

Decision of the Competition Council

DECISION No. 12 of 28.01.2005

concerning the notification of the Ministry of Public Finance regarding the financial support for S.C. Electrocentrale Oradea S.A.

THE COMPETITION COUNCIL,

Based on the provisions of the Decree no. 57/2004 for the appointment of the Competition Council members,

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

Based on the provisions of Law no. 143/1999 on state aid published in the Official Journal 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 on regulating some financial measures, approved with amendments and completions by the Law no. 507/2004,

Taking into account the provisions of European Agreement establishing an association between Romania, and European Communities on one side and the Member States of those, on the other side, approved by Law no. 20/1993, published in Official Journal of Romania, Part I, no. 73 on 12 April 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.

On the following grounds,

1. PROCEDURE

(1) By the note no. 109.528/08.12.2004, registered at the Competition Council with the no. RS-AS 105/13.12.2004, the Ministry of Public Finance notified to the Competition Council under Art. 6 of *Law 143/1999 on state aid, with subsequent amendments and completions*, the financial support under the form of guarantees for S.C. Electrocentrale Oradea S.A.

(2) The notification became effective on the date the information were complete, namely on 28.12.2004.

2. DESCRIPTION OF THE FINANCIAL SUPPORT

2.1. The beneficiary of the state support measure

(3) The beneficiary of the notified state measure of support is S.C. Electrocentrale Oradea S.A.

(4) The company was established in accordance with the Romanian law, as a local interest commercial company, based on the GD no. 104/2002 and GD no. 78/2002, by transfer from the State's private property and from the SC Termoelectrica SA's property, into the public domain of the Local Council of Oradea City, by LCD (Local Council's Decision) no. 145/2002 and No. 197/2002. According to LCD no. 311/24.04.2003 the distribution activity was taken over by the company from R.A. Apaterm Oradea, starting with 2003.

(5) The shreholders' equity of S.C. Electrocentrale Oradea S.A. in total amount of ROL 646,880,000 thousand is entirely held by the Local Council of Oradea City, divided in a number of 64,688 shares, with a par value of ROL 10,000/share.

(6) The company is headquartered in Oradea and registered with the Trade Registry under no J05/723/2002, with the unique registering number R14790708.

(7) The company's financial and economic results, based on the balance sheets from the last 3 years, are presented in table no. 1.

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

-thousand ROL-

Indexes	2002 (01.06-31.12)	2003	2004 (preliminary at 31.12)
Total turnover	559,001,862	1,506,387,540	1,782,450,000
Profit/loss	- 112,779,000	616,000	860,000

Source: Notification form and supplementary information

From the data presented in the table above it results that between 01.06.2002-2004 the financial and economic results are registering a positive evolution. Although, during the assessed period, the company registers a profit it doesn't exceed 1% from its total turnover.

(8) The main activity of the undertaking is the production, transport, distribution and supplying of the heating energy designed for the population, institutions and undertakings in the Oradea city and the localities Sanmartin and Baile-Felix. By the licenses granted by the National Agency for Regulation in the Energy field (named from now on ANRE) the company was entrusted with the performance of public services of heating production, transport, distribution and supply and of the electricity production and supply, designated for the population, institutions and undertakings. According to art 16 alin. (1) in the Law of Electricity 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". These services cannot be delivered under normal market conditions because the undertakings are imposed certain conditions related to the delivery of the service.

(9) S.C. ELECTROCENTRALE ORADEA S.A.'s, obligations as heating and electricity producer are, according to art. 30 in the Law of Electricity no. 318/2003, the following:

- To insure the electricity deliveries, respectively heating 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 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.

(10) Considering the above mentioned, the public interest services entrusted to the company are the following:

- production, transport, distribution and supply of the heating energy;
- production and supply of electricity.

(11) Heating energy production, transport, distribution and supply represents 68% of the total activity. Electricity is produced in co-generation and it is supplied in the National Energetic System, being subject to a market regulated by ANRE.

(12) S.C. ELECTROCENTRALE ORADEA S.A does not perform any secondary activities.

(13) The products delivered by the company are:

- heating energy as hot water, for insuring the consumption for the population, budgetary institutions and undertakings;
- electricity through the National Energetical System.

(14) S.C. ELECTROCENTRALE ORADEA S.A's products are directly supplied by the company, without using intermediaries.

(15) In order to carry out its activity, S.C. Electrocentrale Oradea S.A. owns the following equipments and installations:

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

This is achieved through the use of the following equipments:

- 5 steam turbines, with a total electrical installed power of 195 Mw;
- For hot water: 6 energetical boilers, with a total water debit of 1830 t/h;

- **For the transport of heating energy:**

A thermo network is operated and maintained covering the way from the thermo-plant to neighborhood thermo-units and undertakings as it follows:

- the hot water transport is made through the basic thermo-network for the transport to the thermo-points, enclosing 6 main roads, it supplies appartments and houses and has a total lenght of approx. 70 km;

- **For the distribution of heating energy:**

The delivery of heating energy as hot water for the population is made through 146 thermo-points, with a total installed thermo-power of 544.8 Mwt, and from here, the secondary thermo-network, from the thermo-points until the block of houses, on a total lenght of 545 km.

2.2. The market affected by the financial support granted

(16) SC Electrocentrale Oradea activates on the production, transport, distribution and supply heating energy market and electricity production and supplying market.

(17) The market affected by the aid measures analysed by the present decision is the market of heating energy production, transport, delivery and supply, generally named energetical services of local interest. These services represent 68% of the company's total activities. The financial support notified by the Ministry of Public Finances have the purpose of assuring the necessary fuel for the production, transport, distribution and supply of the heating energy designated to heating and hot water preparation for the population and undertakings.

(18) The relevant market of the product is the market of the services of production, transport, delivery and supply of heating energy and the production and supply of electricity, named energetical services of local interest. The services of production, transport, delivery and supply of heating energy function in centralized system and are organized under the management and control of the local public administration authorities, based on the local autonomy principle. The geographical market is represented only by the area of Oradea city, with 59,793 appartments, and the localities Snmartin and Baile-Felix, therefore is a market of local interest. From the point of view of prices and tariffs is a regulated market, because S.C. Electrocentrale S.A.Oradea sells heating energy at prices established by ANRE both for the household consumers as well as for the undertakings and it is obliged to supply heating energy to all consumers connected to the network, without discrimination. Therefore, all these consumers are captive consumers as they don't have the possibility to choose their heating energy supplier.

(19) S.C. Electrocentrale Oradea S.A. owns a market share of 95% for the production of heating energy, having as main competitor SC Tangex SA Oradea. The evolution of the sales of heating energy and electricity, as structure, is presented in Table 2:

Table no.2: *The structure of the sales of heating energy and electricity*

Services	2003	2004	2005
Electricity			
-The National Energetical System.	99 %	90 %	85 %
-directly	1 %	10 %	15 %
Hot water:			
-population	67,4 %	77 %	73 %
-undertakings	32,6 %	23 %	27 %

Source: Suplemenatry information

2.3. Ways of granting the financial support

(20) The financial support measures notified by the Ministry of Public Finance consist in the guarantee of an external credit contracted in order to complete the financing of acquisition of energy resources for the winter 2004-2005. Based on G.D no. 1376/2004,

the Ministry of Public Finances guarantees 100% external credit from ABN Amro Bank amounting to USD 9,000 thousand, equivalent of ROL 259,848,000 thousand¹. The credit shall be reimbursed in 9 equal installments, with a 2 years grace period from the signing of the loan agreement. The annual interest rate is Libor at 6 months + 1%. S.C. Electrocentrale Oradea shall pay on the account of the state guarantee, to the Ministry of Public Finance, a risk premium of 1.5% from the value of the loan, respectively of USD 135 thousand.

(21) According to the data from the notification form, S.C. Electrocentrale Oradea S.A. is also the beneficiary of other financial support measures during 2003-2005, as follows:

Table or. 2 – Financial support for the period 2003-2005

The type of financial support	-ROL thousand-			
	2003	2004	2005	Total
Subsidy covering the difference between the national reference price ² and the local delivery price of the heating energy ³	266,382,792	375,568,083	392,519,227	1,034,470,102

Source: the notification form

As can be seen in the table no 2 , the total subsidies the company benefits of during 2003 - 2005 is in the amount of de ROL 1,034,470,102 thousand.

2.4. The evaluation of the financial aid mentioned in points (20) and (21)

(23) The *Guidelines on the state aid granted under the form of guarantees* establish the criteria for the evaluation of the state aid under the form of guarantees.

(24) According to point 4.2. of the *Guidelines on the state aid granted under the form of guarantees*, an individual state guarantee does not constitute state aid if the following conditions are simultaneously fulfilled:

- a) the debtor is not in a difficult situation;
- b) the debtor is, in principle, able to contract a loan under market conditions, without the State intervention;
- c) the granted guarantee is related to a certain financial operation, a certain amount, does not cover more than 80% from the loan or other financial obligation, except for bonds or other similar instruments, not unlimited in time;
- d) the guarantee implies the payment of a prime at market price.

¹ The credit has been contracted in USD, the amount in ROL is calculate dat the rate of BNR rol?USD on 15.12.2004, respectively 27,872 ROL/USD

² National reference price for heating energy is described in point 2.6.1.

³ Local delivery price for heating energy is describet in point 2.6.2.

(25) Annalysing the economical-financial situation of S.C. Electrocentrale Oradea S.A it can be concluded that the company is not in difficulty. From the information provided by the beneficiary, it results that the company can contract credits from Romanian Comercial Bank, under market conditions, without State intervention. Thus, the Competition Council considers that the conditions from point 4.2. letters a) and b) from the *Guidelines on the state aid granted under the form of guarantees* are fulfilled.

(26) Although, in the situation when the guarantee covers more than 80% of the loan, the condition in point 4.2. letter c) from the *Guidelines on the state aid granted under the form of guarantees* is not fulfilled and thus, there is nodoubt that there is state aid involved in the guarantee granted to S.C. Electrocentrale Oradea S.A.

(27) According to point 3.2. from the *Guidelines on the state aid granted under the form of guarantees*, the state aid under the form of guarantees can be calculated “in the same way as the net grant-equivalent of a loan granted in preferential conditions, the interest bonus representing the difference between the interest market and the interest with State guarantee, after any primes have been paid.”

(28) As a commercial bank would have granted SC Electrocentrale Oradea SA as similar credit without the State guarantee with a annual interest rate of 9%, the Competition Council considers that this rate can be taken as reference when calculating the financial support under the form of guarantee.

(29) In these conditions, the financial support under the form of guarantee is equal to the net grant equivalent⁴ of the USD 9,000 thousand credit, calculated as follows:

- the net present value of the difference between the market interest rate and the interest rate obtained due to the state guarantee minus the risk premium paid by the company to the Ministry of Public Finance, respectively: USD 1,779,893 – USD 135,000 = USD 1,644,893, equivalent of ROL 47,491,350.696 thousand.⁵

(30) Point 2.1.1. in the *Guidelines on the state aid under the form of guarantees* stipulates that usually the beneficiary of a 100% guarantee is the borrower because it enables the latter – as has been demonstrated above – to obtain a loan it would not have obtained in the absence of such a guarantee.

(31) According to point 2.2. of the *Guidelines on the state aid granted under the form of guarantees*, in certain circumstances also the lender will benefit from the guarantee granted by the State, for example maybe 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.

⁴ The net grant equivalent has been calculated according to Annex 2 point 3 of the *Guidelines on regional aid*, taking into account the terms of the loan, the reimbursement graphics as well as a reference rate (inflation rate) of the USD of 3% between 2004-2010.

⁵ when calculating was used the exchange rate of BNR on 15.12.2004: 1 USD = 28,872 ROL.

(32) The guarantees granted by the Ministry of Public Finances for the contracted credits, represent a 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 before these were issued by the state.

(33) The Government Decisions approving the state guarantees for external credits which are to be contracted by the company, establish the maximum credit values which are to be guaranteed (together with the interests and related 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 prime international banks.

(34) 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.

(35) 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).

(36) Taking into account all the above, it is considered that the financing banks have offered their facilities at competitive pricing conditions thereby excluding any potential advantage deriving from the state guarantee. 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. Electrocentrale Oradea S.A..

(37) The total amount of the financial aid for S.C. Electrocentrale Oradea S.A. is of ROL **1,081,961,452.696 thousand**, out of which ROL 47,491,350.696 thousand represent financial support under the form of guarantee and ROL 1,034,470,102 thousand subsidies.

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

(38) The public service of caloric energy production, transport, delivery and supply to the captive consumers, entrusted to the company, is regulated by A.N.R.E. In order to perform the public service, the company registers costs with raw materials (fuels),

materials, personnel, environmental, repairing and investments, contouring costs and others.

(39) S.C. Electrocentrale Oradea S.A. keeps a management accounting where the company's activities are registered separately. The activity of caloric energy production, transport, delivery and supply towards the captive consumers, which represents the public service obligation, is presented separately from its other activities. The separation of the financial records for the activities representing the service of general economic interest is a compulsory condition imposed to the undertaking by the license entrusting the discharge of the service.

(40) The company has the obligation to submit to A.N.R.E., at the end of each year, the justifying documents for showing the real costs related to the public service performed in that year and the quantities of caloric energy produced and sold in each month. Starting with the input data, the standard methodology is applied to determine the costs for the caloric energy production, transport, delivery and supply activity. Therefore, at the beginning of each financial exercise S.C. Electrocentrale Oradea S.A. is drafting its revenues and expenditure budget. In the same time, the justification of the prices to be used is submitted for approval by A.N.R.E., which establishes the national reference price and the local delivery price.

2.6 Difference between national reference price and local delivery price of caloric energy

2.6.1. The national reference price

(41) The national reference price for heating energy supplied to the population through centralized systems with the purpose of heating and to preparing hot water was instituted by GEO no. 162/1999.

(42) The national reference price is set in order to achieve equilibrium between the affordability degree for the population and the state budget subsidizing possibilities. Regarding the social dimension, this price is determined considering the weight of thermal energy cost in the budget of an average income family.

(43) The level of the national reference price of the thermal energy is set in advance through Government decision, proposed by A.N.R.E., as an average of the local prices of the producers using the same type of fuel, added with the related distribution tariffs, taking into account subsidizing possibilities from the state budget. The standard methodology of calculating this price is established through an order of A.N.R.E., the factors influencing the modification of the national reference price being: the fuel price, the price of electric energy, consumer price index, the exchange rate (ROL/USD or ROL/EURO, as the case may be). The national reference price for 2002-2004 was regulated by the following administrative decisions, as it shows in table 3 above:

Table no. 3 - *Administrative decisions establishing the level of the national reference price for heating energy*

	2002	2003	2004
The legal act establishing the national reference price	Government Decision no. 1303/27.12.2001; -Government Decision no. 340/04.04.2002 -Government Decision no. 686/03.07.2002	- Government Decision no. 686/03.07.2002	Government Decision no. 1155/23.07.2004
National reference price (ROL/GCAL)	575,000 600,000 800,000	800,000	896,000

Source: National legislation in force

2.6.2. THE LOCAL DELIVERY PRICE

(44) The local delivery price for the heating energy is established by A.N.R.E., both for the population as well as for the undertakings. The methodology of establishing the local delivery price is being applied by A.N.R.E. to all thermal energy co-generation producers. Thus, the undertaking has the obligation to submit to A.N.R.E., at the end of each fiscal year, justifying documentation outlining the costs related to the discharged public service in the respective year and the quantities of thermal energy which were produced and sold in each month of the year.

(45) Prices are set separately for each activity/service, the local delivery price resulting from adding the production price, the transport service tariff and the tariff for the distribution and supply service.

(46) Local delivery prices are set at the beginning of each year and adjusted at the beginning of each second half of the year. The following stages are pursued:

- identification of regulated activities and services;
- identification of production sources for caloric energy (separate sources and/or cogeneration);
- estimation of quantities delivered to final consumers based on the undertaking's previous year figures, taking into account the losses in the transport networks and of produced quantities, taking into account the own consumptions of the power plant;
- assignment of technological fuel expenses;
- allocation of direct expenses, excluding fuel expenses, broken down by activities/services and producing sources;

- allocation of indirect, general and administration expenses by services, on a pro rata basis with the value of direct expenses, excluding fuel;
- determining total expenses with the production of thermal energy;
- determining unit costs;
- redistributing by activities of expenses related to own consumptions;
- allocation of financial expenses by regulated services;
- determining total expenses for the regulated services.

2.6.3. Conclusions

(47) The national reference price is regulated on grounds related of social protection. Thus, if the local price for producing and supplying the heating energy is higher than the national reference price, the population will only pay the latter.

(48) If the local price of the gig calorie (GCAL) is higher than the national reference price, the difference incurred by the supplier is subsidized as follows, according to the GEO no. 162/1999:

- a) by the state budget, up to the ceilings approved through the budget law, allocated for this purpose;
- b) by the local budgets, for the part left uncovered through the state budget.

(49) During 2003-2004, the national reference price was lower than the local delivery price for the heating energy settled for S.C. Electrocentrale Oradea S.A.. In the year 2005 will be the same situation. For covering this difference, the company benefits during 2002 - 2005, according to G.E.D no. 162/1999, of subsidies in amount of ROL 1,034,470,102 thousand (see paragraph 22), as it can be seen in table 4:

Table no. 4 *The quantity supplied to the population and the value of the subsidy granted for covering the difference between the national reference price and local delivery price during 2003-2005*

Period	Quantity delivered to population (Gcal)	Subsidy (ROL thousand)
Total year 2003	534,521	266,382,792
Total year 2004	568,484	375,568,083
Total year 2005 (forecast)	513,735	392,519,227
General Total	1,616,740	1,034,470,102

Source: Supplementary information

The ROL 1,034,470,102 thousand subsidy covers exclusively the loses due to the difference between the national reference price and the local price for heating energy

reported to the total quantity supplied to the population. The methodology of calculating the subsidy is presented in table no. 7 from the Annex, which describes in detail the evolution in each month of the national reference price, local delivery price, the negative difference between those two and the granted subsidies for covering the difference.

2.6.4. Costs in excess of the local delivery price

(50) When analyzing the measures of support for S.C. Electrocentrale Oradea S.A. one must consider that, for the services of production, transport, delivery and supply of heating energy, the company registers costs higher than the local price for supplying heating energy established by A.N.R.E., this situation resulting from the management accounting of the undertaking, in which expenses are separately recorded.

(51) The unit operating cost of the service was calculated based on effective expenses recorded by the company in each year of the analyzed period, respectively expenses for raw materials, materials, personnel, environment, repairs, investments, metering of the real production of thermal energy delivered in the respective year.

(52) In reality 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 taken into account is not considered when adjusting but only when prices are reviewed, once a year. Thus, there is a gap (lag) during the year between the costs of the energy operator and the local delivery price.

(53) The high operating costs of S.C. Electrocentrale Oradea S.A. are due mainly to the following causes:

- ageness and the high usage degree of equipments lead to a high consumption of natural gases which represents 65-70% of the cost structure; natural gases, raw materials and materials are bought at prices comparable with the international ones. Contrary, heating energy is sold on local market at a price established by ANRE lower than the medium international price ;
- proposals of price increasing are submitted to local authorities and to A.N.R.E. after the sub suppliers already increased their product prices and considering that until the company gets the A.N.R.E. certifying documents and decision uncovered costs shall be record;
- A.N.R.E. agreed technological loss are lower as the real loss which are higher because of old transport and distribution pipe line networks which require high maintenance costs. Those costs are not considered when the reference price is estimated by A.N.R.E;
- the population pays a national reference price for the caloric energy, approved by Government Decision and established mainly according to the purchasing power of the population, the difference between this and the production and distribution costs of

thermal energy being subsidized. This subsidy hardly reaches the producer, because the Local Council budget which ensures a significant percentage of it (55%) does not have the liquidities required to pay in due time. As a result of the delays in providing the subsidies, the financial costs of the company increase because the real value of the subsidies is significantly diminished by the inflation rate; thus, a part of the real costs remains not covered.

(54) In Table no. 8 presented in the Annex, the evolution of the local delivery price for caloric energy as hot water and the real costs of production, transport, delivery and supply of it during 2003-2004 are shown, as well as the forecast for the year 2005. As it may be noticed, during analyzed period, most of the times, the operating cost for producing, transporting, delivering and supplying heating energy - hot water - is higher than the local delivery price, both for the population and for the undertakings.

(55) The differences between the local delivery price and the real cost of production, transport, distribution, delivery and supply of caloric energy lead to company losses from operating the service, losses which are shown in Table no. 5.

Table no. 5 – *The evolution of the difference between the local delivery price established by ANRE and the real production and supply cost and of the losses caused by these differences for hot water*

PERIOD	QUANTITY SUPPLIED			LOSSES CAUSED BY FAILURE TO COVER THE REAL COST OF THE HEATING ENERGY IN FORM OF HOT WATER
	TOTAL	of which:		
		POPULATI ON	UNDERTAKI NGS	
	Gcal	Gcal	Gcal	ROL thousand
2003	793,340	534,521	258,819	12,184,369
2004	721,714	568,484	153,230	10,916,557
2005	703,979	513,735	190,244	28,327,872
TOTAL GENERAL	2,219,033	1,616,740	602,293	51,428,800

Source: supplementary information

From table no. 5 it can be seen that the company registers during the period 2003-2005 ROL **51,428,800** thousand related to the performing of the service of production, transport, delivery and supply of heating energy. We mention that the calculation of these losses is presented in Table no. 9 from the Annex presenting in detail in each month the evolution of the difference between the local delivery price and the real cost of

production, transport, delivery and supply of caloric energy separately for population and undertakings.

3. ANALYSIS OF THE STATE MEASURE OF SUPPORT

3.1. Object of the decision

(56) On the basis of the notification to the Competition Council by the Ministry of Public Finances, the object of the present decision consists of the financial support measure in form of state guarantee, budgetary allocations and subsidies (see para.30), in total amount of ROL 1,081,961,452.696 thousand. These measures of the financial support are analyzed by S.C. Electrocentrale Oradea S.A. in the context of meeting the public service requests during 2003-2005.⁶

3.2. Obligation of service of general economic interest

(57) 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 of *Law 143/1999 on state aid with subsequent amendments and completions*, 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,

⁶ It was considered including the year 2005 because the credit contracted at the beginig of 2005 is designated for covering costs for the public services in this year.

3.3. The condition from par. 3.2. a):

(58) S.C. Electrocentrale Oradea S.A. is entrusted with the production, transport, distribution and supply of heating energy for the population, institutions and undertakings, under the ANRE licenses no., 511/2002, 512/2002, 576/2003. In the licenses are mentioned, among other things, the obligations specific for the undertakings performing a service of general economic interest, namely: continuity in supplying heating energy, ensuring access to heating networks for new customers, achieving performance standards. Also, by EGO no.162/1999, producers and suppliers of thermal energy are under the obligation to sell thermal energy to the population at a fixed price which regularly is lower than the costs incurred by the discharge of the service (national reference price).

(59) According to the *Law on town management no. 326/2001*, the supply of heating which is centralized produced is a public use service.

(60) 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.

(61) Organization, 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 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;
- c) Protecting the public estate and environment by observing the legal provisions;
- d) Informing and consultation the citizens with the purpose of protecting the health of the population benefiting from these services,.

(62) 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 ANRE;
- 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 operating contract.

(63) The supply of town heating for heating and preparing hot water for consumption is made through the heating system of the Municipality of Oradea which is part of the technical- municipal infrastructure of the town. The system administration needed for delivering the public interest service is entrusted by the Local Council of Oradea city through H.C.L.M. 311/2002.

(64) Regarding the above presented facts, S.C. Electrocentrale Oradea S.A. is under the obligation to ensure the effective functioning of services relating to the production, transport, distribution and supply of heating that are essential for the population, institutions and undertakings of Oradea city. In addition, the company is required to provide these services at a regulated price that is intended to ensure the affordability for the consumer. Consequently one can conclude that S.C. Electrocentrale Oradea S.A. by licenses, is entrusted with the discharging of a service of general economic interest.

3,4, The condition from par, 3,2, b):

(65) According to this criterion the compensation of the public service obligation must be calculated on pre-established objectives and based on transparent parameters and may not grant an economic advantage to the beneficiary.

(66) The two parameters based on which the level of the compensation is calculated are the national reference price, established by ANRE, and the local delivery price established by ANRE. These parameters are set in advance by Government decision, at 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 caloric 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 caloric energy issued by ANRE. The producers of caloric 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 caloric energy, losses of caloric energy in the transport and distribution

networks), as well as fixed costs and approves the local delivery price of the caloric energy, resulting different local delivery prices specific to each company.

(67) The information submitted to the Competition Council prove the fact that the procedure mentioned at paragraph 66 is carried out based on the criteria of *ex-ante* calculation, the parameters based on which the compensation for the service of general economic interest is established are usually set up in advance.

3.5. Condition in 3.2. c):

(68) Condition 3.2.c) requires that the compensation must not exceed the costs incurred through the service of general economic interest.

(69) From Table no. 7 from the Annex, it can be seen that the amounts received by S.C. Electrocentrale Oradea SA as subsidies, in amount of 1,034,470,102 thousand covers only the negative difference between the national reference price and the local delivery price for the heating energy.

(70) Furthermore, from the data in Table no 5 it can be seen that during the analyzed period S.C. Electrocentrale Oradea S.A. registered a total loss of ROL 51,428,800 thousand caused by the difference between the local delivery price for the heating energy supplied and the real cost for its production and delivery.

(71) The financial support measures from which the company benefits in the period 2002-2005 is in amount to ROL **1,081,961,452.696** thousand, from which:

- ROL 1,034,470,102 thousand were exclusively used to cover the difference between the national reference price and the local delivery price;
- ROL 47,491,350.696 thousand the value of the state guarantee.

(72) Taking into account the losses of ROL 51,428,800 thousand that the company incurred due to the performing of the service of general economic interest of production, transport, distribution and supply of heating energy, it can be seen that the facilities granted to the company under the form of guarantees amounting to ROL 47,491,350.696 thousand do not fully cover the company losses. Thus, the financial support granted to the company doesn't exceed the total costs incurred from the performing of the public service.

(73) Under these circumstances it is considered that the state aid granted to S.C. Electrocentrale Oradea S.A. during 2003-2005 represents only a compensation for the costs related to the performing of the public service of general economic interest for the production, transport, delivery and supply of heating energy in the city of Oradea.

3.6. Condition in 3.2. d):

(74) S.C. Electrocentrale Oradea S.A. was not entrusted with the service of general economic interest of production, transport, delivery and supply of heating energy following a public tender procedure.

(75) The public service of production, transport, distribution and supply of heating energy was entrusted to S.C. Electrocentrale Oradea S.A. by a license from ANRE. Thus, in order to establish the compensation level, it is necessary to analyze the costs that another well-run undertaking would have had, in providing the same service.

On the Romanian heating energy market there are acting other producers and suppliers as well (e.g, Termoelectrica, CET Govora, 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 discharging the public service obligation. 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.

(76) Considering the above, one can conclude that the four conditions under point 3.2. are not met cumulatively, mainly the condition under par.3.2. (d) was not proved. Therefore, the state support measures for S.C. Electrocentrale Oradea S.A, notified by the Ministry of Public Finances, constitute state aid for the purposes of *ar., 2 of 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*.

(77) The facilities granted to the company during 2002-2004 (except for the guarantee) were notified after their granting so they 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.

(78) The total value of the state aid granted to S.C. Electrocentrale Oradea S.A., between 2003 – 2005, is of ROL 1,081,961,452.696 thousand.

4. Compatibility of the Aid

(79) 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,

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

(80) 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.

(81) As discussed under point 3.3. above S.C. Electrocentrale Oradea S.A. is delivering a service of general economic essential for the population, institutions and undertakings and that it is clearly defined by license.

(82) S.C. Electrocentrale Oradea S.A operates its service is under the public ANRE licenses no. 511/2000, 512/2002, 576/2002. 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. Electrocentrale Oradea S.A, has been officially entrusted with the public service that it discharges.

(83) It follows, from the assessment under point 3.5 above, that 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.

(84) Therefore, one can conclude that the state aid granted to S.C. Electrocentrale Oradea S.A 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 city of Oradea.

(85) Without granting this compensation its activity would be blocked, therefore it could not deliver the service anymore This could have serious consequences on population and undertakings of the Oradea city, which would be private from the heating energy, especially in the cold season,

4.2. No unduly affect the trade between Romania and the EU Member States

(86) It needs to be noted that the activity of the company is restricted to a limited geographical area, represented only by the Oradea city territory. S.C. Electrocentrale Oradea S.A. is the only operator. The company is not involved in export activities.

Under these circumstances it is considered that the commerce with the Member States in not unduly affected.

4.3. There is no over-compensation

(87) The state aid granted to S.C. Electrocentrale Oradea S.A. under the form guarantee granted by the state for an external credit and subsidies (see par. 20 and 21), does not represent an over-compensation because it does not exceed the costs which are absolutely necessary in order to perform the service of general economic interest. Taking into consideration that the company keeps separate accounting records for the activity representing the service of general economic interest, respectively the production, distribution and supply of heating energy as hot water, the cross subsidization possibility is being ruled out.

(88) Thus, the two conditions provided at point (79), 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, for appreciating that the support measures for S.C. Electrocentrale Oradea S.A., representing compensations for performing the service of general economic interest, is state aid compatible with the normal competitive environment.

(89) The total amount of state aid granted to S.C. Electrocentrale Oradea S.A., in total amount of: subsidy + guarantee= ROL 1,081,961,452.696 thousand is compatible with normal competition environment,

DECIDES

Art. 1. The measures of financial support granted during 2003-2005 to S.C. Electrocentrale Oradea S.A. constitute state aid for the purposes of Art. 2 of *Law 143/1999 on State aid, published in the Official Monitor, Part I, no. 370 on August the 3rd 1999, modified and completed by Law 603/2003 and GO 94/2004 on regulation of financial measures, approved with modifications and completions by the Law no.507/2004.*

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 affect the trade between Romania and the EU Member States in an unjustified way.

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*, we authorize the state aid for to S.C. Electrocentrale Oradea 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. Electrocentrale Oradea 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 Secretariat of the Competition Council to:

- The Ministry of Public Finance, Apolodor Street, no. 17, sect, 5, Bucuresti;
- S.C. Electrocentrale Oradea S.A., Sos Borsului no.23, Oradea, Bihor 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.

Table no.7 *Evolution of the local delivery price, of the reference price and of the subsidy granted for covering the Difference between them during 2003-2005*

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 the local delivery price without VAT	Difference between the reference price and the local delivery price with VAT	Legal ground reference price	QUANTITY DELIVERED TO THE POPULATION	SUBSIDY'S 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
Jan-03	1,017,950	1,211,361	672,269	800,000	-345,681	411,361	H.G. 686/2002	88,231	36,294,748
Feb-03	1,017,950	1,211,361	672,269	800,000	-345,681	411,361	H.G. 686/2002	94,802	38,997,798
Mar-03	1,017,950	1,211,361	672,269	800,000	-345,681	411,361	H.G. 686/2002	97,371	40,054,583
Apr-03	1,017,950	1,211,361	672,269	800,000	-345,681	411,361	H.G. 686/2002	58,103	23,901,279
May-03	1,017,950	1,211,361	672,269	800,000	-345,681	411,361	H.G. 686/2002	10,446	4,297,072
Jun-03	1,017,950	1,211,361	672,269	800,000	-345,681	411,361	H.G. 686/2002	10,159	4,179,011
Jul-03	1,017,950	1,211,361	672,269	800,000	-345,681	411,361	H.G. 686/2002	9,255	3,807,141
Aug-03	1,195,700	1,422,883	672,269	800,000	-523,431	622,883	H.G. 686/2002	8,672	5,401,641
Sep-03	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	8,102	5,630,866
Oct-03	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	21,341	14,831,931
Nov-03	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	61,480	42,728,416
Dec-03	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	66,559	46,258,305
total 2003								534,521	266,382,792

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 the local delivery price without VAT	Difference between the reference price and the local delivery price with VAT	Legal ground reference price	QUANTITY DELIVERED TO THE POPULATION	SUBSIDY'S 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
Jan-04	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	107,137	74,459,894
Feb-04	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	93,353	64,880,055
Mar-04	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	82,064	57,034,234
Apr-04	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	52,585	36,546,417
May-04	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	10,339	7,185,574
Jun-04	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	10,964	7,619,947
Jul-04	1,256,300	1,494,997	672,269	800,000	-584,031	694,997	H.G. 686/2002	8,640	6,004,774
Aug-04	1,256,300	1,494,997	752,941	896,000	-503,359	598,997	H.G. 1155/2004	8,190	4,905,785
Sep-04	1,256,300	1,494,997	752,941	896,000	-503,359	598,997	H.G. 1155/2004	9,404	5,632,968
Oct-04	1,256,300	1,494,997	752,941	896,000	-503,359	598,997	H.G. 1155/2004	15,888	9,516,864
Nov-04	1,256,300	1,494,997	752,941	896,000	-503,359	598,997	H.G. 1155/2004	46,380	27,781,481
Dec-04	1,256,300	1,494,997	752,941	896,000	-503,359	598,997	H.G. 1155/2004	123,540	74,000,089
total 2004								568,484	375,568,083

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 the local delivery price without VAT	Difference between the reference price and the local delivery price with VAT	Legal ground reference price	QUANTITY DELIVERED TO THE POPULATION	SUBSIDY'S 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
Jan-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	102,750	78,506,138
Feb-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	89,980	68,749,219
Mar-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	79,130	60,459,277
Apr-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	35,270	26,948,044
May-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	9,950	7,602,298
Jun-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	10,525	8,041,626
Jul-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	8,320	6,356,896
Aug-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	8,020	6,127,681
Sep-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	8,070	6,165,884
Oct-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	36,940	28,224,007
Nov-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	59,730	45,636,707
Dec-05	1,395,000	1,660,050	752,941	896,000	-642,059	764,050	H.G. 1155/2004	65,050	49,701,453
total an 2005								513,735	392,519,227

Table no.8: *Evolution of the local delivery price, the heating energy cost and the hot water quantity sold by S.C. Electrocentrale Oradea S.A.*

PERIOD	DELIVERY PRICE		LEGAL GROUND	DELIVERED QUANTITY			COST PER UNIT
	POPULATION	UNDERTAKINGS		TOTAL	FROM WHICH:		
					POPULATION	UNDERTAKINGS	
	ROL/Gcal	ROL/Gcal		Gcal	Gcal	Gcal	ROL/Gcal
1	2	3	4	5	6	7	8
Jan-03	1,017,950	1,033,750	ANRE decision 686/2002	139,467	88,231	51,236	785,718
Feb-03	1,017,950	1,033,750	ANRE decision 686/2002	144,628	94,802	49,826	875,438
Mar-03	1,017,950	1,033,750	ANRE decision 686/2002	149,787	97,371	52,416	853,521
Apr-03	1,017,950	1,033,750	ANRE decision 686/2002	86,332	58,103	28,229	1,210,735
May-03	1,017,950	1,033,750	ANRE decision 686/2002	14,962	10,446	4,516	2,201,498
Jun-03	1,017,950	1,033,750	ANRE decision 686/2002	13,193	10,159	3,034	2,215,448
Jul-03	1,017,950	1,033,750	ANRE decision 686/2002	12,112	9,255	2,857	2,158,747
Aug-03	1,195,700	1,262,000	ANRE decision 367/2003	11,478	8,672	2,806	2,399,504
Sep-03	1,256,300	1,319,546	ANRE decision 393/2003	10,907	8,102	2,805	3,063,977

Oct-03	1,256,300	1,319,546	ANRE decision 393/2003	31,113	21,341	9,772	1,701,819
nov-03	1,256,300	1,319,546	ANRE decision 393/2003	84,595	61,480	23,115	1,063,822
Dec-03	1,256,300	1,319,546	ANRE decision 393/2003	94,766	66,559	28,207	1,020,220
TOTAL 2003				793,340	534,521	258,819	

PERIOD	DELIVERY PRICE		LEGAL GROUND	DELIVERED QUANTITY			COST PER UNIT POPULATION
	POPULATION	UNDERTAKINGS		TOTAL	PERIOD		
					POPULATION	UNDERTAKINGS	
	ROL/Gcal	ROL/Gcal		Gcal	Gcal	Gcal	ROL/Gcal
1	2	3	4	5	6	7	8
Jan-04	1,256,300	1,319,546	ANRE decision 393/2003	146,600	107,137	39,463	807,845
Feb-04	1,256,300	1,319,546	ANRE decision 393/2003	128,871	93,353	35,518	945,370
Mar-04	1,256,300	1,319,546	ANRE decision 393/2003	112,567	82,064	30,503	1,283,213
Apr-04	1,256,300	1,319,546	ANRE decision 393/2003	67,583	52,585	14,998	1,326,872
May-04	1,256,300	1,319,546	ANRE decision 393/2003	13,552	10,339	3,213	3,197,513
Jun-04	1,256,300	1,319,546	ANRE decision 393/2003	13,927	10,964	2,963	3,058,485
Jul-04	1,256,300	1,348,759	ANRE decision 226/2004	11,033	8,640	2,393	2,735,281
Aug-04	1,256,300	1,348,759	ANRE decision 226/2004	10,595	8,190	2,405	3,037,444
Sep-04	1,256,300	1,348,759	ANRE decision 226/2004	11,922	9,404	2,518	3,268,039
Oct-04	1,256,300	1,348,759	ANRE decision 226/2004	21,853	15,888	5,965	2,201,501

Nov-04	1,256,300	1,348,759	ANRE decision 226/2004	50,376	46,380	3,996	1,163,460
Dec-04	1,256,300	1,348,759	ANRE decision 226/2004	132,835	123,540	9,295	1,038,041
TOTAL AN 2004				721,714	568,484	153,230	

	DELIVERY PRICE		LEGAL GROUND UNDERTAKINGS DELIVERED QUANTITY	DELIVERED QUANTITY			COST PER UNIT POPULATION TOTAL DELIVERY PRICE
PERIOD	POPULATION			COST PER UNIT POPULATION			
	POPULATION	UNDERTAKINGS			POPULATION	UNDERTAKINGS	
	ROL/Gcal	ROL/Gcal		Gcal	Gcal	Gcal	ROL/Gcal
1	2	3	4	5	6	7	8
Jan-05	1,395,000	1,494,521	Proposal	142,034	102,750	39,284	1,381,655
Feb-05	1,395,000	1,494,521	Proposal	124,399	89,980	34,419	1,381,655
Mar-05	1,395,000	1,494,521	Proposal	108,775	79,130	29,645	1,381,655
Apr-05	1,395,000	1,494,521	Proposal	45,877	35,270	10,607	1,381,655
May-05	1,395,000	1,494,521	Proposal	12,986	9,950	3,036	1,381,655
Jun-05	1,395,000	1,494,521	Proposal	13,318	10,525	2,793	1,381,655
Jul-05	1,395,000	1,494,521	Proposal	10,565	8,320	2,245	1,381,655
Aug-05	1,395,000	1,494,521	Proposal	10,345	8,020	2,325	1,381,655
Sep-05	1,395,000	1,494,521	Proposal	10,775	8,070	2,705	1,381,655
Oct-05	1,395,000	1,494,521	Proposal	50,823	36,940	13,883	1,381,655
Nov-05	1,395,000	1,494,521	Proposal	82,082	59,730	22,352	1,381,655

Dec-05	1,395,000	1,494,521	Proposal	92,000	65,050	26,950	1,381,655
TOTAL 2005				703,979	513,735	190,244	

Table no.9: *Evolution of the local delivery price and the cost of heating energy and of the losses incurred by the difference for hot water*

PERIOD	Difference between the price established by ANRE and the cost		DELIVERED QUANTITY			LOSSES RESULTED FROM NOT COVERING THE COST
	POPULATION	UNDERTAKINGS	TOTAL	FROM WHICH:		
				POPULATION	UNDERTAKINGS	
	ROL/Gcal	ROL/Gcal	Gcal	Gcal	Gcal	Mii ROL
1	2	3	4	5	6	7=2*5+3*6
Jan-03	232232	248032	139,467	88,231	51,236	33,198,229
Feb-03	142512	158312	144,628	94,802	49,826	21,398,476
Mar-03	164429	180229	149,787	97,371	52,416	25,457,499
Apr-03	-192785	-176985	86,332	58,103	28,229	-16,197,496
May-03	-1183548	-1167748	14,962	10,446	4,516	-17,636,892
Jun-03	-1197498	-1181698	13,193	10,159	3,034	-15,750,654
Jul-03	-1140797	-1124997	12,112	9,255	2,857	-13,772,193
Aug-03	-1203804	-1137504	11,478	8,672	2,806	-13,631,225
Sep-03	-1807677	-1744431	10,907	8,102	2,805	-19,538,928

Oct-03	-445519	-382273	31,113	21,341	9,772	-13,243,393
Nov-03	192478	255724	84,595	61,480	23,115	17,744,608
Dec-03	236080	299326	94,766	66,559	28,207	24,156,337
TOTAL 2003			793,340	534,521	258,819	12,184,369

PERIOD	Difference between the price established by ANRE and the cost		DELIVERED QUANTITY			LOSSES RESULTED FROM NOT COVERING THE COST
	POPULATION	Undertakings	TOTAL	FROM WHICH:		
				POPULATION	UNDERTAKINGS	
	ROL/Gcal	ROL/Gcal	Gcal	Gcal	Gcal	Thousand ROL
1	2	3	4	5	6	7=2*5+3*6
Jan-04	448455	511701	146,600	107,137	39,463	68,239,380
Feb-04	310930	374176	128,871	93,353	35,518	42,316,231
Mar-04	-26913	36333	112,567	82,064	30,503	-1,100,323
Apr-04	-70572	-7326	67,583	52,585	14,998	-3,820,904
May-04	-1941213	-1877967	13,552	10,339	3,213	-26,104,109
Jun-04	-1802185	-1738939	13,927	10,964	2,963	-24,911,633
Jul-04	-1478981	-1386522	11,033	8,640	2,393	-16,096,343
Aug-04	-1781144	-1688685	10,595	8,190	2,405	-18,648,857
Sep-04	-2011739	-1919280	11,922	9,404	2,518	-23,751,141
Oct-04	-945201	-852742	21,853	15,888	5,965	-20,103,960
Nov-04	92840	185299	50,376	46,380	3,996	5,046,374
Dec-04	218259	310718	132,835	123,540	9,295	29,851,841
TOTAL 2004			721,714	568,484	153,230	10,916,557

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PERIOD	Difference between the price established by ANRE and the cost		DELIVERED QUANTITY			LOSSES RESULTED FROM NOT COVERING THE COST POPULATION
	POPULATION	Undertakings	TOTAL	DIN CARE:		
				POPULATIE	AGENTI ECONOMICI	
	ROL/Gcal	ROL/Gcal	Gcal	Gcal	Gcal	Thousand ROL
1	2	3	4	5	6	7=2*5+3*6
Jan-05	13345	112866	142,034	102,750	39,284	5,805,027
Feb-05	13345	112866	124,399	89,980	34,419	5,085,518
Mar-05	13345	112866	108,775	79,130	29,645	4,401,902
Apr-05	13345	112866	45,877	35,270	10,607	1,667,848
May-05	13345	112866	12,986	9,950	3,036	475,444
Jun-05	13345	112866	13,318	10,525	2,793	455,691
Jul-05	13345	112866	10,565	8,320	2,245	364,415
Aug-05	13345	112866	10,345	8,020	2,325	369,440
Sep-05	13345	112866	10,775	8,070	2,705	412,997
Oct-05	13345	112866	50,823	36,940	13,883	2,059,883
Nov-05	13345	112866	82,082	59,730	22,352	3,319,878
Dec-05	13345	112866	92,000	65,050	26,950	3,909,831
TOTAL 2005			703,979	513,735	190,244	28,327,873

