest, which performs a local interest objective regarding the social importance of services performed to the population.
  4. The relevant product market is represented by market of public services of water supply and sewerage and the relevant geographic market is represented by the area of Iasi County, the Tg. Frumos and Harlau towns as well as of the Podu Ilioarei, Raducaneni, Belcesti, Tibanesti and Vladeni villages.
  5. RAJAC is the only operator on the relevant market in Iasi County, 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 the County and is owned by its public ownership.
  6. The 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 - Iasi County Council.
  7. The effects stipulated to be obtained from fulfilling this objectives regarding investments in the technical water-sewerage infrastructure of the County are:
    - improvement of the receptor river quality of it's affluent, Bahlui and the protection of the Danube Delta area, which is declared protected area regarding biodiversity;
    - reduction of water losses in the interior installations;
    - improvement of the drinking water distribution quality and increasing the water distribution safety;
    - increasing the quality parameters of waste water;
    - the alignment to the European Union of the quality parameters of this waters.

8. Having in regard that RAJAC is the only administrator of the public system of water and sewerage in this geographic area, without any other competitor on the relevant market, the guarantee of Iasi County Council for the loan does not fulfill the selectivity criteria – one of the elements characteristic for a State aid – and does not lead to competition

## **DECIDES**

**Art.1.** Within the meaning of art. 8 par. (2) corroborated with art.12 par (2) letter. a) of the Lawno. 143/1999 on State aid, with subsequent completions and modifications, the guarantee given by Iasi County Council, to the loan received by R.A.J.A.C. Iasi from EBRD, does not constitute State aid as this loan is used for rehabilitation of the technical-urban infrastructure of Iasi County.

**Art.2.** The present Decision becomes effective at the date of its communication.

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

- Iasi County Council, 6th, Stefan cel Mare si Sfant Street., City of Iasi;
- Iasi Autonomous Regie of Water, 20-22, I.C. Bratianu Street, City of Iasi.

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

**PRESIDENT**

**MIHAI BERINDE**

