

DECISION OF THE COMPETITION COUNCIL

No. 18 Of 10.02.2005

concerning the notification of the Ministry of Public Finance regarding the financial support for S.C. TERMICA S.A. Vaslui

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. TERMICA S.A. Vaslui.

(2) As the data presented in the notification were not complete, supplementary information has been requested by address no. DAAS/1049/15.12.2004, to which have

been answered in address registered at the Competition Council with no. CC/2716/30.12.2004. The notification became effective on the date the information were complete, namely on 30.12.2004.

2. DESCRIPTION OF THE FINANCIAL SUPPORT

2.1. Legal base

- The Law on Public Debt no. 81/1999;
- The G.O. no 1367/2004 regarding the guarantee of the Ministry of Public Finances for external loans in maximum value of USD 215 mill., which will be contracted by the natural gases national distribution companies S.C. "Distrigaz SUD" - S.A. București, S.C. de Distribuție a Gazelor Naturale "Distrigaz Nord" - S.A. Târgu Mureș, S.C. "Electrocentrale" - S.A. București and the economic companies of the local public administration authorities, producing heating energy;
- The GO. no. 1006/20022004 regarding the guarantee of the Ministry of Public Finances for cofinancing the acquisition of energetic resources for the winter 2002-2003, with subsequent amendments and completions.

2.2. The beneficiary of state support measure

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

(4) The company was established based on the GD no. 184/2002 and the H.C.L Vaslui no. 54/2002, as a result taking over the Uzina Termica Vaslui in the administration of Local Council of Vaslui city.

(5) The registered capital of the S.C. TERMICA S.A. Vaslui is ROL 12,458,723,000, it is entirely owned by the Local Council of Vaslui City and it is registered at the Trade Registry under no J37/306/2002, with the registering number R14330262.

(6) The main activity of the undertaking is the delivery of the following public interest services: producing, transport, distribution and supplying the heating energy designed for the population, institutions and undertakings in the Vaslui city. In this purpose, the ancillary activities of the undertaking is the sanitary installations and central heating workings and the equipments and technological machineries mounting in buildings and the engineer constructions.

(7) The financial and economic results, for entire activity of SC TERMICA SA Vaslui, 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	101,856,742	143,533,213	201,461,000
Profit/loss	-42,516,533	-27,271,745	-25,000,000

Source: Notification form

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

(8) SC TERMICA SA Vaslui produces heating energy in the form of hot water for the preparation of warm water for domestic use and for heating, with the purpose of assuring the population, budgetary institutions and undertakings consumption.

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

(10) According to the Law no. 326/2001, public services must comply with the following essential requirements:

- a) continuity from the point of view of the quantity and quality, under the contracts' conditions;
- b) adaptability to the consumers requests;
- c) equal access to the public service, under the contracts' conditions;
- d) assuring the public health and the quality of life.

(11) In this context, S.C. TERMICA S.A. Vaslui's main obligations as public interest service delivering company are the following:

- a) to serve all the customers in the area for which it is licensed;
- b) to observe the performance parameters established by the local public administrations, respectively national regulating authority;
- c) to supply to the local public administration, respectively national regulating authority, the requested information and to assure the access to the documentation of the respective utilities, according to the provisions of the operating contract.

(12) Supply of urban heating energy for the heating and preparation of consumption warm water is accomplished through the urban heating system of the city of Vaslui, which is entrusted for administration by concession contract to the company by the Local Council of Vaslui city.

(13) In order to carry on its main activity, S.C. TERMICA S.A. Vaslui owns of the following equipments and installations:

- a. the Heating Plant – with 3 for boilers industrial steam (CAI 40 t/h) 15 bars and 2 boilers for hot water (CAF 10 Gcal/h);
- b. 7 heating plants of forth – with 4 warm water boilers, type PAL(G) 25 of 0,8 Gcal/h, out of which 6 function with natural gases and 1 with EASY LIQUID FUEL fuel;
- c. 16 heating points, equipped with heat switch.

The transport system for hot water in the Vaslui city represents a configuration of the transport networks of arborescent type. The total heating network in Vaslui city has a length of 11.549 Km.

2.3. The market

(14) SC TERMICA Vaslui activates on the heating energy producing and transport market; it is designed only for the supply of heating energy, without producing electricity in cogeneration. The company produces and delivers heating energy for the heating and hot water preparation designed for the population and undertakings.

(15) The relevant market of the product is the market of heating energy producing, transport and supply, named energy services of local public interest. These services 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 Vaslui city, therefore is a market of local interest.

(16) From the point of view of prices and tariffs it is a regulated market, because S.C. TERMICA S.A. Vaslui sells heating energy at prices established by ANRE and ANRSC 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 own heating energy supplier.

(17) S.C. TERMICA S.A. Vaslui assures 50% of the necessary heating energy of the entire city, the rest being assured by the apartment heating units. Out of the total heating energy produced by the company, 79.53% is sold to the population, and 20.47% to the budgetary institutions and undertakings.

2.4. Financial support measures to be granted to SC TERMICA SA Vaslui

(18) The financial support measures notified by the Ministry of Public Finance consist in a 100% guarantee for 2 external credits contracted in order to co-finance the acquisition of energy resources for the winter 2002-2003, respectively for the winter 2003-2004, as follows:

- the guarantee granted by the State, based on G.D no. 1006/2002 for contracting an external credit from HVB Bank amounting to USD 3,500,000, equivalent of ROL 99,288,000 thousand¹. The credit will be reimbursed in 7 equal semi-annual installments, with a 2 years grace period; the interest will be paid each semester, interest rate being equal to Libor + 3.75%/year;
- the guarantee granted by the State, based on G.D no. 1376/2004 for contracting an external credit from ABN AMRO Bank amounting to USD 1,000,000, equivalent of ROL 28,368,000 thousand. The credit will be reimbursed in 9 equal installments, with a 2 years grace period; the interest will be paid each semester being equal to Libor + 1%/year².

(19) As the undertaking is in an economical-financial difficult situation, registering losses each year between 2002-2004, the state aid under the form of guarantee was considered equal with the total amount of the two credits, respectively USD 4,500,000, equivalent of ROL 127,656,000 thousand.

(20) According to the supplementary information received, S.C. TERMICA S.A. Vaslui is also the beneficiary of subsidies granted between 2002-2005 to cover the difference between the national reference price³ and the local delivery price of the heating energy⁴, as follows:

Table or. 2 – Subsidies for S.C. TERMICA S.A. between 2002-2005

The type of financial support	-ROL thousand-				
	2002	2003	2004	2005(forecast)	Total
Subsidy covering the difference between the national reference price and the local delivery price of the heating energy	23,053,175	83,310,313	63,419,351	112,682,794	282,465,633

Source: Supplementary information

As can be seen in the table, the total subsidies the company benefited of during 2002 - 2005 is in the amount of de ROL 282,465,633 thousand.

(21) The total aid granted to S.C. TERMICA S.A. Vaslui is of ROL 410,121,633 thousand, out of which ROL 127,656,000 thousand represent state aid under the form of guarantee granted by the Ministry of Public Finances (see point 19) and ROL 282,465,633 thousand represents subsidies for covering the difference between the national reference price and the local delivery price of the heating energy (see point 20).

¹ The credit has been contracted in USD, the amount in ROL is calculate at the rate of BNR ROL/USD on 23.12.2004, respectively 28,368 ROL/USD.

² The credit has been contracted in USD, the amount in ROL is calculate at the rate of BNR ROL/USD on 23.12.2004, respectively 28,368 ROL/USD.

³ The national reference price is defined in point 2.5.1.1.

⁴ The local delivery price of heating energy is defined in point 2.5.1.2.

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

(22) The public service of heating energy production and delivery to the captive consumers, entrusted to the company, is regulated by ANRE and ANRSC. In order to perform the public service, the company registers costs with raw materials (fuels), materials, personnel, environment, repairing and investments, contouring costs and others.

(23) The company has the obligation to submit to ANRSC, 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 heating energy produced and sold in each month. Starting with the entering data, the standard methodology applies and the costs for the heating energy production, transport and supply activity are determined. Therefore, at the beginning of each financial year S.C. TERMICA S.A. Vaslui determines its income and costs budget. In the same time, funding the prices to be used is submitted to be approved by ANRE, which establishes the national reference price.

(24) S.C. TERMICA S.A. Vaslui keeps a managing accountancy (as base for the management decisions) where the company's activities are registered separately. The activity of heating energy production and supply towards the captive consumers, which represents the public service obligation, is presented separately from its other activities.

(25) The separation of the accounting registers of public service obligation activity is a mandatory request imposed to the company through the license for entrusting the discharging of respective service. The results of the activity of discharging the public service, respectively the production, transport, distribution and supply of heating energy as hot water, are presented in the table no. 3.

Table no.3 The evolution of the main economical-financial indicators

	<i>- ROL thousand -</i>			
	2002	2003	2004	2005 (forecast)
Revenues from the producing, transport and distribution and supply of heating energy as hot water (public service)	40,410,953	139,095,163	96,957,433	150,178,017
Expenses from the producing, transport and distribution and supply of heating energy as hot water (public service)	62,011,005	165,040,815	135,745,999	194,483,182
Gross result from the producing, transport and distribution and supply of heating energy as hot water (public service)	-21,600,052	-25,945,652	-38,788,566	-44,305,165

Source: Supplementary information

From the above data from the table it can be seen that between 2002-2005 (forecast), the result from the delivering the public general interest service of producing, distribution

and supplying heating energy is negative, due to the high costs incurred from selling at regulated prices.

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

(26) As mentioned in point (16) the heating energy market is a regulated one. There are two reference prices, respectively the national reference price and the local delivery price.

2.5.1.1. The national reference price

(27) The national reference price was established by EGO no.162/1999 for heating energy supplied to the population in centralized systems, aiming to provide house heating and for hot water preparation. It is the highest price that the population can pay for heating energy supplied in centralized systems. Thus, if the local delivery price is higher than the national reference price, the population will pay the last one.

(28) The national reference price is established by ANRE from social protection reasons, for achieving equilibrium between the degree in which the population can support it, and the subsidies possibilities from the state budget. As regard the social aspect, in establishing this price it is taken into account the proportion of the cost of heating energy from the budget of a family with medium income.

(29) The level of the national reference price for heating energy is established in advance, by ANRE, as an average between the local prices of the producers using the same type of fuel, added to the related delivery tariffs and it is published in the Official Journal by GD. In the same time, the national reference price takes into account the possibility to be subsidized from the State's budget. The standard methodology to calculate this price is established by ANRE' order. The factors influencing the national reference price modification are: the natural gases price, the electric energy's price, the modifying of the consumer price index, the modification of the exchange rate (ROL/USD or, after case, ROL/EURO).

(30) The national reference price during 2001 - 2004 was regulated by the following normative acts:

Table no. 4 The normative acts by which it was established the national reference price between 2001 - 2004

	2001	2002	2003	2004
The normative act for establishing the national reference price	GD nr.756/ 31.08.2000	- GD nr. 724/ 26.07.2001	GD nr.1303/ 27.12.2001; GD nr. 340/0.04.20	GD nr.686/ 03.07.2002

			02 GD 686/ 03.07.2002;	
The national reference price (ROL/GCAL)	350,000	550,000	575,000 600,000 800,000	800,000

Source: The national legislation in force

2.5.1.2. The local delivery price for the heating energy

(31) The local delivery price for heating energy is established by National Authority for Regulating the Services of City Administration (namely ANRSC), both for the population as well as for the undertakings. The methodology for establishing the local delivery price is applied by ANRSC to all producers which do not produce heating energy in co-generation.

(32) This way, as shown in point (23) the undertaking has the obligation to present to ANRSC, 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.

(33) Starting from these entering data the standard methodology is applied and the costs for the producing, transport, distribution and supplying heating energy is determined. 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, the tariff for the transport service and the price for the service of delivery and supply.

(34) 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 years, 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 unit 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.

(35) According to EGO no.162/1999, if the local price of gigacalory is higher than the national reference price, the difference is subsidized as follows:

- a) from the state budget, within the limits approved by the budgetary law, differentiated with this destination;
- b) from local budgets, for the uncovered part

(36) During 2002-2005, the national reference price was lower then the heating energy's local delivery price established for S.C. TERMICA S.A. Vaslui. In order to cover the difference between them, the company receives, in accordance with EGO no.162/1999, subsidies in amount of ROL 282,465,633 thousand (see par. 20).

Table no. 5 *The evolution of the quantities delivered to the population and the value of the subsidies granted for covering the difference between the national reference price and the local delivery price during 2002-2005*

Period	Quantities delivered to the population (Gcal)	Subsidies (ROL thousands)
Total year 2002	25,157.8	23,053,175
Total year 2003	82,259.4	83,310,313
Total year 2004	48,511.7	63,419,351
Total year 2005 (forecast)	53,362.9	112,682,794
Total		282,465,633

Source: Supplementary information

The subsidy in amount of ROL 282,465,633 thousand covers exclusively the company's losses determined by the difference between the national reference price and the local delivery price, taking into account the total quantities of heating energy delivered to the population. The subsidy was calculated as it can be observed in table no 7 in the Annex, which presents in detail for each month the evolution of the national reference price, local delivery price, the difference between them and the subsidies granted in order to cover this difference.

2.5.2 Costs higher than the local delivery price for the heating energy due to the public service obligation

(37) When analyzing the measures of support for S.C. TERMICA S.A. Vaslui, one must also consider that, for the services of production and supply of heating energy, the company registers costs higher than the local price for supplying heating energy established by ANRSC, as it can be observed from the company's management accountancy, where the costs are separately kept.

(38) The unitary exploiting cost of the service for hot water 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.

(39) Actually, the local delivery price established by ANRSC 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, ANRSC is adjusting the energy price only when the increase is more than 5% and the adjustment refers only to the fuel, without taking into account the raw materials and materials' prices that increase chain effect. 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.

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

1) internal causes

a) reduced degree of using the production capacities (approx. 60-70%) leads to high specific consumption of fuel, electricity and water;

b) reduced productivity of CR 5 type boilers (functioning a high number of hours a year), due to the moral and physical usage; they have been designed in the 60's;

c) deliveries reduced level (approx. 50% compared with the period before 1990) lead to very high own technological consumption in the interior of the plant compared with the produced and delivered heating energy. Actually, these technological consumptions can be considered as relatively constant from the point of view of quantity, varying very little in accordance with the production level, but having a decisive influence on the net termical productivity of the plant, which decrease drastically in case of low production;

d) out of the total equipments of the heating energy transport system, more than 50% have been exploited more than 25 years, fulfilling the conditions for major repairing and replacement of the pipes and equipments;

e) due to the age of the transport pipes, the exterior water infiltration in the tubes and the steel quality, one can observe a high degree of corrosion, leading to a high number of damages and determining their replacement;

f) the un-correlation between the forecasted quantities with the necessary hourly of heating energy.

2) external causes

a) technological fuel, raw materials and materials are purchased at comparable with international ones. In turn, heating energy is sold on the local market at a regulated price by ANRE which is lower than the average price operated with in the European Union;

b) although the technologies are aged, the price approved by ANRSC does not include the developing quota for upgrading these technologies. Thus, the undertaking carries on

investments, repairing and upgrading activities in the energetic system and these expenses are not always reflected in the local delivery price;

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 production and distribution costs of heating energy being subsidized. This subsidy hardly reaches to the producer, because the Local Council's budget which ensures a significant percentage of it (55%) does not have the liquidities required to pay in due time. In this way the real value of the subsidies is strongly diminished by the inflation rate; it results that a part of the real costs remains uncovered;

(41) In table no. 8 from the Annex are described both the evolutions of the local delivery price for hot water and its real cost of production and supply between 2002-2004 and the forecast for 2005, as well as losses registered.

(42) As it can be seen, during the assessed period, the exploiting costs for the service of producing and delivering heating energy is higher than its local delivery price, established by ANRSC, both for the population, as well as for undertakings.

Table no. 6 – *Losses evolution registered by the company betweenr 2002-2005 due to the difference between the local delivery price and the real cost of producing and supplying heating energy*

PERIOD	TOTAL DELIVERED QUANTITIES (Gcal)	UNITARY COST - ROL/Gcal -	Total incomes (ROL thousand)	Total costs (ROL thousand)	Uncovered loses (ROL thousand)
Total 2002	27,896	2,222,936	40,410,953	62,011,005	21,600,053
Total 2003	90,895	1,815,727	139,095,163	165,040,795	25,945,632
Total 2004	53,716	2,537,168	97,498,535	136,287,101	38,788,566
Total 2005(forecast)	59,088	3,291,424	150,178,014	194,483,179	44,305,165
TOTAL	231,595		427,182,665	555,822,081	130,639,416

Source: *Supplementary information*

From table no. 6 it can be seen that the difference between the real cost and the local delivery price leads to a total ROL 130,639,416 thousand loss for the delivering the public interest service. The methodology of calculating is described in table no. 8 from the Annex, which presents detailed for each month the evolution of the difference between the local delivery price and the real costs of producing and supplying of heating energy separately for population and undertakings.

3. ANALYSIS OF THE STATE SUPPORT MEASURES

3.1. Object of the decision

(43) The aid granted to S.C. TERMICA S.A. Vaslui gives it an economical advantage which can affect the trade between Romania and the Member States and therefore it can constitute state aid for S.C. TERMICA S.A. Vaslui.

(44) On the basis of the notification to the Competition Council by the Ministry of Public Finance, the object of the present decision is the financial support measures granted by the State, mentioned in paragraphs (19) and (20), amounting ROL 410,121,633 thousand. 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, and the subsidies have been granted for covering the difference between the two regulated prices, the financial aid measures shall be analyzed in the context of fulfillment by SC TERMICA SA Vaslui of the obligation to discharge a service of public interest in the period 2002-2005.⁵

3.2. Obligation of service of general economic interest

(45) 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

⁵ The year 2005 has been also taken into account because the contracted loan at the beginning of 2005 is ment to cover cost due to the delivering the public interest service in 2005.

set for the performance of the particular public service, given the relevant incomes and a reasonable profit from the meeting of the service of general economic interest obligations.

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

(46) The Competition Council notes that the producing, delivering and supplying heating energy are vital both for the undertakings, as well as for population of Vaslui 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.

(47) S.C. TERMICA S.A. Vaslui is entrusted with the production, transport, distribution and supply of heating energy for the population, institutions and undertakings, under the ANRE licenses no. 516/2002, 517/2002 and 518/2002. In these 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 heating energy are under the obligation to sell heating energy to the population at a regulated price which regularly is lower than the costs incurred by the discharge of the service (national reference price).

(48) According to the *Law on town management no. 326/2001*, the supply of heating energy which is centralized produced is a public use service. 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 with population in order to protect the health of the population benefiting from the respective service.

(49) S.C. TERMICA S.A. Vaslui discharges a public interest service and must assure the supply and distribution of heating energy for all captive consumers in the Vaslui city for which it is licensed, and also to assure the continuity and the security in supplying heating energy. The company is required to provide these services at a regulated price that is intended to ensure the affordability for the consumer.

(50) Given all the above mentioned, the Competition Council concludes that the condition from point (45) letter a) regarding the fact that the obligation to discharge a

public interest service must be entrusted through a normative/administrative act and must be clearly defined is fulfilled.

3.4. The condition from par. 3.2. b):

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

(52) 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 ANRSC. 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 heating energy issued by ANRSC. The producers of heating energy submit to the regulatory authority their 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.

(53) Thus, the compensation for the service of general economic interest is based on the criteria of *ex-ante* calculation.

.3.5. Condition in 3.2. c) :

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

(55) From Table no. 5 it can be seen that the amounts received by S.C. TERMICA S.A. Vaslui as subsidies, in amount of ROL 282,465,633 thousand covers only the difference between the national reference price and the local delivery price for the heating energy.

(56) Furthermore, from the data in Table no 6 it can be seen that during the analyzed period S.C. TERMICA S.A. Vaslui registered total losses of ROL 130,639,416 thousand caused by the difference between the local delivery price established by ANRSC for the heating energy supplied and the real cost for its production and delivery.

(57) The financial support measures from which the company benefits in the period 2002-2005 is in amount to ROL 410,121,633 thousand, from which:

- ROL 282,465,633 thousand were exclusively used to cover the difference between the national reference price and the local delivery price (table no.5);
- ROL 127,656,000 thousand the value of the state guarantee;

(58) Taking into account the losses of ROL 130,639,416 thousand that the company incurred due to the performing of the service of general economic interest, it can be seen that the facilities granted to the company under the form of guarantees amounting to ROL 127,656,000 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.

(59) The Competition Council considers that the state aid granted to S.C. TERMICA S.A. Vaslui during 2002-2005 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 Vaslui city, as its level doesn't exceed the total costs resulted from the obligation of service of general economic interest.

3.6. Condition in 3.2. d) :

(60) S.C. TERMICA S.A. Vaslui was not entrusted with the service of general economic interest to produce heating energy following a public tender procedure.

(61) The public service to produce heating energy was entrusted to S.C. TERMICA S.A. Vaslui 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 ANRSC and the causes leading to this situation are in fact similar.

(62) 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. TERMICA S.A. Vaslui, notified by the Ministry of Public Finance, constitute state aid for the purposes of *art. 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*.

(63) The facilities granted to the company during 2002-2003 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.

3.7. Assessment of the state aid

(64) The state aid for S.C. TERMICA S.A. Vaslui. is granted under the form of subsidies to cover the difference between the national reference price and the local delivery price and under the form of guarantees granted by the State for external credits contracted by the company, for the period 2002 – 2005.

(65) The state aid under the form of subsidies, for the period 2002-2005, amounts ROL 282,465,633 thousand for covering the difference between the national reference price and the local delivery price.

(66) The state aid under the form of guarantees for the external loans presented in point (18) are evaluated according to *Guidelines on the state aid under the form of guarantees*.

(67) 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 any 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 limited in time;
- d) the guarantee implies the payment of a prime at market price.

(68) Analyzing the economical-financial situation of S.C. TERMICA S.A. Vaslui it can be conclude that it is in difficulty, registering losses each year. Also, no commercial bank would have granted the loan without the State guarantee. Thus, the Competition Council considers that the conditions from point 4.2. letters a) and b) from the the *Guidelines on the state aid under the form of guarantees* are not fulfilled.

(69) 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.

(70) Taking into account the difficult economical-financial situation of the undertaking and according to point. 3.2.2. from the *Guidelines on the state aid under the form of guarantees*, the Competition Council considers that the aid amount under the form of guarantee for the two credits contracted (in 2002 and 2004) is equal to the value of the credits, respectively ROL 127,656,000 thousand.

(71) 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.

(72) The guarantees granted by the Ministry of Public Finances, for 2002-2005, 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.

(73) 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.

(74) 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.

(75) 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).

(76) 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. Vaslui.

4. Compatibility of the Aid

(77) 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

(78) 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.

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

(80) S.C. TERMICA S.A. Vaslui operates its service is under the public ANRE licenses no. 516/2002, 517/2002 and 518/2002. These licenses in conjunction with the relevant law (*Law on town management no 326/2001*) clearly define the obligation of the service that the company is supposed to discharge. Therefore it can be concluded that S.C. TERMICA S.A. Vaslui has been officially entrusted with the public service that it discharges.

(81) 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.

(82) Therefore, one can conclude that the state aid granted to S.C. TERMICA S.A. Vaslui, for the period 2002- 2005, 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 Vaslui city.

(83) 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 Vaslui 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

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

4.3. There is no over-compensation

(85) The state aid granted to S.C. TERMICA S.A. Vaslui under the form of subsidies for covering the difference between the national reference price and the local delivery price and under the form of guarantees granted by the state for external credits contracted by the company for the period 2002- 2005 (see par. 18 and 20), 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.

(86) Thus, the two conditions provided at point (78), 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. This gives the basis to conclude that the support measures for S.C. TERMICA S.A. Vaslui, representing compensations for the performance of the service of general economic interest, are state aid compatible with the normal competitive environment.

(87) The total amount of state aid granted to S.C. TERMICA S.A. Vaslui amounting to ROL 410,121,633 thousand is compatible with normal competition environment.

DECIDES

Art. 1. The measures of financial support granted during 2002-2005 to S.C. TERMICA S.A. Vaslui 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, distribution 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*, is authorized the state aid for S.C. TERMICA S.A. Vaslui as aid to achieve under safety and continuity conditions of the general economic interest service.

Art. 4 Pursuant to art. 24 of *Law 143/1999 with subsequent modifications and completions*, the supplier will annually convey to the Competition Council information regarding the state aid granted to S.C. TERMICA S.A. Vaslui, 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;
- S.C. TERMICA S.A. Vaslui, Street Podul Inalt, no. 3, Vaslui, jud. Vaslui.

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

ANNEX

Table no. 7 *The evolution of the local delivery price, the national reference price and the subsidy granted for covering the difference between them in the period 2002-2005*

Period	Type of fuel	Local delivery price without VAT Population	Local delivery price with VAT Population	Reference price without VAT	Reference price with VAT	Difference between local and national reference price without VAT	Difference between local and national reference price with VAT	Legal base	Delivered quantity to Population	Subsidy
		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	9.000	10=7*9
Nov.02										8,625,117
	EASY LIQUID FUEL	1,270,000	1,511,300	672,269	800,000	597,731	711,300	GD 686/2002	1,603.340	1,140,456
	GAS	796,000	947,240	672,269	800,000	123,731	147,240	GD 686/2002	1,313.930	193,463
	FUEL OIL	1,384,000	1,646,960	672,269	800,000	711,731	846,960	GD 686/2002	28.00	23,715
	FUEL OIL	1,615,500	1,922,445	672,269	800,000	943,231	1,122,445	GD 686/2002	6,474.690	7,267,483
Dec-02										14,428,058
	EASY LIQUID FUEL	1,270,000	1,511,300	672,269	800,000	597,731	711,300	GD 686/2002	2,675.070	1,902,777
	GAS	796,000	947,240	672,269	800,000	123,731	147,240	GD 686/2002	2,180.040	320,989
	FUEL OIL	1,384,000	1,646,960	672,269	800,000	711,731	846,960	GD 686/2002	40.000	33,878
	FUEL OIL	1,615,500	1,922,445	672,269	800,000	943,231	1,122,445	GD	10,842.770	12,170,413

								686/2002		
total year 2002										23,053,175
Jan-03										18,239,841
	EASY LIQUID FUEL	1,270,000	1,511,300	672,269	800,000	597,731	711,300	GD 686/2002	2,514.560	1,788,607
	GAS	796,000	947,240	672,269	800,000	123,731	147,240	GD 686/2002	2,159.170	317,916
	FUEL OIL	1,384,000	1,646,960	672,269	800,000	711,731	846,960	GD 686/2002	44.000	37,266
	FUEL OIL	1,615,500	1,922,445	672,269	800,000	943,231	1,122,445	GD 686/2002	14,340.170	16,096,052
Feb-03										17,566,339
	EASY LIQUID FUEL	1,270,000	1,511,300	672,269	800,000	597,731	711,300	GD 686/2002	2,490.240	1,771,308
	GAS	796,000	947,240	672,269	800,000	123,731	147,240	GD 686/2002	2,068.010	304,494
	FUEL OIL	1,384,000	1,646,960	672,269	800,000	711,731	846,960	GD 686/2002	42.700	36,165
	FUEL OIL	1,615,500	1,922,445	672,269	800,000	943,231	1,122,445	GD 686/2002	13,768.490	15,454,373
Mar-03										16,256,192
	EASY LIQUID FUEL	1,270,000	1,511,300	672,269	800,000	597,731	711,300	GD 686/2002	2,274.620	1,617,937
	GAS	796,000	947,240	672,269	800,000	123,731	147,240	GD 686/2002	1,864.660	274,553
	FUEL OIL	1,384,000	1,646,960	672,269	800,000	711,731	846,960	GD 686/2002	39.000	33,031
	FUEL OIL	1,615,500	1,922,445	672,269	800,000	943,231	1,122,445	GD 686/2002	12,767.370	14,330,671

Apr-03										6,190,828
	EASY LIQUID FUEL	1,270,000	1,511,300	672,269	800,000	597,731	711,300	GD 686/2002	265.460	188,822
	GAS	1,236,429	1,471,350	672,269	800,000	564,160	671,350	GD 686/2002	2.400	1,611
	GAS	1,529,170	1,819,712	672,269	800,000	856,901	1,019,712	GD 686/2002	380.20	387,817
	GAS	796,000	947,240	672,269	800,000	123,731	147,240	GD 686/2002	512.130	75,406
	FUEL OIL	1,384,000	1,646,960	672,269	800,000	711,731	846,960	GD 686/2002	20.600	17,447
	FUEL OIL	1,615,500	1,922,445	672,269	800,000	943,231	1,122,445	GD 686/2002	4,917.590	5,519,724
May-03										680,423
	GAS	1,529,170	1,819,712	672,269	800,000	856,901	1,019,712	GD 686/2002	660.870	673,897
	GAS	1,236,429	1,471,350	672,269	800,000	564,160	671,350	GD 686/2002	9.720	6,526
Jun-03										281,135
	GAS	1,529,170	1,819,712	672,269	800,000	856,901	1,019,712	GD 686/2002	275.700	281,135
Oct-03										1,886,595
	GAS	1,236,429	1,471,350	672,269	800,000	564,160	671,350	GD 686/2002	14.500	9,735
	GAS PT	1,529,170	1,819,712	672,269	800,000	856,901	1,019,712	GD 686/2002	1,681.640	1,714,788
	GAS CT	1,040,150	1,237,779	672,269	800,000	367,882	437,779	GD 686/2002	125.700	55,029
	EASY LIQUID FUEL	1,676,983	1,995,610	672,269	800,000	1,004,714	1,195,610	GD 686/2002	89.530	107,043
Nov.03										10,151,473
	FUEL OIL	2,230,262	2,654,012	672,269	800,000	1,557,993	1,854,012	GD	201.932	374,384

								686/2002		
	FUEL OIL	1,929,595	2,296,218	672,269	800,000	1,257,326	1,496,218	GD 686/2002	1.050	1,571
	EASY LIQUID FUEL	1,725,699	2,053,582	672,269	800,000	1,053,430	1,253,582	GD 686/2002	838.332	1,050,918
	GAS	1,407,186	1,674,551	672,269	800,000	734,917	874,551	GD 686/2002	34.050	29,778
	GAS PT	1,707,853	2,032,345	672,269	800,000	1,035,584	1,232,345	GD 686/2002	6,528.916	8,045,877
	GAS CT	1,187,136	1,412,692	672,269	800,000	514,867	612,692	GD 686/2002	1,059.169	648,944
Dec-03										12,057,488
	FUEL OIL	2,230,262	2,654,012	672,269	800,000	1,557,993	1,854,012	GD 686/2002	1,254.755	2,326,331
	FUEL OIL	1,929,595	2,296,218	672,269	800,000	1,257,326	1,496,218	GD 686/2002	6.730	10,070
	EASY LIQUID FUEL	1,725,699	2,053,582	672,269	800,000	1,053,430	1,253,582	GD 686/2002	571.603	716,551
	GAS	1,407,186	1,674,551	672,269	800,000	734,917	874,551	GD 686/2002	33.120	28,965
	GAS PT	1,707,853	2,032,345	672,269	800,000	1,035,584	1,232,345	GD 686/2002	6,178.584	7,614,147
	GAS CT	1,187,136	1,412,692	672,269	800,000	514,867	612,692	GD 686/2002	2,222.036	1,361,424
total year 2003										83,310,313
Ian-04										14,787,966
	EASY LIQUID FUEL	1,823,222	2,169,634	672,269	800,000	1,150,953	1,369,634	GD 686/2002	467.405	640,174
	GAS	1,449,635	1,725,066	672,269	800,000	777,366	925,066	GD 686/2002	36.250	33,534
	GAS PT	1,754,926	2,088,362	672,269	800,000	1,082,657	1,288,362	GD	7,303.223	9,409,195

								686/2002		
	GAS CT	1,222,510	1,454,787	672,269	800,000	550,241	654,787	GD 686/2002	3,028.437	1,982,981
	FUEL OIL	1,937,695	2,305,857	672,269	800,000	1,265,426	1,505,857	GD 686/2002	7.200	10,842
	FUEL OIL	2,242,986	2,669,153	672,269	800,000	1,570,717	1,869,153	GD 686/2002	1,450.518	2,711,240
Feb-04										12,327,615
	EASY LIQUID FUEL	1,823,222	2,169,634	672,269	800,000	1,150,953	1,369,634	GD 686/2002	372.460	510,134
	GAS	1,449,635	1,725,066	672,269	800,000	777,366	925,066	GD 686/2002	31.614	29,245
	GAS PT	1,754,926	2,088,362	672,269	800,000	1,082,657	1,288,362	GD 686/2002	6,732.621	8,674,053
	GAS CT	1,222,510	1,454,787	672,269	800,000	550,241	654,787	GD 686/2002	2,281.184	1,493,690
	FUEL OIL	1,937,695	2,305,857	672,269	800,000	1,265,426	1,505,857	GD 686/2002	4.56	6,108
	FUEL OIL	2,242,986	2,669,153	672,269	800,000	1,570,717	1,869,153	GD 686/2002	863.699	1,614,386
Mar-04										9,242,721
	EASY LIQUID FUEL	1,823,222	2,169,634	672,269	800,000	1,150,953	1,369,634	GD 686/2002	298.500	408,836
	GAS	1,449,635	1,725,066	672,269	800,000	777,366	925,066	GD 686/2002	29.496	27,286
	GAS PT	1,754,926	2,088,362	672,269	800,000	1,082,657	1,288,362	GD 686/2002	5,831.876	7,513,567
	GAS CT	1,222,510	1,454,787	672,269	800,000	550,241	654,787	GD 686/2002	1,689.108	1,106,006
	FUEL OIL	1,937,695	2,305,857	672,269	800,000	1,265,426	1,505,857	GD 686/2002	0.504	759
	FUEL OIL	2,242,986	2,669,153	672,269	800,000	1,570,717	1,869,153	GD 686/2002	99.653	186,267

Apr-04										2,009,396
	EASY LIQUID FUEL	1,823,222	2,169,634	672,269	800,000	1,150,953	1,369,634	GD 686/2002	32.062	43,913
	GAS	1,754,926	2,088,362	672,269	800,000	1,082,657	1,288,362	GD 686/2002	22.940	29,555
	GAS	1,489,172	1,772,115	672,269	800,000	816,903	972,115	GD 686/2002	9.000	8,749
	GAS PT	1,794,463	2,135,411	672,269	800,000	1,122,194	1,335,411	GD 686/2002	1,344.092	1,794,915
	GAS CT	1,257,021	1,495,855	672,269	800,000	584,752	695,855	GD 686/2002	184.003	128,039
	FUEL OIL	2,242,986	2,669,153	672,269	800,000	1,570,717	1,869,153	GD 686/2002	2.260	4,224
May-04										811,777
	GAS	1,489,172	1,772,115	672,269	800,000	816,903	972,115	GD 686/2002	7.000	6,805
	GAS PT	1,794,463	2,135,411	672,269	800,000	1,122,194	1,335,411	GD 686/2002	602.790	804,972
Jun-04										718,434
	GAS	1,794,463	2,135,411	672,269	800,000	1,122,194	1,335,411	GD 686/2002	6.300	8,413
	GAS	305,291	363,296			305,291	363,296	GD 686/2002	52.150	18,946
	GAS PT	1,794,463	2,135,411	672,269	800,000	1,122,194	1,335,411	GD 686/2002	517.500	691,075
Jul-04										762,665
	GAS	1,843,505	2,193,771	672,269	800,000	1,171,236	1,393,771	GD 686/2002	5.400	7,526
	GAS PT	1,843,505	2,193,771	672,269	800,000	1,171,236	1,393,771	GD 686/2002	541.795	755,138
Aug-04										647,523
	GAS	1,843,505	2,193,771	752,941	896,000	1,090,564	1,297,771	GD 1155/2004	6.440	8,358

	GAS PT	1,843,505	2,193,771	752,941	896,000	1,090,564	1,297,771	GD 1155/2004	492.510	639,165
Sep-04										713,878
	GAS PT	1,843,505	2,193,771	752,941	896,000	1,090,564	1,297,771	GD 1155/2004	550.080	713,878
Oct-04										738,282
	GAS PT	1,887,095	2,245,643	752,941	896,000	1,134,154	1,349,643	GD 1155/2004	547.020	738,282
Nov.04										7,728,578
	GAS PT	1,887,095	2,245,643	752,941	896,000	1,134,154	1,349,643	GD 1155/2004	4,302.942	5,807,436
	GAS PT	2,452,139	2,918,046	752,941	896,000	1,699,198	2,022,046	GD 1155/2004	340.049	687,595
	EASY LIQUID FUEL	1,823,222	2,169,634	752,941	896,000	1,070,281	1,273,634	GD 1155/2004	247.778	315,578
	EASY LIQUID FUEL	2,847,306	3,388,294	752,941	896,000	2,094,365	2,492,294	GD 1155/2004	19.822	49,402
	GAS CT	1,336,333	1,590,236	752,941	896,000	583,392	694,236	GD 1155/2004	1,111.139	771,393
	GAS CT	1,671,583	1,989,184	752,941	896,000	918,642	1,093,184	GD 1155/2004	88.891	97,174
Dec.04										12,930,517
	GAS PT	2,452,139	2,918,046	752,941	896,000	1,699,198	2,022,046	GD 1155/2004	5,000.000	10,110,230
	EASY LIQUID FUEL	2,847,306	3,388,294	752,941	896,000	2,094,365	2,492,294	GD 1155/2004	150.000	373,844
	GAS CT	1,671,583	1,989,184	752,941	896,000	918,642	1,093,184	GD 1155/2004	1,500.000	1,639,776
	FUEL OIL	3,012,513	3,584,890	752,941	896,000	2,259,572	2,688,890	GD 1155/2004	300.000	806,667
total year 2004										63,419,351

Ian -05										28,501,126
	GAS	2,087,547	2,484,181	752,941	896,000	1,334,606	1,588,181	GD 1155/2004	39.875	63,329
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	8,033.545	18,588,424
	GAS CT	1,838,741	2,188,101	752,941	896,000	1,085,799	1,292,101	GD 1155/2004	3,845.426	4,968,680
	FUEL OIL	2,703,957	3,217,709	752,941	896,000	1,951,016	2,321,709	GD 1155/2004	7.920	18,388
	FUEL OIL	3,313,764	3,943,379	752,941	896,000	2,560,823	3,047,379	GD 1155/2004	1,595.570	4,862,306
Feb-05										23,868,570
	GAS	2,087,547	2,484,181	752,941	896,000	1,334,606	1,588,181	GD 1155/2004	34.775	55,230
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	7,405.883	17,136,107
	GAS CT	1,838,741	2,188,101	752,941	896,000	1,085,799	1,292,101	GD 1155/2004	2,919.008	3,771,655
	FUEL OIL	2,703,957	3,217,709	752,941	896,000	1,951,016	2,321,709	GD 1155/2004	4.462	10,359
	FUEL OIL	3,313,764	3,943,379	752,941	896,000	2,560,823	3,047,379	GD 1155/2004	950.069	2,895,220
Mar-05										18,055,374
	GAS	2,087,547	2,484,181	752,941	896,000	1,334,606	1,588,181	GD 1155/2004	32.446	51,529
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	6,415.064	14,843,499
	GAS CT	1,838,741	2,188,101	752,941	896,000	1,085,799	1,292,101	GD 1155/2004	2,186.369	2,825,010
	FUEL OIL	2,703,957	3,217,709	752,941	896,000	1,951,016	2,321,709	GD 1155/2004	0.554	1,287
	FUEL OIL	3,313,764	3,943,379	752,941	896,000	2,560,823	3,047,379	GD 1155/2004	109.618	334,049
Apr-05										3,809,814
	GAS	2,087,547	2,484,181	752,941	896,000	1,334,606	1,588,181	GD	9.900	15,723

								1155/2004		
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	1,503.735	3,479,419
	GAS CT	1,838,742	2,188,102	752,941	896,000	1,085,800	1,292,102	GD 1155/2004	237.672	307,097
	FUEL OIL	3,313,764	3,943,379	752,941	896,000	2,560,823	3,047,379	GD 1155/2004	2.486	7,576
May-05										1,546,472
	GAS	2,087,547	2,484,181	752,941	896,000	1,334,606	1,588,181	GD 1155/2004	7.700	12,229
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	663.069	1,534,243
Jun-05										1,465,928
	GAS	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	64.295	148,769
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	569.250	1,317,159
Jul-05										1,392,740
	GAS	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	5.940	13,744
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	595.975	1,378,996
Aug-05										1,269,945
	GAS	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	7.084	16,391
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	541.761	1,253,554
Sep-05										1,400,083
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	605.088	1,400,083
Oct-05										1,392,295
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	601.722	1,392,295

Nov.05										13,903,467
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	5,107.290	11,817,506
	GAS CT	1,838,742	2,188,102	752,941	896,000	1,085,800	1,292,102	GD 1155/2004	1,614.393	2,085,961
Dec.05										16,076,979
	GAS PT	2,697,353	3,209,851	752,941	896,000	1,944,412	2,313,851	GD 1155/2004	5,500.000	12,726,178
	GAS CT	1,838,742	2,188,102	752,941	896,000	1,085,800	1,292,102	GD 1155/2004	1,815.000	2,345,166
	FUEL OIL	3,313,764	3,943,380	752,941	896,000	2,560,823	3,047,380	GD 1155/2004	330.000	1,005,635
total year 2005										112,682,794
General total										282,465,633

Source: Supplementary information

Table no. 8 – The evolution of the local delivery price, heating energy cost, sold quantity of hot water and registered losses of S.C. TERMICA S.A. Vaslui from delivering the public interest service

PERIOD	DELIVERY PRICE		DELIVERED QUANTITY			COST PER UNIT	TOTAL COST	TOTALE REVENUE S	LOSSES
	POPULATI ON	UNDERTAKI NGS	TOTAL	OUT OF WHICH:					
				POPULATION	UNDERTA KINGS				
	ROL/Gcal	ROL/Gcal	Gcal			ROL/Gcal	ROL thousand	ROL thousand	ROL thousand
1	2	3	5	6	7	8	9=5*8	10=2*6+3*7	11=9-10
Nov 2002	1,384,000	1,384,000	75	28	47	2,057,077	154,281	103,800	50,481
	1,615,500	1,615,500	7,142.82	6,474.69	668.13	2,602,403	18,588,496	11,539,226	7,049,270
	1,270,000	1,796,500	1,752.16	1,603.34	148.82	1,573,156	2,756,421	2,303,597	452,824

	796,000	796,000	1,455.24	1,313.93	141.31	1,113,585	1,620,533	1,158,371	462,162
Dec. 2002	1,384,000	1,384,000	155.5	40	115.5	2,057,077	319,875	215,212	104,663
	1,615,500	1,615,500	12,089.57	10,842.77	1,246.80	2,602,403	31,461,933	19,530,700	11,931,233
	1,270,000	1,796,500	2,807.41	2,675.07	132.34	1,573,156	4,416,494	3,635,088	781,406
	796,000	796,000	2,418.29	2,180.04	238.25	1,113,585	2,692,971	1,924,959	768,013
Total yearn 2002			27,895.99	25,157.84	2,738.15	2,222,936	62,011,005	40,410,953	21,600,053
Jan. 2003	1,384,000	1,384,000	150	44	106	1,702,897	255,435	207,600	47,835
	1,615,500	1,615,500	15,764.05	14,340.17	1,423.88	1,925,128	30,347,814	25,466,823	4,880,991
	1,270,000	1,796,500	2,662.33	2,514.56	147.77	2,368,878	6,306,735	3,458,960	2,847,775
	796,000	796,000	2,377.75	2,159.17	218.58	1,175,040	2,793,951	1,892,689	901,262
Feb.2003	1,384,000	1,384,000	152.7	42.7	110	1,702,897	260,032	211,337	48,696
	1,615,500	1,615,500	15,206.79	13,768.49	1,438.30	1,925,128	29,275,017	24,566,569	4,708,448
	1,270,000	1,796,500	2,652.26	2,490.24	162.02	2,368,878	6,282,880	3,453,674	2,829,207
	796,000	796,000	2,251.57	2,068.01	183.56	1,175,040	2,645,685	1,792,250	853,435
March 2003	1,384,000	1,384,000	116	39	77	1,702,897	197,536	160,544	36,992
	1,615,500	1,615,500	14,017.01	12,767.37	1,249.64	1,925,128	26,984,538	22,644,480	4,340,059
	1,270,000	1,796,500	2,468.76	2,274.62	194.14	2,368,878	5,848,191	3,237,540	2,610,651
	796,000	796,000	2,024.94	1,864.65	160.29	1,175,040	2,379,385	1,611,852	767,533
April 2003	1,384,000	1,384,000	39.6	20.6	19	1,702,897	67,435	54,806	12,628
	1,236,429		2.4	2.4		1,308,263	3,140	2,967	172
	1,615,500	1,615,500	5,528.99	4,917.59	611.4	1,925,128	10,644,013	8,932,083	1,711,930
	1,529,170		380.32	380.32		1,593,809	606,157	581,574	24,584
	1,270,000	1,796,500	276.41	265.46	10.95	2,368,878	654,782	356,806	297,976
	796,000	796,000	539.36	512.13	27.23	1,175,040	633,770	429,331	204,439
May 2003	1,236,429		9.72	9.72		1,308,263	12,716	12,018	698
	1,529,170		660.87	660.87		1,593,809	1,053,301	1,010,583	42,718
June 2003	1,529,170		275.7	275.7		1,593,809	439,413	421,592	17,821
October 2003	1,236,429	1,271,421	22.5	14.5	8	1,308,263	29,436	28,100	1,336

	1,529,170	1,572,526	1,870.43	1,681.64	188.79	1,593,809	2,981,108	2,868,391	112,718
	1,676,983	2,603,078	96.64	89.53	7.11	2,368,878	228,928	168,648	60,280
	1,040,150	1,069,869	142.35	125.7	16.65	1,175,040	167,267	148,560	18,707
November 2003	1,929,595	1,984,207	1.822	1.05	0.772	1,702,897	3,103	3,558	-455
	1,407,186	1,447,012	58.948	34.05	24.898	1,308,263	77,119	83,942	-6,823
	2,230,262	2,293,465	228.167	201.932	26.235	1,925,128	439,251	510,530	-71,280
	1,707,853	1,756,270	7,377.00	6,528.92	848.082	1,593,809	11,757,526	12,639,890	-882,364
	1,725,699	2,978,722	893.282	838.332	54.95	2,368,878	2,116,076	1,610,389	505,687
	1,187,136	1,221,054	1,208.12	1,059.17	148.952	1,175,040	1,419,590	1,439,256	-19,666
December 2003	1,929,595	1,984,207	13.343	6.73	6.613	1,702,897	22,722	26,108	-3,386
	1,407,186	1,447,012	65.717	33.12	32.597	1,308,263	85,975	93,774	-7,799
	2,230,262	2,293,465	1,416.50	1,254.76	161.748	1,925,128	2,726,950	3,169,396	-442,446
	1,707,853	1,756,270	6,975.00	6,178.58	796.416	1,593,809	11,116,818	11,950,835	-834,017
	1,725,699	2,978,722	577.743	571.603	6.14	2,368,878	1,368,603	1,004,704	363,899
	1,187,136	1,221,054	2,390.04	2,222.04	168.007	1,175,040	2,808,396	2,843,005	-34,608
Total year 2003			90,895.14	82,259.42	8,635.72	1,815,727	165,040,795	139,095,163	25,945,632
January 2004	1,937,695	1,992,535	20.8	7.2	13.6	2,470,855	51,394	41,050	10,344
	1,449,635	1,490,662	104.71	36.25	68.46	1,590,377	166,528	154,600	11,928
	2,242,986	2,306,549	1,622.16	1,450.52	171.641	3,361,264	5,452,505	3,649,390	1,803,115
	1,754,926	1,804,676	8,167.42	7,303.22	864.192	2,480,786	20,261,609	14,376,202	5,885,406
	1,823,222	1,874,664	475.775	467.405	8.37	3,331,217	1,584,910	867,874	717,036
	1,222,510	1,257,439	3,164.63	3,028.44	136.19	1,686,815	5,338,140	3,873,545	1,464,595
February 2004	1,937,695	1,992,535	11.776	4.056	7.72	2,470,855	29,097	23,242	5,855
	1,449,635	1,490,662	91.774	31.614	60.16	1,590,377	145,955	135,507	10,448
	2,242,986	2,306,549	969.892	863.699	106.193	3,361,264	3,260,063	2,182,204	1,077,859
	1,754,926	1,804,676	7,560.32	6,732.62	827.703	2,480,786	18,755,546	13,308,987	5,446,559

	1,823,222	1,874,664	379.158	372.46	6.698	3,331,217	1,263,058	691,634	571,424
	1,222,510	1,257,439	2,385.23	2,281.18	104.049	1,686,815	4,023,447	2,919,606	1,103,841
March 2004	1,937,695	1,992,535	0.874	0.504	0.37	2,470,855	2,160	1,714	446
	1,449,635	1,490,662	51.026	29.496	21.53	1,590,377	81,151	74,852	6,298
	2,242,986	2,306,549	112.064	99.653	12.411	3,361,264	376,677	252,147	124,530
	1,754,926	1,804,676	6,556.94	5,831.88	725.065	2,480,786	16,266,367	11,543,018	4,723,349
	1,823,222	1,874,664	303.895	298.5	5.395	3,331,217	1,012,340	554,346	457,995
	1,222,510	1,257,439	1,757.88	1,689.11	68.772	1,686,815	2,965,218	2,151,428	813,790
April 2004	1,489,172	1,531,319	10.07	9	1.07	1,590,377	16,015	15,041	974
	2,242,986		2.26	2.26		3,361,264	7,596	5,069	2,527
	1,794,463	1,845,333	1,458.11	1,344.09	114.017	2,480,786	3,617,256	2,622,323	994,934
	1,823,222	1,874,664	32.722	32.062	0.66	3,331,217	109,004	59,693	49,311
	1,257,021	1,292,936	192.138	184.003	8.135	1,686,815	324,101	241,814	82,288
	1,754,926		22.94	22.94		2,480,786	56,909	40,258	16,651
May 2004	1,489,172		7	7		1,590,377	11,133	10,424	708
	1,794,463	1,845,333	603.69	602.79	0.9	2,480,786	1,497,626	1,083,345	414,281
June 2004	1,794,463	1,845,333	524.7	523.8	0.9	2,480,786	1,301,668	941,601	360,068
July 2004	1,843,505	1,895,763	548.095	547.195	0.9	2,480,786	1,359,706	1,010,463	349,243
August 2004	1,843,505		498.95	498.95		2,480,786	1,237,788	919,817	317,971
September 2004	1,843,505		550.08	550.08		2,480,786	1,364,631	1,014,075	350,556
October 2004	1,887,095	1,940,586	587.5	547.02	40.48	2,480,786	1,457,462	1,110,834	346,628
November 2004		1,626,572	3.3		3.3	1,940,260	6,403	5,368	1,035
	1,887,095	1,940,586	4,987.32	4,302.94	684.382	3,026,559	15,094,430	9,448,162	5,646,268
	2,452,140		340.049	340.049		3,026,559	1,029,178	833,848	195,331
	1,823,222	1,874,664	252.178	247.778	4.4	4,064,085	1,024,873	460,003	564,870
	2,847,306		19.822	19.822		4,064,085	80,558	56,439	24,119
	1,336,333	1,374,514	1,289.44	1,111.14	178.3	2,057,914	2,653,555	1,729,928	923,627

	1,671,583		88.891	88.891		2,057,914	182,930	148,589	34,341
December2004	1,897,770	1,951,992	5	0	5	1,940,260	9,701	9,760	-59
	2,452,140	2,522,202	5,700.00	5,000.00	700	3,026,559	17,251,386	14,026,241	3,225,145
	2,847,306	2,928,658	153	150	3	4,064,085	621,805	435,882	185,923
	1,671,583	1,719,343	1,700.00	1,500.00	200	2,057,914	3,498,454	2,851,243	647,211
	2,458,143	2,528,376	0.5	0	0.5	3,014,443	1,507	1,264	243
	3,012,513	3,098,586	350	300	50	4,100,742	1,435,260	1,058,683	376,577
Total year 2004			53,716.23	48,511.77	5,204.46	2,537,168	136,287,101	97,498,535	38,788,566
January 2005	2,703,957	2,781,214	22.88	7.92	14.96	3,451,784	78,977	63,022	15,955
	2,087,547	2,147,191	115.181	39.875	75.306	2,221,757	255,904	244,937	10,967
	3,313,764	3,408,445	1,784.38	1,595.57	188.805	4,695,686	8,378,865	5,930,874	2,447,991
	2,697,354	2,774,422	8,984.16	8,033.55	950.611	3,465,658	31,136,016	24,306,711	6,829,305
	1,838,741	1,891,277	4,004.44	3,845.43	159.016	2,356,481	9,436,391	7,371,486	2,064,906
February 2005	2,703,957	2,781,214	12.954	4.462	8.492	3,451,784	44,714	35,683	9,031
	2,087,547	2,147,191	100.951	34.775	66.176	2,221,757	224,289	214,687	9,602
	3,313,764	3,408,445	1,066.88	950.069	116.812	4,695,686	5,009,738	3,546,452	1,463,286
	2,697,354	2,774,422	8,316.36	7,405.88	910.473	3,465,658	28,821,646	22,502,324	6,319,321
	1,838,741	1,891,277	3,040.83	2,919.01	121.822	2,356,481	7,165,658	5,597,699	1,567,959
March 2005	2,703,957	2,781,214	0.961	0.554	0.407	3,451,784	3,317	2,630	687
	2,087,547	2,147,191	56.129	32.446	23.683	2,221,757	124,705	118,584	6,121
	3,313,764	3,408,445	123.27	109.618	13.652	4,695,686	578,837	409,780	169,057
	2,697,354	2,774,422	7,212.64	6,415.06	797.572	3,465,658	24,996,526	19,516,500	5,480,026
	1,838,741	1,891,277	2,267.95	2,186.37	81.584	2,356,481	5,344,388	4,174,464	1,169,924
April 2005	2,087,547	2,147,191	11.077	9.9	1.177	2,221,757	24,610	23,194	1,416
	2,697,354	2,774,422	1,629.15	1,503.74	125.419	3,465,658	5,646,091	4,404,071	1,242,020
	1,838,741	1,891,277	247.346	237.672	9.675	2,356,481	582,866	455,315	127,551

May 2005	2,087,547	2,147,191	7.7	7.7	0	2,221,757	17,108	16,074	1,033
	2,697,354	2,774,422	664.059	663.069	0.99	3,465,658	2,301,401	1,791,278	510,123
June 2005	2,697,354	2,774,422	634.535	633.545	0.99	3,465,658	2,199,081	1,711,642	487,439
July 2005	2,697,354	2,774,422	602.905	601.915	0.99	3,465,658	2,089,463	1,626,325	463,138
August 2005	2,697,354	0	548.845	548.845	0	3,465,659	1,902,110	1,480,429	421,680
September 2005	2,697,354	2,774,422	605.088	605.088	0	3,465,658	2,097,028	1,632,137	464,892
October 2005	2,697,354	2,774,422	646.25	601.722	44.528	3,465,658	2,239,681	1,746,597	493,085
November 2005	2,087,547	2,147,191	3.63	0	3.63	2,256,745	8,192	7,794	398
	2,697,354	2,774,422	5,860.11	5,107.29	752.82	3,520,235	20,628,964	15,864,809	4,764,155
	1,838,741	1,891,277	1,815.36	1,614.39	200.97	2,393,590	4,345,235	3,348,541	996,694
December 2005	2,087,547	2,147,191	5.5	0	5.5	2,256,745	12,412	11,810	603
	2,697,354	2,774,422	6,270.00	5,500.00	770	3,520,235	22,071,873	16,971,752	5,100,122
	1,838,741	1,891,277	2,038.30	1,815.00	223.3	2,393,590	4,878,854	3,759,637	1,119,217
	2,703,957	2,781,214	0.55	0	0.55	3,506,143	1,928	1,530	399
	3,313,764	3,408,445	385	330	55	4,769,634	1,836,309	1,281,007	555,302
Total year 2005			59,087.85	53,362.94	5,724.91	3,291,424	194,483,179	150,178,014	44,305,165
General Total			231,595.21	209,291.97	22,303.24		557,822,081	427,182,665	130,639,416

Source: Supplementary information