

**Decision of the Competition Council
No. 11 Of 28.01.2005**

**concerning the notifications of the Ministry of Public Finance and
the Ministry of Administration and Domestic Affairs
regarding the financial support for S.C. TERMICA S.A. Botosani**

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

Having regard to the provisions of Competition Law no. 21/1996, published in Official Gazette of Romania, Part I, no. 88 on 30 of April 1996, amended and completed by Emergency Government Ordinance no. 121/2003 approved by the Law no. 184/2004;

Having regard to the provisions of Law no. 143/1999 on state aid published in the Official Gazette of Romania, Part I, no. 370 on 3rd August 1999, amended and completed by Law no. 603/2003 and by Government Ordinance no. 94/2004 regarding the settlement of some financial measures,

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

Taking into account the provisions of the Regulation on state aid in the form of compensations granted to certain undertakings entrusted with services of general economic interest, published in Official Gazette of Romania, Part I, no. 1048 on 12.11.2004.

On the following grounds,

1. PROCEDURE

(1) By the note 109528/08.12.2004, registered with the Competition Council under no. RS-AS 105/13.12.2004 the Ministry of Public Finances submitted to the Competition Council according to art. 6 from the *Law 143/1999 on state aid, with subsequent amendments and completions* the notification of the financial support measure contained by GD no. 1367/2004 having as recipient S.C. TERMICA S.A. Botosani.

(2) Also, by the note 4310/IS/29.11.2004, registered with the Competition Council under no. RS-AS 100/02.12.2004 the Ministry of Administration and Domestic Affairs submitted to the Competition Council according to art. 6 from the *Law 143/1999 on state aid, with subsequent amendments and completions* the notification of the financial support measure contained by art. 3 (1) of GEO no. 37/2004 having as recipient the same company.

(3) The Competition Council analyses in this decision the financial support measures enclosed by the two notifications, taking into account that they have the same objective and that both of them refer to the same beneficiary namely SC TERMICA SA Botosani. In completion to the notification forms supplementary information were requested by the address no. DAAS/1049/15.12.2004. The requested information were sent by the address registered at the Competition Council with no. DAAS/1075/22.12.2004. The notification became effective as of the date when information sent was complete, respectively on 22.12.2004.

II. DESCRIPTION OF THE FINANCIAL SUPPORT

2.1. The legal base for granting the financial support

- The Law of the public debt no.81/1999;
- GD no.1367/2004 regarding the guaranteeing, by the Ministry of Public Finance, of certain external loans in total amount of maximum USD 215 mill., to be contracted by S.C. Distributie a Gazelor Naturale „Distrigaz SUD” – S.A. Bucuresti, S.C. Distributie a Gazelor Naturale „Distrigaz Nord”- S.A. Targu Mures, S.C. „Electrocentrale”- S.A. Bucuresti and the undertakings of the public local administration authorities, which are producers of heating energy;
- EGO no.37/2004 on the measures to diminish the arrears from the economy.

2.2. The beneficiary of state support measure

(4) The beneficiary of the notified support measure is S.C. TERMICA S.A. Botosani.

(5) The company was set up in march 2000, according to Romanian law, as a company of local interest, subsequent to the merger between the former companies SC CET SA Botosani and SC TERMODISTRIBUTIE SA Botosani, merger decided by the Local Council of the Botosani County, in order to reorganize the supplying activity related to centralized produced heating energy.

(6) The shareholders' equity of SC TERMICA S.A. Botosani is of ROL 86,228,000,000 entirely held by the Botosani Local Council.

(7) The company is headquartered in Botosani and is incorporated at the Registry of Commerce under no. J07/70/2000, with the registration code R12918330.

(8) The company's main activity is represented by the performance of the following services of general public interest: production, transport and distribution of heating energy as hot water (designed for the population, budgetary and public institutions and undertakings) and steam (for the population) in the Botosani city. SC TERMICA SA also produces technological steam and it has as secondary activities the performance of repairing and maintenance services for thermal powerplants thermic points, thermo-networks. In the same time, in cogenerating system, the company also produces and supplies electricity.

(9) The financial and economic results, for entire activity of SC TERMICA SA Botosani, based on the balance sheets of the last 3 years are presented in table no. 1.

Table no. 1 – Financial and economic situation of the company in the period 2002-2004
-thousand ROL-

Indexes	2002	2003	2004 (forecast)
Total turnover	402,931,361	242,903,690	392,217,000
Profit/loss	- 72,887,959	- 110,555,740	- 33,797,768

Source: Notification form

From data presented in table above, it can be concluded that, between 2002-2004, the company registers losses.

(10) By the licenses granted by the National Agency for Regulation in the Energetic field (named from now on ANRE) the company was entrusted with the performance of public services of heating and electrical energy production, transport, distribution and supply, designated for the population, institutions and undertakings. According to art 16 (1) in the Law of Electrical Energy no. 318/2003 „the activities and services for which the licenses are being granted are of public interest, excepting those exclusively designated for the consumption of the license or authorization’s owner”. This service cannot be performed by undertakings under normal market conditions as certain mandatory conditions related to their supply have been imposed to the companies performing these kind of services.

(11) The supply of urban heating energy for the heating and preparation of consumption hot water is made through the urban heating production system of the Botosani city, the system was entrusted to the company under concession contract by the Botosani County Council.

(12) The company delivers the following products:

- heating energy as hot water for the preparation of domestic hot water and heating, in order to ensure the consumption of the population, public institutions and undertakings;
- heating energy as steam for the population;
- technological steam;
- electric energy.

(13) Specific for the assessed company is the fact that it also delivers heating energy as steam towards the population. This is due to the fact that S.C. TERMICA S.A. Botosani owns 4 thermo-points situated in the city’s industrial area, and the supplying with basic agent (steam) is made from the steam pipe serving this area. In these thermo-points takes place the passage of the heat, though heat tansfomers water-steam, from the basic heating agent (steam) to the seconday heating agent (hot water), with which is supplied the population linked to the centralised system within the area.

(14) In oder to carry out its main activity, S.C. TERMICA S.A. Botosani owns the following equipment and installations, functional since 1970:

- **for the production of heating energy:**

The installed production capacity (526 Gcal/h), totally covering the heating energy necessary, is represented by:

- water boilers of different types and sizes, for industrial steam;
- boilers of different types and sizes, for hot water.

- **For the heating energy’s transport:**

The basic heating networks (transporting the heating energy from the production source to the transforming thermo-points) have a lenght of 37 Km in the town area and 14.5 Km in the

industrial area, and are represented by three transport major pipeline set-up once with the extension of the production source and of the social-town and industrial objectives in the county, as follows:

- the major pipeline I : 2 pipes hot water Dn 800 start from the source and Dn 600 at the branching of the main hub at the entrance in the town area underground;
- the major pipeline II : 2 pipes hot water Dn 800 start from the source and Dn 600 at the branching of the main hub at the entrance in the town area underground;
- the major pipeline III : the basic agent used for the 1999-2000 cold season is the steam (4 bar, 170°C), supplying 4 own thermo-points as well as 10 thermo-points of certain undertakings, public bodies and budgetary units.

• **For the delivery of heating energy:**

The delivery of heating energy is made through 47 thermo-points and pipes in total length of 28 Km, from which to the thermo-points linked to the major pipeline I – 141 Km, to the major pipeline II – 83 Km, and to the thermo-points supplying the houses from the county's industrial area– 4 Km.

(15) The service of production heating energy represents 86% from the company's total activity. The electricity is produced by the company in cogenerating system and delivered in the National Energetical System, being conceived for a market regulated by ANRE.

(16) Taking into account the above mentioned, the services of public interest entrusted to the company are:

- The production, transport and delivery of heating energy;
- The production, transport and delivery of electrical energy.

(17) S.C. TERMICA S.A. Botosani obligations as heating and electrical energy producer are, according to art. 30 in the Law of Electrical Energy no. 318/2003, the following:

- to insure the electrical energy deliveries, respectively heating energy produced in co-generation and the system technological services, with the fulfillment of the criteria imposed by licenses, contract clauses and regulations in force;
- to offer in indiscriminating conditions the whole available electrical power, as well as system technological services;
- to maintain a stock of fuel at a sufficient level or, after case, a sufficient water supply, in order to carry on the obligations to continuously produce and supply electrical and heating energy as provisioned by the regulations in force;
- to comply from an operational point of view with the transport and system operator's demands and to establish, after case, its own operative management positions.

(18) According to the Law of public services for town management no. 326/2001, the supply of heating energy produced in a centralized system represents a **public utility service**.

(19) According to Law no. 326/2001, public services must fulfill the following 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.

(20) Within this context, SC TERMICA SA Botosani's obligations as supplier/ performer of public services, are, mainly, the following:

- a) to serve all users within its operating area for which it was authorized/ licensed;
- b) to meet the performance parameters established by the public local administration authorities, namely the national regulation authority;
- c) to supply to the public local administration authority, namely the national regulation authority, the information requested and to insure the access to the documents related to these utilities, according to the clauses in the operating contract.

2.3. The market affected by the financial support granted to the company

(21) The company operates on the market of heating energy production and supply and on the market of electrical energy production and supply.

(22) The relevant market of the product is the market of production, distribution and supply services of heating energy called energy services of local interest. These services function in a centralized system and are organized under the management of the local public administration authorities' control and coordination, based on the local autonomy principle. The relevant geographical market is represented only by the area of Botosani city, therefore is a market of local interest.

(23) From a prices and tariffs standpoint it is a regulated market as the undertaking sells the heating energy produced at prices regulated by the national regulating authority in the field (ANRE), for home consumers as well as for the industrial ones, and it has to insure the supply of heating energy to all those connected at the network, without discrimination. In the same time, all the consumers are captive consumers as they don't have the possibility to choose their heating energy supplier.

(24) S.C. TERMICA S.A. Botosani is the only producer and supplier of heating energy in the area it serves. From the total heating energy produced by the company, 87% is sold to the population and the rest to undertakings and budgetary institutions. Thus, the company supplies heating energy in a centralized system in Botosani city to 23,000 apartments (approx. 70,000 people), public and budgetary institutions and undertakings.

2.4. Ways of granting the state aid

(25) The financial support measures notified by the Ministry of Public Finance consist in the State guarantee for the external credit necessary for insuring the energetic resources for the winter 2004 – 2005 according to the provisions of art. 3 align. (1) in GD no. 1367/2004.

(26) SC TERMICA SA Botosani contracts a credit in amount of USD 3,500,000, 100% guaranteed by the Romanian State through the Ministry of Public Finance, in order to complete the acquisition of energetic resources for the winter 2004-2005. The credit will be reimbursed in 4.5 years from the end of the 2 years grace period. The interest rate is Libor +1% per year, the premium being of 1.5% from the credit's value.

(27) The financial support measures notified by the Ministry of Administration and Domestic Affairs consists in the delay for the future exemption, in accordance with the provisions of EGO no.37/2004, of certain budgetary obligations (representing taxes, duties, contributions and other incomes of the state budget, the budget of the state social security, the budget of the

National Unic State Social Security Fund and the budget of unemployment security) owed on 31 December 2003, in amount of ROL 79,801,441,498. In the same time, are also exempted from the payment the related interests and penalties, calculated until the date when this ordinance come in force, in total amount of ROL 101,817,210,550. These obligations are exempted from the payment on the date when the transfer of the ownership right will take place in case of privatization, or on 31 December 2006 if the current tax obligations having pay limit starting with 1st of January, 2004 are monthly paid.

(28) S.C. TERMICA S.A. Botosani benefited until now by other financial support measures in total amount of ROL 991,957,000 thousand, as it follows:

Table no. 2 - The state aids the company benefited of during 2001-2004 -ROL thousand-

<i>No. crt.</i>	<i>Legal base</i>	<i>Type of state aid</i>	<i>Year 2001</i>	<i>Year 2002</i>	<i>Year 2003</i>	<i>Year 2004</i>
1.	EGO 43/2001	Exemptions of penalties related to the Unemployment aid Fund	104	623	623	-
2.	The law of the state budget 216/2001, 743/2001, 631/2002	Subsidies for covering the difference between prices for heating energy delivered to the population	281,412	236,098	152,785	275,812
3.	EGO 78/2002, EGO 1012/2003	Budgetary allowances for investments	-	4,500	40,000	-
Total			281,516	241,221	193,408	275,812

Source: Notification form

(29) The subsidies are exclusively granted for covering the difference between the national reference price¹ and the local delivery price² for heating energy. The budgetary allowances received during 2002 - 2003 were used for financing certain investments absolutely necessary to perform, under safety conditions, of the public service of general economic interest, taking into account the age and the high usage degree of its equipment and installations. These investments were necessary for the functioning in normal terms of the public service of heating energy delivery and supply, contributing in the same time to the decrease of the losses of water and energy in the thermo-networks.

(30) The investment objectives financed from the budgetary allocations are the following:

- modernizing the steam turbine AKR 2.5 MW - ROL 1.5 bill.
- introducing in the CET elctropumps with fluctuant turation and reduced consumption of electricity (for the transport of heating energy from the CET to the hermo points) - ROL 4 bill.
- replacing in the modern instalation, with pre-isulated pipes, of approx. 15 % of the heatin energy delivery network - ROL 14.5 bill.

¹ The national reference price is defined in the sub-chapter 2.6.1.

² The local delivery price for heating energy is defined in sub-chapter 2.6.2.

- modernizing 27 thermo-points (approx.. 57 % from the total number) by introducing heat shifters with high productivity plate - ROL 0.7 bill.
- automatization of 20 thermo-points (approx. 42 % from the total number) - ROL 3 bill.
- replacing in totality of the pumping stations from the thermo-points - ROL 1.5 bill.
- contoring at local level of 992 blocks of flats (approx. 53 % from the total) - ROL 8.7 bill.
- checking contors stand - ROL 2 bill.
- linkage of the natural gas supply from S.C. TRANSGAZ S.A.'s network - ROL 3.2 bill.
- modernizing electricity transforming station - ROL 5.4 bill.

TOTAL : ROL 44.5 bill.

(31) These objectives were partially accomplished by financing from the state budget in total amount of ROL 44.5 bill. ROL granted in accordance with EGO no. 78/2002 and EGO no. 1012/2003, the diference being covered from the company's own resources.

2.5. Costs arising from the operation of the public service of general economic interest

(32) The public service entrusted to S.C. TERMICA S.A. Botosani consists in production, transport and distribution of heating energy to the captive consumers, at regulated prices by ANRE. In order to perform the public service, the company registers costs with raw materials (fuels), materials, personnel, environmental, repairing and investments, contoring costs and others.

(33) At the begining of each financial year S.C. TERMICA S.A. Botosani funds its income and expenses budget. The company has the obligation to present to ANRE, at the end of each year, justifying documents to show the real costs related to the public service performed in that year and the heating energy quantities produced and sold in each month. Starting from the initial data, it is applied the standard methodology and are determined the costs for the heating energy's production, transport, distribution and supply activity. In the same time, funding the prices to be used is submitted to be approved by ANRE, which establishes the national reference price and the local delivery price.

(34) According to the provisions of art. 20 para 5 of the *Law no. 326/2001 on town management* the undertakings which deliver services of public interest must keep control accountability where the company's activities are being registered separately, so as their activities are easily evaluated, monitored and controlled. S.C. TERMICA S.A. Botosani keeps management accounting (as base for the management decisions) where the company's activities registered separately. Thus, the activity of heating production and supply towards the captive consumers, which represents the public service obligation, is presented separately from its other activities.

(35) The results related to the performance of the public service, namely the production, transport, delivery and supply of heating energy as hot water towards the population and undertakings and as steam towards the population, are presented in table no.3.

Table no.3 The evolution of the main economic-financial indexes - ROL thousand -

	2001	2002	2003	2004
Incomes from the public service, namely the production, transport, delivery and supply of	409,367,716	369,368,836	216,023,647	377,800,228

heating energy as hot water towards the population and undertakings and as steam towards the population				
Costs from the public service, namely the production, transport, delivery and supply of heating energy as hot water towards the population and undertakings and as steam towards the population	420,021,755	442,904,313	341,668,490	414,499,297
The gross result from the public service, namely the production, transport, delivery and supply of heating energy as hot water towards the population and undertakings and as steam towards the population	-10,654,040	-73,535,477	-125,644,843 ³	-36,699,069

Source :Supplementary information

(36) From the data presented above it results that, during 2001-2004, each result of the performance of the public service is loss, due especially to the difference between the real costs it involves and the regulated price for the heating energy. The main reason of the high value of exploiting costs are the leaks within the transport and distribution system, as a result of the unproper technical estate of the transport and distribution network- network over 30 years old. Still, it is forecast the decrease of these losses as the investments already accomplished and are to be accomplished within the company, have as purpose the functioning in normal parameters of the public service of delivery and supply of heating energy, reduction of water and energy losses in the thermo-networks.

2.6. The difference between the national reference price and the local delivery price for the heating energy

(37) As showed at point (23), the heating energy market is a regulated market. On this market there are two regulated prices, namely the national reference price and the local delivery price for heating energy.

2.6.1. The national reference price

(38) The national reference price was stipulated in EGO no. 162/1999 for heating energy supplied to the population in centralized systems, for house heating and preparing hot water.

(39) This price is regulated first of all due to the social protection reasons. Therefore, if the local price for heating energy production and delivery (see point 2.6.2.) is higher than the national reference price, the population will pay only the last price.

(40) Therefore, by establishing the national reference price it is aimed to realise an equilibrium between the supportability of the population and the possibilities to subsidy from the state budget. As far as the social dimension is concerned, in funding this price it is taken into account the proportion of the cost of heating energy in the budget of a family with an average income.

³ This year's result is influenced by the lack of fuel, during that time the company carrying on its activity fluctuantly so that between January- April 2003, the company couldn't deliver heating energy in quantities requested, having this way a low volume of delivered heating energy, and therefore, a small sales volume.

(41) The level of the national reference price for heating energy is established in advance, by Government decision at ANRE's proposal, as an average between the local prices of the producers using the same type of fuel, added to the related delivery tariffs. In the same time, the national reference price takes into account the possibility to be subsidized from the State's budget.

(42) The standard methodology to calculate this price is established by A.N.R.E.order. The factors influencing the national reference price modification are: the fuel's price, the electric energy's price, the index for modifying consumption prices, the exchange rate (ROL/USD or, after case, ROL/EURO).

(43) The national reference price during 2001 - 2004 was regulated by the following administrative acts in this manner:

Table no. 3 The administrative acts through which the national reference price was established for the period 2001- 2004

	2001	2002	2003	2004
The normative act for establishing the national reference price	- GD no. 724/26.07.2001	- GD no.1303/27.12.2001; - GD no. 340/03.04.2002 - GD no. 686/03.07.2002;	GD no.686/03.07.2002	GD no.1155/23.07.2004
The national reference price (ROL/GCAL)	550,000	575,000 600,000 800,000	800,000	896,000

Source: The national legislation in force

2.6.2. The local delivery price for heating energy

(44) The local delivery price for heating energy is established by ANRE for the population as well as for the undertakings. The methodology for establishing the local delivery price is applied by ANRE to all producers of heating energy in co-generation. As it was mentioned at point (33), the undertaking has the obligation to present to ANRE, at the end of each year, the justifying documents from which to come forth the real costs related to the public service performed in that year and the quantities of heating energy produced and sold each month.

(45) Funding the prices is made separately for each activity/ service, the local delivery price being the result of adding the price for the production activity to the tariff for the transport service and the tariff for the service of delivery and supply.

(46) The local delivery prices are established at the beginning of each year and adjusted at the beginning of the second semester of the year. The steps are the following:

- identifying the regulating activities and services;
- identifying the sources for producing heating energy (separate sources and/or co-generation);
- estimating the quantities delivered to the final customers, based on the undertaking's accomplishments in the previous year, taking into account the losses in the transport network and the quantities produced as well as the power plants' own consumption;
- allocating the costs with technological fuel;

- allocation of direct costs, exclusively those with the fuel, on activities/services and production sources;
- allocating the indirect costs and the general management costs, on services, proportionally with the value of the direct costs, exclusively the fuel;
- establishing the total costs for producing heating energy under the form of hot water and steam;
- establishing the total costs;
- re-distribution on activities of the costs related to the own consumption;
- allocation of the financial costs on regulated services;
- establishing the total costs for regulated services.

(47) When the local price for Gcal is higher than the national reference price, in accordance with EGO no.162/1999, the difference is subsidized as it follows:

- a) from the state budget, within the limit of the sums approved by the state budget law;
- b) from the local budgets, for that part uncovered from the state budget.

(48) During 2001-2004, the national reference price (see table no. 5) was smaller than the local delivery price for heating energy, established for S.C. TERMICA S.A. Botosani, and the same situation is forecast to be maintained in 2005. For covering the difference between them, the company receives, according to EGO no.162/1999, subsidies amounting ROL 1,216,677,398 thousand (see point (28)).

Table no. 5 The evolution of the quantity delivered to the population and of the value of the subsidy granted to the company in order to cover the difference between the national reference price and the local delivery price, during 2001-2005

Period	Local delivery price without VAT population	Local delivery price with VAT population	Reference price without VAT	Reference price with VAT	Difference between the reference price and local delivery price without VAT	Difference between the reference price and local delivery price with VAT	Legal base for reference price	Quantities delivered to the population	Subsidy value
	rol/Gcal	rol/Gcal	rol/Gcal	rol/Gcal	rol/Gcal	rol/Gcal		Gcal	Thousand ROL
1	2	3	4	5	6=4-2	7=3-5	8	9	10=7*9
total year 2001	1,230,537	1,464,339	294,118	350,000	936,419	1,114,339	HG no. 756/2000	205,979	281,412,165
			462,185	550,000	768,352	914,339	HG no. 724/2001	115,220	
total year 2002	1,454,066	1,730,339	483,193	575,000	970,873	1,155,339	HG no. 849/2001	137,758	236,097,756
			504,202	600,000	949,864	1,130,339	HG no. 340/2002	14,967	
			672,269	800,000	781,797	930,339	HG no. 686/2002	97,626	
total year 2003	1,746,117	2,077,880	672,269	800,000	1,073,848	1,277,880	HG no. 686/2002	119,562	152,785,444
total year	1,938,583	2,306,914	672,269	800,000	1,266,314	1,506,914	HG no. 686/2002	108,988	275,812,168

2004			752,941	896,000	1,185,642	1,410,914	HG no. 1155/2004	77,813	
total year 2005 (forecast)	2,347,563	2,793,600	903,529	1,075,200	1,444,034	1,718,400		187,371	270,569,865
General total								1,065,183	1,216,677,398

Source: Supplementary information

The subsidy of ROL 1,216,677,398 thousand exclusively covers the company's losses came from the difference between the national reference price and the local delivery price for the heating energy related to the total of heating energy's quantity delivered to the population.

2.7. Costs incurred by the obligation of public service higher than the local delivery price of the heating energy

(49) When analyzing the measures of support for S.C. TERMICA S.A. Botosani, one must consider that, for the services of production and supply of heating energy, the company registers high costs which cannot be cover by selling the heating energy at a local delivery price established by ANRE, and this situation can be observed from the company's accountability, where the costs related to the public service are kept separately.

(50) As the company produces heating energy as hot water (for the population and undertakings) and steam (for the population), representing public service, as well as heating energy as technological steam, the exploiting unit cost of the service was being kept separately from the other costs. This has been calculated based on the expenses registered each year in the analyzed period, respectively the costs with raw materials, employment, environment, repairing and investments, countering and others and the real production of heating energy delivered in the respective year.

(51) In fact the local delivery price established by A.N.R.E. does not cover all costs due to the fact that fuel price increase estimates are not considered. Subsequent to the fuel price increase during the year A.N.R.E. is adjusting the energy price only when the increase is more than 5% and the adjustment refers only to the fuel; however, it is common knowledge that as a chain effect, the raw materials and materials prices increase also. This increase is not considered when adjusting but only when prices are reviewed, once a year. Thus, there is a gap during the year between the costs of the energy operator and the local delivery price.

(52) The high operating costs of S.C. TERMICA S.A Botosani are due mainly to the following causes:

1) internal causes:

a) the company's electricity production depends on the natural gas deliveries, which leads to the situation when, during certain periods of the year (cold season) the produced quantities don't cover the powerplant's internal consumption, the undertaking being dependent on the acquisition of electricity from Electrica S.A. for completing its necessary, and therefore increasing its costs;

b) the low using degree of the production capacities (approx. 30%) leads to the accomplishment of high specific consumptions of fuel, electricity and water, as well as to continuously high conventional costs;

- c) the CR 5 boilers' low performance (functioning a long time per year) due to the pronounced technical and physical usage as they are designed in the 1960's;
- d) the low level of the deliveries (max.50% compared to the period before 1990) lead to very high specific technological consumptions within the powerplant, in comparison with their proportion in the quantities of produced and delivered. Actually, these technological consumptions can be considered as relatively constant from a quantity point of view, having small variations according to the production's level, but decisively influencing the net heating output of the powerplant, which significantly drops due to the low production;
- e) from the total of the installations forming the transport system for heating energy, over 50% have a lifetime of over 25 years, fulfilling the conditions for capital repairs and replacing the pipes and thermo-mechanical equipments;
- f) due to the usage of the transport pipes, of the water infiltrating from exterior in the thermo-channel as well as the steel's quality it is found a high corroding phenomena, leading to a high number of wrecks, implying the replacement of the harmed pipes;
- g) the uncorrelation between the delivered debits and the hour necessary of heating energy, according to the heating tasks appointed for each heating-point.

2) external causes

- a) heating energy technological fuel, raw materials and materials are purchased at comparable or even higher prices than those operated with on international level. In turn, heating energy is sold on the local market at a price regulated by A.N.R.E which is lower than the average price operated with on an international level;
- b) the increase of the fuel price is not taken into consideration. As mentioned at point (51), the regulating authority adjusts the energy's price only if the its increase exceeds 5%, and the adjustment refers strictly to the fuel, but it is known that in a chain effect, the raw materials and materials' price also increases;
- c) the population pays a national reference price, approved by Government Decision and established mainly according to the purchasing power of the population, the difference between this and the local delivery price being subsidized. This subsidy hardly reaches the producer, because the local budget which ensures a significant percentage of it does not have the liquidities required to pay in due time. As a result of the delays in actually receiving the subsidy's amounts, the real value of the subsidies which is strongly diminished by the inflation rate;
- d) another cause of the gap between the local delivery price and the real cost is represented by the obligation of S.C. TERMICA S.A. Botosani, as operator of the public service, of not interrupting the supply on Botosani city area. This situation generates big losses because the network is oversized and the costs related to this activity are considerable;
- e) although all company technologies are old, the price structure approved by A.N.R.E. does not comprise the development quota for upgrading these technologies. Thus, the company makes investments, repairs and other upgrades in the energetic system which it operates but these expenses are not always reflected in the local delivery price of heating energy.

(53) In table no. 6, is shown the evolution of the delivered quantities of heating energy as hot water (to the population and undertakings) and steam (to the population) and the real cost for its production and supply.

Table no. 6 – The evolution of the losses registered by the company due to the difference between the incomes from the sale of heating energy at the local delivery regulated price and the real cost for performing the public service

Period	Heating energy quantities delivered				Total costs	Total revenues	Uncovered losses
	TOTAL	From which:					
		Hot water for population	Hot water for undertakings	Steam for population			
	ROL/Gcal	ROL /Gcal	ROL /Gcal	ROL /Gcal	ROL thousand	ROL thousand	ROL thousand
2001	335,688	313,131	14,489	8,068	420,021,755	409,367,715	10,654,040
2002	260,223	244,465	9,872	5,886	442,904,313	369,368,836	73,535,477
2003	125,650	115,515	6,088	4,047	341,668,490	216,023,647	125,644,843
2004	196,223	180,038	9,422	6,763	414,499,297	377,800,228	36,699,069
2005 (forecast)	196,793	181,099	9,422	6,272	471,267,804	448,149,696	23,118,108
TOTAL	1,114,577	1,034,248	49,293	31,036	2,090,361,659	1,820,710,122	269,651,537

Source: Supplementary information

As it can be seen, during the analysed period, the exploiting costs of the service of producing and delivering heating energy is higher than the local delivery price established by ANRE to the population as well as to the undertakings.

(54) Therefore, the difference between the real cost of the service of public general interest and the local delivery price of the heating energy leads to the registering of a loss in total amount of ROL 269,651,537 thousand, related to the activity of performing the public service.

3. ASSESSMENT OF THE STATE MEASURE OF SUPPORT

(55) As mentioned at point 2.4., the company benefited from state support consisting in subsidies for covering the difference between the national reference price for heating energy delivered to the population, exemptions for the payment of the obligations towards the Unemployment Security Fund, allowances for investments, exemptions from the payment of certain budgetary obligations and of the related interests and penalties, as well as the 100% guarantee for the contracted credit aiming to complete the finance of the acquisition of energetical resources, necessary for the winter 2004-2005.

(56) Therefore, the financial support measure notified by the Ministry of Administration and Domestic Affairs consist in payment facilities, granted in accordance with the provisions of the EGO no. 37/2004, in total amount of ROL 181,618,652 thousand.

(57) The financial support measure notified by the Ministry of Public Finance consists in the guaranteeing by the state of an external credit contracted for insuring the energetical resources necessary for the winter 2004-2005 in accordance with the provisions of art. 3 (1) in the GD no. 1367/2004.

(58) SC TERMICA SA Botosani contracts a credit amounting USD 3,500,000, guaranteed 100% by the Romanian state, through the Ministry of Public Finance, for completing the acquisition of energetical resources for the winter 2004-2005.

(59) *The Guidelines on the state aid granted under the form of guarantees* establish the criteria according to which the state aids granted under the form of guarantees should be assessed.

(60) In accordance with point 4.2 in the *Guidelines on the state aid granted under the form of guarantees*, an individual state guarantee is not considered state aid if it cumulatively meets the following conditions:

- a) the borrower person is not in a difficult financial situation;
- b) the borrower person is, in principle, capable to obtain a credit under market conditions, from the financial markets, without any intervention from the State;
- c) the guarantee is granted in relation to a precise financial operation, it refers to a maximum pre-established sum, it doesn't cover more than 80% from the loan to be reimbursed or from other financial obligation, excepting from the equities or other similar instruments, and is not unlimited in time;
- d) the guarantee implies the payment of a premium at the market price.

(61) Assessing the economic-financial situation of S.C. TERMICA S.A. Botosani shows the fact that the company is in difficulty, and therefore it doesn't fulfil the condition stipulate dat point 4.2. letter a) in the *Guidelines on the state aid granted under the form of guarantees*. Therefore, it is no doubt that there is a state aid element in the case of the state guarantees having as beneficiary S.C. TERMICA S.A. Botosani.

(62) Consequently, the guarantees may contain state aid. In accordance with point 3.2 of the *Guidelines on the state aid granted under the form of guarantees* one way of establishing the cash grant equivalent contained in a state guarantee is as follows: "The cash grant equivalent of a loan guarantee in a given year can be calculated in the same way as the grant equivalent of a soft loan, the interest subsidy representing the difference between the market rate and the rate obtained due to the State guarantee after any premiums paid have been deducted".

(63) By the address no. 55041/17.12.2004, the Romanian Commercial Bank mentions the fact that, due to the company's economic-financial situation, the credit's parameters, the company's own guarantees, for the credit in the amount of USD 3,500,000 without state guarantee it would have been charged an interest rate of 11.5% per year. Therefore, for calculating the State aid, the Competition Council considers this rate as the reference rate.

(64) Under these circumstances, the state aid the state aid under the form of guarantees⁴ is calculated as net subsidy equivalent of the contracted credit amounting USD 3,500,000 guaranteed by the state, decreased with the premium paid by the company, namely:

$$\text{USD } 1,335,497 - \text{USD } 52,500 = \text{USD } 1,282,997$$

Therefore, the value of the state aid under the form of State guarantee is of USD 1,282,997, respectively ROL 36,396,059 thousand⁵.

(65) During the assessed period, the total amount of state aids for S.C. TERMICA S.A. Botosani is of ROL 1,481,542,109 thousand, appointed as follows:

⁴ The net equivalent was calculated according to the Annex 2 point 3 to the Regulation on the regional state aid. Therefore, for the credit guaranteed by the State, in every year of the reimbursement schedule it was calculated the interest premium discounted by using an inflation rate of USD 3% for the period 2005-2010.

⁵ When calculating was used the BNR exchange course on 23.12.2004: 1 USD = 28,368 ROL.

- subsidies for covering the difference between price for the heating energy delivered to the population, in total amount of ROL 1,216,677,398 thousand;
- allowances for investments, in total amount of ROL 45,500,000 thousand;
- exemptions from the payment of penalties related to the Unemployment Security Fund, based on EGO no.43/2001, in total amount of ROL 1,350,000 thousand;
- payment facilities, granted according to the provisions of EGO no. 37/2004, in total amount of ROL 181,618,652 thousand;
- the State guarantee granted for the credit contracted for the completion of the acquisition of energetical resources necessary for the winter 2004-2005 in total amount of USD 3,500,000, respectively ROL 36,396,059 thousand.

(66) Point 1.1. in the Guidelines on the state aid under the form of guarantees stipulates that usually the beneficiary of such assistance is the borrower because it enables the latter as it gives him the possibility to contract the loan that would not obtain without this guarantee.

(67) In certain circumstances, according to point. 2.2. from the *Guidelines on the state aid under the form of guarantees*, the lender can also be the beneficiary of a guarantee granted by the State for example may be the case where the guarantee is given ex-post related to a loan, in this case the guarantee can be a state aid for the lender.

(68) The guarantees granted by the Ministry of Public Finances for the contracted credits, represent ex-ante condition for entering into force of these credits. The guarantees were issued before using any money from this credit. The guarantees were not granted for an existing loan.

(69) The Government Decisions approving the state guarantees for external credits which are to be contracted by the company, are established the maximum credit values which are to be guaranteed (together with the interests and afferent commissions), the purpose of the credit and the guarantor (Ministry of Public Finances). Based on these G.D.s, the company established in advance with Ministry of Public Finances the credit parameters (the granting period/maturity, the grace period, withdrawal period and the way of reimbursement). Thereafter, standard offer requests were issued addressed to external first rank banks.

(70) The offer request contained the necessary information so that the interested banks could create a competitive price structure: the type of the loan, the beneficiary of the loan, the 100% state guarantee (by mentioning the GD's number), the credit value, the maturity of the loan, withdrawal period, the grace period, the way of reimbursement, the reply form, the deadline for the offers and any other data necessary to make a pertinent offer. As the offer is standard, all banks received the same information, being equally treated, in conditions of transparency and free access for transmitting the offers.

(71) After analyzing all offers received until the date mentioned in the offer request, the best offer was chosen. As all the banks are first rank banks and the criteria of the credit being the same, the main criterion for choosing was the cost of the credits (interest and the corresponding fees).

(72) Taking into account all the above, it is considered that the financing banks have not been favorite compared with the others. Consequently, the Competition Council comes to the conclusion that the state guarantees do not give any advantage to the lender but only to the borrower, S.C. TERMICA S.A. Botosani.

4. THE ASSESSMENT OF THE SUPPORT MEASURE GRANTED BY THE STATE

(73) The support granted to S.C. TERMICA S.A. Botosani by state resources transfer gives it an economic advantage that can affect the trade between Romania and the Member States and, therefore, may be state aid for S.C. TERMICA S.A.

(74) The financial measures mentioned at point 2.4. notified to the Competition Council by the Ministry of Public Finance and the Ministry of Administration and Domestic Affairs are the object of this decision. As the objective for which the guarantee is granted is the assurance a part of financial resources for the financing the current consumptions of the population and undertakings in the cold seasons, under the conditions imposed by the State for the National Energetic System Security, budgetary allowances for investments used to finance investments required for the continuity and safety of the public service and the subsidies have been granted for covering the difference between the two regulated prices, the financial aid measures will be analyzed in the context of fulfillment by S.C. TERMICA S.A. Botosani of the obligation to discharge a service of economic general interest.

4.1. Obligation of service of general economic interest

(75) The financial support granted to a company entrusted with a service of general economic interest is not considered state aid for the purposes of Art. 2 align.1 of *Law 143/1999 on state aid, modified and completed by the Law no.603/2003*, if the following conditions are cumulatively met:

a) the obligation to discharge a service of general economic interest is entrusted through a normative/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.

4.1.1. Entrusting the obligation to perform the public service of general economic interest by a normative/ administrative act

(76) The Competition Council notes that the producing, delivering and supplying heating energy are vital both for the undertakings, as well as for population of Botosani city. Any interruption in the supply and distribution of heating energy has a major negative impact.

Assuring the continuity and security in supplying hot water represents a public interest necessity.

(77) S.C. TERMICA S.A. Botosani is entrusted with the production, transport, distribution and supply of heating energy for the population, institutions and heating agents, under the ANRE licenses no. 1160/2000, 1161/2000 and 1162/2000. In the licenses are mentioned, among other things, the obligations regarding: continuity in supplying heating energy, ensuring access to heating networks for new customers, achieving performance standards. Also, by GEO no.162/1999, producers and suppliers of heating energy are under the obligation to sell heating energy to the population at a regulated price which is lower than the costs incurred by the discharge of the service (national reference price).

(78) According to *Law of the public services of town management no. 326/2001*, supplying with heating energy public services must fulfill the following main conditions:

- meeting the quantity and quality demands of users, according to the contract provisions;
- the optimal operation in safety, profitability and economic efficiency conditions of buildings, equipments, installations and all assets, according to the projected technological parameters and in compliance with the requested conditions, operation guidelines and organization and functioning regulations;
- protecting the public estate and environment by observing the legal provisions;
- informing and consultation the citizens with the purpose of protecting the health of the population benefiting from these services.

(79) The supply of town heating energy for heating and preparing hot water for consumption is made through the heating energy system of the Municipality of Botosani and is part of the technical- municipal infrastructure of the town. The City Council of Botosani Municipality provides to the Company the heating system needed for accomplishing services of general economic interest through concession contract.

(80) S.C. TERMICA S.A. Botosani is under the obligation to perform the public service, ensuring the effective functioning of services relating to the production, transport, distribution and supply of heating energy that are essential for the population, institutions and undertakings of Botosani city. It is furthermore required to provide these services at a regulated price that is intended to ensure the affordability for the consumer.

(81) Given the above data, the Competition Council concludes that the condition stipulated at point (75) letter a) is fulfilled, condition saying that the obligation to perform a service of general economic interest must be entrusted through a normative/administrative act and to be clearly defined.

4.1.2. Predefined parameters based on which the compensation is calculated

(82) The compensation of the public service obligation must be calculated on pre-established parameters, in an objective and transparent manner and may not grant an economic advantage to the beneficiary, against its competitors.

(83) The two parameters based on which the level of the compensation is calculated are the national reference price and the local delivery price established by ANRE. These parameters are established in advance by Government decision on the proposal of ANRE. The methodology used to establish the national reference price is based on the following:

- price of fuel used for the production of heating energy;
- the electric energy price;
- the consumer price index;
- the USD/ROL exchange rate.

The local delivery price is set based on the *Methodology of establishing regulated prices for purchase/sale, transport and distribution tariffs for heating energy* issued by ANRE. The producers of heating energy submit to the regulatory authority the own price calculation; this contains the costs incurred in the previous 12 months, fixed and variable, as well as estimated costs for the following 12 months of operation. The regulatory authority analyses the variable costs (price of fuel, specific consumptions related to the production of heating energy, losses of heating energy in the transport and distribution networks), as well as fixed costs and approves the local delivery price of the heating energy, resulting different local delivery prices specific to each company.

(84) As it was also mentioned at point (33), at the beginning of each financial year, SC TERMICA SA Botosani funds a income-costs budget. This way, based on the previous year's data it is forecast that the quantities of heating energy (due to the number of consumers and the average yearly consumption per person- at hot water- and per apartment – at heating), the subsidies to be received as well as a volume of the credits necessary for performing the public service in safety conditions. Also, the expenses are forecast incurred by the performance of the public service (with raw materials, the personnel, financial costs).

(85) The information submitted to the Competition Council prove the fact that the procedure mentioned above is developed based on the ex-ante calculation criteria, the parameters according to which the compensation for the performance of the service of general economic interest is established being also established in advance.

4.1.3. There is no over-compensation

(86) The compensation shouldn't exceed the costs related to the service of general economic interest.

(87) Table no. 3 proves that during the period 2001- 2005 the incomes from the performance of the service of general economic interest represented by the delivery of heating energy at regulated prices to the consumers are lower than the costs involved by this activity, is registered loss from the performance of public service obligation.

(88) From the information presented above, it results that during the period 2001-2005, as mentioned at point 2.4., the activity of performing the public general service is supported as follows:

- subsidies, in total amount of ROL 1,216,677,398 thousand, exclusively used for covering the difference between the national reference price and the local delivery price for heating energy;
- allowances for investments, in total amount of ROL 45,500,000 thousand;
- exemptions from the payment of the penalties related to the Unemployment Security Fund, based on EGO no 43/2001, in total amount of Rol 1,350,000 thousand;
- facilities to the payment granted according to the provisions of EGO no. 37/2004, in total amount of ROL 181,618,652 thousand;

- the State guarantee granted for the credit contracted for completing the financing of the acquisitions of energetical resources necessary for the winter 2004-2005 in total amount of USD 3,500,000, respectively ROL 36,396,059 thousand.

(89) From the table no.6 it results that during the assessed period S.C. TERMICA S.A. Botosani registered losses caused by the difference between the local delivery price established by ANRE for the heating energy delivered and the real cost of production and delivery.

(90) Taking into account the losses of ROL 269,651,537 thousand registered by the undertaking due to the performance of the service of general economic interest, it can be seen that the facilities under the form investment allowances, payment facilities, guarantee granted by the state to the company, in amount of ROL 264,864,711 thousand don't cover all the company's losses. This way, the compensation from State resources for the performance of public service is smaller than the costs related to this activity.

(91) Therefore, it can be concluded that this compensation doesn't exceed the necessary for performing the service of general economic interest of delivering and supplying heating energy.

4.1.4. Entrusting the service through public tender or efficient performance of the service

(92) Entrusting the service of general economic interest of heating energy production to S.C. TERMICA S.A. Botosani wasn't made through a public tender.

(93) The service of heating energy production was entrusted to S.C. TERMICA S.A. Botosani by ANRE license. This way, in order to establish the level of the compensation it is necessary an analysis of the costs that another undertaking, well managed and performing the same service, would have had. On the Romanian heating energy market also act other suppliers and producers (ex. Termica Vaslui, CET Govora, CET Bacau, etc.), but a comparison with these undertakings wouldn't be relevant as they are all public undertakings, receiving support from the state in order to perform their obligation of public service of general economic interest. However, making a comparative analysis with other undertakings producing and supplying heating energy, it can be noticed that their situation is similar to the situation of the analyzed undertaking, respectively the real costs of the service exceed local delivery prices set by ANRE and the causes leading to this situation are in fact similar.

(94) As the four conditions mentioned at point (75) are not cumulatively met, respectively the condition provisioned at point (75) letter d) couldn't be proved, the support measures for S.C. TERMICA S.A. Botosani, notified by the Ministry of Public Finance and the Ministry of Administration and Domestic Affairs is state aid, within the meaning of art.2 in the *Law no.143/1999 on the state aid*, with the subsequent modifications and completions and those of the *Regulation on the state aid under the form of compensations granted to certain undertakings entrusted with the performance of a service of general economic interest*.

(95) The facilities from which the company benefited, which were notified after their granting represent illegal state aid, according to the art. 3¹ in the Law no. 143/1999 on the state aid, with the subsequent amendments and completions.

4.2. Compatibility of the Aid

(96) According to the *Regulation on state aid in the form of compensations granted to certain undertakings entrusted with services of general economic interest* compensations granted in view of discharging the service of general economic interest may constitute state aid compatible with a normal competition environment if the following conditions are met:

- a) the state aid is necessary for discharging a service of general economic interest;
- b) the state aid does not unduly affect the trade between Romania and the EU Member States.

4.2.1. State aid necessary for discharging a service of general economic interest

(97) In order to be able to assess the necessity of the aid with respect to the discharging of the service the following conditions should be observed:

- the beneficiary needs to be officially entrusted with discharging a clearly defined service of general economic interest; and
- the compensation level should not exceed what is necessary to discharge the service of general economic interest, taking into account the revenues arising from its performance.

(98) As discussed under point 4.1.1. above, S.C. TERMICA S.A. Botosani is exercising a service of general economic essential for the population, institutions and undertakings within Botosani City and that obligation is clearly defined by license.

(99) S.C. TERMICA S.A. Botosani operates its service is under the public ANRE licenses no. 1160/2000, no. 1161/2000 and no. 1162/2000. The licenses in conjunction with the relevant law clearly define the obligations of the service that the company is supposed to discharge. Therefore it can be concluded that S.C. TERMICA S.A. Botosani has been officially entrusted with the public service that it discharges.

(100) Covering the consumption peaks for the cold periods of the year, insuring the stability and continuity in supplying the population and undertakings with heating energy, request the acquisition of a high volume of fuel, fact that led to the contracting of credits with the state guarantee.

(101) In the same time, under the conditions of a regulated market for discharging this service the company can not impose on its consumers a price that is sufficient to cover its operating costs. This is the main cause for which the company has annual losses. Furthermore, the compensation granted to the company does not fully cover all the costs that are currently being incurred by the provision of the public service.

(102) Therefore, it can be considered that the state aid granted to S.C. TERMICA S.A. Botosani does not exceed what is necessary to discharge under normal conditions of continuity, safety and comfort the public service of production, transport, distribution and supply of heating energy within the Botosani city.

(103) Therefore, it can be concluded that the state aid granted to S.C. TERMICA S.A. Botosani under the form of subsidies, payment facilities and state guarantees isn't an over-

compensation, as it doesn't exceed the costs incurred by the obligation of public service of general economic interest.

(104) Not granting this state aid would lead to the blocking of the company's activity as it doesn't have the funds necessary for the acquisition of fuel and, consequently, to the stoppage of the performance of the service of general economic interest. This fact would have serious repercussions on the population and undertakings within Botosani city, which are left without the heating energy, necessary especially during the cold periods of the year.

4.2.2. The state aid doesn't unduly affect the trade between Romania and the EU Member States

(105) It needs to be noted that the activity of the company is restricted to a limited geographical area, represented only by the Botosani city. S.C. TERMICA S.A. Botosani is the only operator on this market. The company is not involved in import-export activities. Under these circumstances it is considered that the commerce with the Member States is not unduly affected.

(106) Thus, the two conditions provided in the *Regulation on state aid in the form of compensations granted to certain undertakings entrusted with services of general economic interest* are cumulatively met.

(107) In accordance with the above mentioned facts, the state aid in total amount of ROL 1,481,542,109 thousand, from which ROL 1,216,677,398 thousand represent subsidies for covering the price difference, ROL 45,500,000 thousand – allowances for investments, ROL 182,968,652 thousand – facilities for payment and ROL 36,396,059 thousand – State guarantee, is compatible with the normal competitive environment.

DECIDES

Art. 1. The measures of financial support granted during 2001-2005 to S.C. TERMICA S.A. Botosani 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, transport, distribute 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) corroborated with Art. 14 par. 1 (j) of *Law 143/1999 regarding state aid with subsequent modifications and completions*, is authorized the state aid for S.C. TERMICA S.A. Botosani 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*, the suppliers will annually convey to the Competition Council information regarding the state aid granted to S.C. TERMICA S.A. Botosani, 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 the 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 Secretariat of the Competition Council to:

- The Ministry of Public Finance, Apolodor Street, no.17, sect. 5, Bucuresti;
- The Ministry of Administration and Domestic Affairs, Piata Victoriei no. 1, sect. 1, Bucuresti;
- S.C. TERMICA S.A. Botosani, Pacea no. 43 Street, Botosani, Botosani county.

Art. 8. 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