

D E C I S I O N of the COMPETITION COUNCIL
no. 309 as of 15.11.2004
regarding the notification of the Valcea County Council
on financial measures of support for S.C. CET Govora S.A.

THE COMPETITION COUNCIL,

Having regard to the provisions of the Decree no. 57/2004 on the appointment of the members of the Competition Council;

Having regard to the provisions of the Competition Law no. 21/1996, published in the Romanian Official Gazette no. 88, Part I, of 30.04.1996, amended and completed by Government Emergency Decree no. 121/2003, approved by Law no. 184/2004;

Having regard to the provisions of the Law no. 143/1999 on State aid, published in the Romanian Official Gazette no. 370, Part I, of 03.08.1999, ammended and completed by Law no. 603/2003 and by GO no.94/2004 regarding the settlement of some financial measures;

Having regard to the provisions of the European Agreement establishing an association between the European Communities and their Member States, on the one part, and Romania, on the other part, ratified by Law no. 20/1993, published in the Romanian Official Gazette, Part I, no. 73 of 12.04.1993;

Having regard to the provisions of the Regulation on state aid in the form of compensations granted to certain undertakings entrusted with services of general economic interest.

On the following grounds:

I. PROCEDURE

(1) By note no. 7095/16.09.2004, filed with the Competition Council under no. RS-AS 82/21.09.2004, the Valcea County Council has notified the financial measure of support for SC CET Govora S.A., under Art. 6 of Law 143/1999 on State aid, with subsequent modifications and completions.

(2) Since data submitted in the notification were not complete, by note DAAS no. 766 as of 08.10.2004, supplementary information were requested to which SC CET Govora S.A. answered with note no. 2970 as of 11.10.2004, note no. 3094 as of 25.10.2004

and note no. 3151 as of 01.11.2004. The notification became effective at the date when information sent were complete, respectively on 01.11.2004.

II. DESCRIPTION OF THE FINANCIAL MEASURE OF SUPPORT

2.1. The form of the state aid

- (3) The notified measure of support consists in deferrals in view of exemption from payment of fiscal obligations representing tax, fees, contributions and other revenues to the state budget, to the state social insurance budget, to the national social health insurance fund amounting ROL 249,879,373,338 due by the company on December 31, 2003, including interest rates and penalties related to them, calculated until 28.06.2004.
- (4) Payment facilities intended to be granted to the company are regulated through GEO 37/2004 regarding measures to reduce arrears in the economy.
- (5) The amounts that are subject to deferral are set by tax obligation certificates by the regional tax authorities having jurisdiction, namely Valcea General Division of Public Finances. For these revenues, no interest rates and penalties of any kind are due as of 28.06.2004.
- (6) Obligations are being relieved from payment on the date of ownership transfer in case of privatizations, under the law, or on December 31, 2006 if the undertaking pays monthly its current tax obligations upon due time as of January 1, 2004.
- (7) If the beneficiary does not meet its current tax obligations, the amounts that were subject to deferral become due, and the calculation of the related interest rates and penalties shall continue as of 28.06.2004.

2.2 The beneficiary of state support measure

- (8) The beneficiary of the notified state measure of support is SC CET Govora S.A.
- (9) The company was set up under the Romanian law, as stock company, based on GD no. 759/21.11.1997 by entirely taking over the patrimony of Electrocenrale Govora Subsidiary. By GD no. 1005/10.09.2002 the free transfer of ownership of the shares in the private ownership and management of the County of Valcea was approved.
- (10) The shareholders' equity of SC CET Govora SA is ROL 186,094,375,000 and entirely held by the Valcea County Council, divided in 7,443,775 shares of ROL 25,000 par value /share.

(11) The company is headquartered in Ramnicu Valcea and is incorporated at the Trade Registrar under J38/683/1997; its fiscal registration code is R10102377.

(12) The company's main line of business is the production , transport and distribution of heating energy for the population, institutions and undertakings from the city of Ramnicu Valcea.

(13) The company produces and supplies electricity in cogeneration in the National Power Grid through SC ELECTRICA SA. This energy is dedicated to a market which is regulated by the National Agency for Energy Regulation ("ANRE"). The market share of S.C. CET Govora S.A. on the Romanian electricity market is of 1%.

(14) **SC CET Govora S.A.** also produces and supplies industrial steam for undertakings on the industrial platform of Ramnicu Valcea, namely S.C. Uzinele Sodice Govora SA. and S.C. Oltchim S.A.

(15) The company performs the following secondary activities:

- design works for energetic installations, constructions and related installations, as well as drafting repair projects for own activity;
- heating works for customers.prestarea de lucrari de termoficare pentru clienti.

(16) Supply of urban heating energy for the heating and preparation of consumption warm water is made through the urban heating production system of the city of Ramnicu Valcea, *a system entrusted to the company under management contract by the Valcea County Council.*

(17) In order to carry out its core business S.C. CET Govora S.A. has the following production capacities:

- for thermal power as steam: 485 t/h industrial steam at 13 bar, deliverable in heating regime and 75 t/h steam of 30 and 35 ata;
- for thermal power as hot water: 270 Gcal/h installed thermal power at source and 205 Gcal/h transport capacity;
- for electrical power: 200 MW installed power.
- de-myneralized water for delivery livrare non-returnable condensate: 400 t/h;
- de-myneralized water to be added in the heating network: 200 t/h.

(18) The thermo-power station is part of the company's patrimony assets, as well as the industrial power plant system from the area and the urban power production system belonging to the city of Ramnicu Valcea. The heating energy system consists mainly of :

- Primary grid for hot water transport – 58 km;
- 37 thermal units concessioned from the Ramnicu Valcea City Hall;
- Secondary distribution grids of hot water – approx. 182 km.

(19) SC CET Govora S.A. is a classical thermal and electric cogeneration plant which holds an installed power of 200 MW consisting of the following equipment:

- 2 hydrocarbons (fuel oil and natural gas) 420 t/h boilers;
- 3 coal 420t/h boilers;
- 2 turbines in condensation with adjustable intakes: 50 MW;
- 2 turbines in counterpressure with adjustable intake: 50 MW.

(20) The relevant product market is the market for the production and supply of heating energy. The relevant geographic market consists of the city of Ramnicu Valcea territory.

(21) SC CET Govora S.A. is the only producer and supplier of heating energy from the area it operates in. The company's production is sold 77.5% to the population and 22.5% to commercial companies and budgetary institutions.

(22) Economic and financial results based on the last 3 years balance sheet data are shown in Table 1:

Table no. 1			-ROL thou.-
Indicators	2001	2002	2003
Turnover	1,732,173,679	2,085,559,420	1,825,374,698
Profit/loss	4,255,594	-182,678,231	3,314,137

Source: Valcea County Council Notification

2.3. Received state aid

(23) According to the data submitted in the notification, SC CET Govora S.A.benefited in the past three years from state aid, as shown below:

Table no. 2				-ROL thou.-
The nature of state aid	2001	2002	2003	Cummulative 2001-2003
Subsidy for covering the difference between national reference price and the local delivery price of the thermal power	11,987,732	56,971,084	69,905,318	138,864,134
Cancelation of increases to the state budget	0	0	16,851,352	16,851,352
Alocation from budgetary reserve fund	0	0	38,000,000	38,000,000

at disposal of Government				
TOTAL	11,987,732	56,971,084	124,756,670	193,715,486

Souce: Supplementary information to the notification form

- (24) Thus, in the last three years S.C. CET Govora S.A. benefited from state aid amounting ROL 193,715,486,000 of which:
- total exemptions from budgetary obligations: ROL 54,851,352,000;
 - total subsidies: ROL 138,864,134,000.

III. ANALYSIS OF THE STATE MEASURE OF SUPPORT

3.1. Decision object

- (25) Based on the notification submitted to the Competition Council by the Valcea County Council, the object of the present decision is constituted by the state aid mentioned at paragraphs (3) and (24).

3.2. Obligation of service of general economic interest

- (26) The financial support granted to a company discharging a service of general economic interest is not considered state aid for the purposes of Art. 2 of Law 143/1999 regarding state aid with subsequent modifications and completions, if the following conditions are cumulatively met:
- a) the obligation to discharge a service of general economic interest is entrusted through a government/administrative act and is clearly defined;
 - b) the parameters based on which the compensation is calculated must be established in advance, in an objective and transparent way, in order to avoid granting an economic advantage to the beneficiary;
 - c) the compensation must not exceed the amount necessary to totally or partially cover the costs incurred through the service of general economic interest, taking in consideration the relevant incomes and a reasonable profit in performing these obligations;
 - d) if the undertaking entrusted with the service of general economic interest was not selected through open public tender which would have allowed the selection of an bidder able to discharge this public service at the lowest costs, then the level of compensation must be set based on a comparative analysis of the company's costs and the costs of well-managed and profitable enterprise which meets all the conditions set for the performance of the particular public service, given the relevant incomes and a reasonable profit from the meeting of the service of general economic interest obligations.

3.3. The condition under par. 3.2.(a) is met in the following way:

- (27) S.C. CET Govora S.A. performs public services of production and supply of heating energy for the population, institutions and undertakings from the city of Ramnicu Valcea, under the ANRE licences no. 345/2001, no. 346/2001 and no. 347/2001. The licences provide, among others, obligations regarding: continuity in supplying thermal power, providing access to thermal networks for the new consumers, meeting performance standards.
- (28) According to the *Law on town management no. 326/2001*, the supply of heating energy which is produced centralized represents a public utility service.
- (29) According to the *Law on town management no. 326/2001*, public services have to meet the following essential conditions:
- a) Continuity both in quality and quantity, according to the conditions stipulated in the contract;
 - b) Adaptability to consumers' requests;
 - c) Equal access to the public service, in the conditions stipulated in the contract;
 - d) Ensuring the public health and life quality.
- (30) Organisation, operation and functioning of public services must ensure:
- a) Meeting the quantity and quality demands of users, according to the contract provisions;
 - b) The optimal operation in total safety conditions, profitability and economic efficiency conditions of buildings, equipments, installations and all assets, corresponding to the projected technological parameters and in accordance with the conditions of the contract, operation guidelines and regulations for organisation and functioning;
 - c) Protecting the public estate and environment by observing the legal provisions;
 - d) The information and consultation of citizens in the view to protect the health of the population benefiting from these services.
- (31) The obligations of the operators which are suppliers/providers of public services towards the consumer are mainly the following:
- a) to serve all users in the area for which they were authorized/certified;
 - b) to comply with all the performance parameters settled by the local public authorities and the national regulating authority, respectively;
 - c) to supply the information requested by the local public administration and the national regulating authority and to enable the access to the documentation of the respective utilities, according to the conditions of the operation contract.
- (32) The supply of town heating energy for preparing hot water for consumption is made through the heating energy system of the city of Ramnicu Valcea, part of the town infrastructure. The heating system, required to perform services of general economic interest, is entrusted through administration contract by the Valcea County Council.

3.4. Condition in 3.2. b) is fulfilled, as follows:

(33) The heating energy market is a regulated market.

By the GED no. 162/1999 the national reference price for heating energy supplied to the population through centralized systems was instituted, in view of heating the dwellings and to prepare hot water.

(34) Its level is settled in advance by Government decision, at the proposal of the National Regulating Authority in the Energy Field, as an average of the local prices of the producers, to which the corresponding distribution tariffs are added.

(35) The national reference price for 2000-2004 was the following:

Table no. 3 Evolution of the national reference price of heating power

	2000	2001	2002	2003	2004
The legal act establishing the national reference	GD no.756/ 31.08.2000	- GD no. 724/ 26.07.2001	- GD no.1303/ 27.12.2001; - GD no. 340/.04.04.200 2 - GD no. 686/ 03.07.2002;	GD no. 686/ 03.07.2002	GD no.1155/ 23.07.2004
National reference price (ROL/GCAL)	350,000	550,000	575,000 600,000 800,000	800,000	896,000

Source: National legislation in force

(36) The national reference price was regulated on grounds related to social protection. As a result, if the local price of producing and supplying the heating energy is higher than the national reference price, the population will only pay the latter.

(37) If the local price of the Gcal. is higher than the national reference price, according to the GED no. 162/1999, the difference is subsidized as follows:

a) by the state budget, up to the ceilings approved through the budget law, which are allocated for this purpose;

b) by the local budgets, for the part left uncovered by the state budget

(38) The subsidies allocated for covering the differences between the local higher price of the Gcal. and the national reference price may be granted in advance to the undertakings supplying heating energy to the population, to constitute stocks of fuel oil and light liquid fuel for the cold season, covering also the transport expenditures corresponding to these stocks.

(39) Before the start of the financial exercise, S.C. CET Govora S.A. makes a draft budget of incomes and expenditures. On this basis, a local delivery price for the heating energy is forecasted. This price is assessed and approved by A.N.R.E.

(40) In the revenues and expenditures of the company, as well as in the explanatory note of the local price, the revenues and expenditures are shown separately (material

expenditures, maintenance and reparation expenditures, staff expenditure, other expenditure) corresponding to the operating activity.

3.5. Condition in 3.2. c) is fulfilled, as follows:

(41) During 2001-2003, the national reference price (see Table no. 3) was lower than the local delivery price for heating energy settled for S.C. CET Govora S.A. For covering the difference between these, the company gets, according to GED no. 162/1999, subsidies in amount of ROL 138,864,134,000 (see point 24).

Table no. 4 *Evolution of the local delivery price, of the reference price and of the subsidy granted in order to cover the difference between them during 2001-2003*

Period	Delivery price to the population without VAT	Delivery price to the population with VAT	Reference price without VAT	Reference price with VAT	Difference between reference price and delivery price without VAT	Difference between reference price and the delivery price with VAT	Legal grounds reference price	Volume delivered to the population	Subsidy value
	ROL/ Gcal	ROL/ Gcal	ROL/ Gcal	ROL/ Gcal	ROL/ Gcal	ROL/ Gcal		Gcal	ROL thou.
1	2	3	4	5	6=2-4	7=3-5	8	9	10=7*9
Jan.01	333,500	396,865	294,118	350,000	39,382	46,865	GD 756/2000	28,494	1,335,371
Feb.01	333,500	396,865	294,118	350,000	39,382	46,865	GD 756/2000	23,544	1,103,390
Mar.01	333,500	396,865	294,118	350,000	39,382	46,865	GD 756/2000	20,776	973,667
Apr.01	333,500	396,865	294,118	350,000	39,382	46,865	GD 756/2000	9,547	447,420
May.01	333,500	396,865	294,118	350,000	39,382	46,865	GD 756/2000	7,453	349,285
Jun.01	516,500	614,635	294,118	350,000	222,382	264,635	GD 756/2000	6,130	1,622,213
Jul.01	516,500	614,635	294,118	350,000	222,382	264,635	GD 756/2000	5,140	1,360,224
Aug.01	516,500	614,635	294,118	350,000	222,382	264,635	GD 756/2000	4,372	1,156,984
Sep.01	516,500	614,635	462,185	550,000	54,315	64,635	GD 724/2001	3,626	234,367
Oct.01	516,500	614,635	462,185	550,000	54,315	64,635	GD 724/2001	4,641	299,971
Nov.01	516,500	614,635	462,185	550,000	54,315	64,635	GD 724/2001	19,976	1,291,149
Dec.01	516,500	614,635	462,185	550,000	54,315	64,635	GD 724/2001	28,061	1,813,692
TOTAL 2001						0		161,760	11,987,732
Jan.02	516,500	614,635	487,194	575,000	29,306	39,635	GD	55,011	2,180,361

							1303/2001		
Feb.02	734,700	874,293	487,194	575,000	247,506	299,293	GD 1303/2001	37,324	11,170,812
Mar.02	734,700	874,293	487,194	575,000	247,506	299,293	GD 1303/2001	33,223	9,943,411
Apr.02	734,700	874,293	487,194	575,000	247,506	299,293	GD 1303/2001	20,709	6,198,059
May.02	734,700	874,293	504,202	600,000	230,498	274,293	GD 340/2002	8,508	2,333,685
Jun.02	734,700	874,293	504,202	600,000	230,498	274,293	GD 340/2002	6,850	1,878,907
Jul.02	734,700	874,293	504,202	600,000	230,498	274,293	GD 340/2002	4,949	1,357,476
Aug.02	734,700	874,293	672,270	800,000	62,430	74,293	GD 686/2002	2,813	208,986
Sep.02	734,700	874,293	672,270	800,000	62,430	74,293	GD 686/2002	4,241	315,077
Oct.02	734,700	874,293	672,270	800,000	62,430	74,293	GD 686/2002	6,144	456,456
Nov.02	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	31,229	8,463,059
Dec.02	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	45,996	12,464,795
TOTAL 2002					0			256,997	56,971,084
Jan.03	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	38,711	10,490,681
Feb.03	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	33,212	9,000,452
Mar.03	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	29,133	7,895,043
Apr.03	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	8,843	2,396,453
May.03	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	3,664	992,944
Jun.03	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	3,118	844,978
Jul.03	900,000	1,071,000	672,270	800,000	227,730	271,000	GD 686/2002	2,475	670,725
Aug.03	1,041,400	1,239,266	672,270	800,000	369,130	439,266	GD 686/2002	2,952	1,296,713
Sep.03	1,041,400	1,239,266	672,270	800,000	369,130	439,266	GD 686/2002	3,659	1,607,274
Oct.03	1,041,400	1,239,266	672,270	800,000	369,130	439,266	GD 686/2002	9,304	4,086,931
Nov.03	1,041,400	1,239,266	672,270	800,000	369,130	439,266	GD 686/2002	30,923	13,583,423
Dec.03	1,041,400	1,239,266	672,270	800,000	369,130	439,266	GD 686/2002	38,813	17,039,701
TOTAL 2003								204,807	69,905,318
TOTAL GENER AL								623,564	138,864,134

Source: Supplemental informaton to completethe notification form

(42) Table 4 shows that the amounts received by S.C. CET Govora S.A. as subsidy (ROL 138,864,134,000) covers exclusively the negative difference between the national reference price and the local delivery price of heating energy.

(43) When analyzing the measures of support for S.C. CET Govora S.A., one must consider the fact that for providing services of production and supply of heating energy the company records annually costs higher than the local delivery price of the heating power established by ANRE.

In the table below the local delivery price for heating energy, broken down for hot water and steam, and the real cost of production and supply are presented for the period 2001-2004.

Table no. 5 - *Evolution of local delivery price, of the heating energy cost and of the sold quantity of **hot water** by S.C. CET Govora S.A.*

Table no. 6 - *Evolution of local delivery price, of the heating energy cost and of the sold quantity of **steam** by S.C. CET Govora S.A.*

(44) As it may be noticed, in each year of the period under assessment, the operating cost for producing and supplying heating energy, broken down by hot water and steam, is higher than the local price of delivery settled by A.N.R.E., both for the population and for the undertakings.

(45) The negative differences between the local delivery price and the real cost of production, broken down by hot water and steam, are shown in tables no. 7 and no. 8 below:

Table no. 7 – *Evolution of the difference between the local delivery price and the cost of the heating energy and of the losses caused by this difference for **hot water***

Table no. 8 – *Evolution of the difference between the local delivery price and the cost of the heating energy and of the losses caused by this difference for **steam***

(46) From Tables no. 7 and 8 it turns out that during the assessed period SC CET Govora SA registers a loss of ROL 310,902,685,439 caused by the difference between the local price established by ANRE for heating energy supplied and the real cost of production and delivery.

(47) Taking in consideration the amounts in Table no. 4 (last row – Total general), those in Table no. 7 (last row – Total general) and those in Table no. 8 (last row – Total general), it results that the negative difference between the national reference price

paid by the population and the real cost of the service, as well as the difference between the local price paid by the undertakings and the real cost of the service as per total sold production in the 2001-2004 period is shown below:

- ROL 138,864,134,000 - subsidy;
- ROL 310,902,685,439 - loss.

(48) The state aid that the company is benefiting in 2001-2004, totalling ROL 443,594,859,338 consists of:

- ROL 138,864,134,000 representing subsidies for the period 2001-2003;
- ROL 304,730,725,338 representing exemptions from payment of budgetary obligations (see points (3) and (24)).

(49) If the company would not have received subsidies to cover the difference between the national reference price and the local delivery price established by ANRE, the company's losses would have been of :

$$\text{ROL } 138,864,134,000 + \text{ROL } 310,902,685,439 = \text{ROL } 449,766,819,439.$$

(50) It is observed that that the state aid amounting ROL 443,594,859,338 covers only partially the losses of the company amounting ROL 449,766,819,439 incurred by the provision of the service, even having a national reference price.

(51) In these conditions, we consider that the state aid granted to the company in 2001-2004 represents just a partial compensation of the costs related to performing the service of general economic interest of producing and supplying thermal energy in the city of Ramnicu Valcea.

3.6. Condition from 3.2. d) is not fulfilled because:

(52) S.C CET Govora S.A was not entrusted with the service of general economic interest to produce electricity by a bidding procedure.

(53) The provision of the public service to produce electricity was entrusted to S.C. CET Govora S.A. by an ANRE licence. Thus, in order to establish the compensation level, it is necessary to analyze the costs that another well-run undertaking would have borne, in providing the same service. On the Romanian heating market there are other producers and suppliers acting (e.g. Termoelectrica, CET Bacau, Electrocentrale etc.). still, a comparison with these companies would not be relevant, as they are also public undertakings receiving aid from the state for performing the public service obligation.

(54) Since the four conditions under par. 3.2 are not met cumulatively, mainly the condition under par. 3.1. (d) was not proved, the measures of support for S.C. Govora S.A., notified by the Valcea County Council, constitute state aid according to art. 2 of the Law 143/1999 on State aid, with subsequent modifications and completions and

of the Regulation on state aid in the form of compensations granted to certain undertakings entrusted with services of general economic interest.

(55) Compensations granted in view of discharging the service of general economic interest constitute state aid compatible with normal competition environment if the following conditions are met :

- A. The state aid is necessary to discharge a service of general economic interest obligation ;
- B. The state aid does not unduly affect trade between Romania and the EU Member States.

A. Necessity to grant state aid

(56) The state aid granted to S.C. CET Govora S.A. is strictly necessary to operate under normal conditions of continuity, safety and comfort the public service of production and supply of heating energy. Under the conditions of a regulated market, for the discharging of this service, the company may not levy a price able to cover its operating costs and which may also include a reasonable profit. This is the main cause for which the company registers annual losses, and is not able to pay his outstanding debts. The low rate of debt collection from the population also adds to this situation.

(57) The compulsory levy of these obligations would block the company's activity and consequently would lead to the termination of the public service. This fact would have serious repercussions on the population and the undertakings from the city of Ramnicu Valcea, who would be deprived of the indispensable heating energy, especially in the cold season.

B. The state aid does not unduly affect trade between Romania and the Member States in an unjustified way

(58) As shown under par. 3.5. above, the state aid granted to S.C. CET Govora S.A. represents just a compensation for the discharging under the optimal conditions of the service of general economic interest of producing and supplying heating energy. The geographic market affected by the state aid consists only in the territory of the city of Ramnicu Valcea. Under these circumstances it is considered that the commerce with the Member States is not unduly affected.

3.7. There is no over-compensation

- (59) The state aid granted to S.C. CET Govora S.A. in the form of exemptions from payments of budget obligations and subsidies (see pars. 3 and 24) do not represent an over-compensation because it does not exceed the costs which are absolutely necessary in order to discharge the service of general economic interest obligation.
- (60) Thus, the two conditions under par. 55 are cumulatively met; these conditions are provided in the *Regulation on state aid in the form of compensations granted to certain undertakings entrusted with services of general economic interest* in order to state that the measures of support for S.C. CET Govora S.A., standing for compensations for the discharge of the service of general economic interest, constitutes compatible state aid a normal competition environment.
- (61) The total amount of state aid granted to S.C. CET Govora S.A. is ROL 443,594,859,338 from which ROL 193,715,486,000 is state aid received in the past three years, and ROL 249,879,373,338 is state aid notified by the Valcea County Council.

DECIDES

- Art. 1.** The measures of financial support granted during 2001-2004 to S.C. CET S.A. Govora constitute state aid for the purposes of Art. 2 of Law 143/1999 on State aid modified and completed by Law 603/2003 and GO 94/2004 on regulation of financial measures.
- Art.2.** The notified state aid represents a necessary compensation to achieve, under normal conditions of safety and continuity the service of general economic interest to produce and supply heating energy, and this compensation does not unduly affect the trade between Romania and the EU Member States
- Art.3.** Pursuant to Art. 12 art. 2 (b) read in conjunction with Art. 14 par. 1 (j) of Law 143/1999 regarding state aid with subsequent modifications and completions, we authorize the state aid for S.C. CET Govora S.A. as aid to achieve under conditions of safety and continuity the service of general economic interest.
- Art.4.** Pursuant to Art. 24 of Law 143/1999 with subsequent modifications and completions, suppliers shall annually convey to the Competition Council information regarding the state aid granted to S.C. CET Govora S.A. in view of monitoring the aid.
- Art.5.** This decision is applicable as of its date of communication.

Art.6. Pursuant to Art. 29 of Law 143/1999 regarding state aid with subsequent modifications and completions, this decision may be appealed by he interested persons before the Bucharest Court of Appeal, the administrative section, within 30 days from its communication.

Art.7. This Decision shall be communicated by the General Secretariate of the Competition Council to:

- The Ministry of Public Finances, Strada Apolodor nr. 17, sector 5, Bucuresti;
- Valcea County Council, Strada General Praporgescu nr.5, Ramnicu Valcea SC
- CET Govora SA, Str. Uzinei nr. 2, municipiul Ramnicu Valcea

Art. 8. The Secretariat-General and the Directorate for State Aid Authorization of the Competition Council shall pursue the fulfilment of the present Decision.

PRESEDINTE

MIHAI BERINDE